

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
2323 N. Broadway, Santa Ana, California 92706
Office: (714) 480-7321 Fax: (714) 796-3935
Budget Allocation and Planning Review Committee
District Office – Executive Conference Room #114
3:30 – 5:00

Meeting Minutes for May 26, 2010

Members Present: Erlinda Martinez, Norm Fujimoto, Paul Foster, Jeff McMillan, Steve Kawa, Jose Vargas, Raul Gonzalez del Rio, Morrie Barembaum, Peter Hardash, Noemi Kanouse, Sylvia LeTourneau, Nga Pham & Marti Reiter

Members Absent: Esmeralda Abejar, Ray Hicks, Juan Vazquez, John Smith and John Didion

Guests Present: Bonnie Jaros, Jared Kubicka-Miller, John Zarske and Gina Huegli

The meeting was called to order by Mr. Hardash at 3:30 p.m.

RSCCD/State Budget Update 2009-10 and 2010-2011

- The following information was shared with the Board of Trustees on the May Revise and the PERS rate increase:

Governor's May Revise

State budget shortfall - \$19.1 billion

Includes \$1.2 billion reserve

\$17.9 billion structural shortfall

\$7.7 billion in current 2009-2010 fiscal year

\$10.2 billion in 2010-2011 budget year

Governor proposes \$12.2 billion in cuts

Expected Federal funds - \$3.4 billion

Borrowing/accounting shifts - \$2.6 billion

New revenues – \$0.9 billion

For California Community Colleges – Essentially the same as January Budget Proposal

Governor has stated publicly on several occasions that he will veto any state budget from the legislature that reduces the May Revise proposed funding levels for Higher Education (UC, CSU and the community colleges)

2.21% for “enrollment funding” (Growth)

Partial backfill of current year workload measures reductions (negative growth)

RSCCD – approximately \$3 million more in additional revenue

(0.38)% - negative COLA

RSCCD – loss of approximately \$500,000 in revenue

Elimination of state's CalWORKS program – most likely will not happen

However, if approved;

- Funding stays with district's as part of Prop 98
- Flexibility to use these funds to support other programs

- Would also eliminate TANF program funding

Additional Categorical Program cuts

EOPS - \$10 million additional reduction

Part-Time Faculty Compensation (parity pay) - \$10 million

Then the Governor is proposing to re-divert the \$20 million to CTE.

Additional Categorical Program flexibility

- EOPS
- Basic Skills
- Funds for Student Success – Middle College HS, MESA, Puente

Suspend Full-Time Faculty Obligation

Lift restrictions on contracting out (SB1419)

More state funding deferrals are coming but at this time we do not know when or the amount. State still faces cash flow shortage issues. Both intra-year deferrals (within the existing fiscal year) and inter-year (crossing over to a new fiscal year) are being considered.

For RSCCD – Total net impact of May Revise, if enacted precisely as presented, is at best an increase in workload measure reduction backfill and negative COLA = \$2.5 million in additional state revenues

Legislative Analyst Overview of the May Revise

Legislative Analyst Mac Taylor issued a response to the May Revise on May 18th. He recommends Legislature;

Suspend Proposition 98 funding guarantee formula

Reject drastic cuts to Health and Human Services programs

Reduce funding to UC and CSU

Raise targeted taxes (vehicle license fees, extending sales tax)

\$125 million funding base cut to community colleges

Student tuition fee increase to \$40/unit to backfill \$125 million base cut

\$150 million funding reduction to credit Physical Education (PE) programs (reduces by approximately 50% equates 33,000 FTES will be immediately defunded). In

addition, they are recommending a cap on recreational programs

Add Financial Aid Administration (BFAP) as a “flexible” program

Suspend the Fifty Percent Law

PERS Retirement System- Proposed Employer rate increase

The California Public Employee Retirement System is currently underfunded due to a combination of investment losses and more members are retiring than expected. The PERS Benefits and Program Administration Committee have recommended to the PERS Board that employer contribution rates be increased by 0.5% of classified payroll. This increase would be on top of an already approved increase for the 2010-2011 fiscal year (effective July 1, 2010).

The PERS Board reviewed the recommendation at their meeting on May 19 and decided to delay the discussion another month. PERS Board members expressed concern that the recommendation to increase rates would be a large burden to bear for the state budget to an already difficult budget problem. The rate increase would add \$600 million in extra costs for the state. This rate increase would also affect city, counties, school districts and community colleges employer contribution rates. School districts are reimbursed for any

increases to employer contributions to PERS (up to 13.02%). Community colleges must absorb the cost increases in their local budgets.

If approved, this additional employer contribution rate increase would be an additional budgetary cost to RSCCD of approximately \$400,000. The current fiscal year PERS rate (2009-2010) is 9.709%. The PERS rate for 2010-2011 was already approved to increase to 10.2% as of July 1, 2010. This additional increase, from 10.2% to 10.7%, is estimated to cost RSCCD an additional approximately \$400,000, for a total PERS employer contribution cost increase of \$800,000. PERS has also indicated that they will need to progressively increase the employer rate up to 14% of payroll in the next three years. They are also discussing increasing the employee contribution rate in the near future, although it takes an act of the legislature to increase the employee rate.

FTE Update

- P2 apportionment has a slight deficit of \$250,000 but fortunately RSCCD has an approved funded center (OEC) which brings in \$1.1 million dollars in additional revenues. The budgeted mid-year apportionment deficit of 3% will also help the ending fund balance for 2009-2010.

Accreditation Update

- Each campus is working on a follow up report draft for June 28th

Measure E Update

- As of May 25, 2010 Santa Ana College is 74% complete, Santiago Canyon College is 83% complete and the replacement of the telephone system and computer network is 98% complete. There is currently no central money pool to replace computer equipment, this item will be further discussed by the TAG Committee and an update and/or recommendation will be brought to the BAPR Committee.

BAPR Workgroup Update

- Group continues to discuss fixed costs.
- 7 comments/recommendations from the SAC budget committee to address the Budget Allocation Model and will be added to working draft#4 of the B.A.M

Approval of the March 24, 2010 BAPRC Minutes

Mr. Hardash called for a motion to approve the minutes of the April 14, 2010 BAPR Committee meeting. Dr. Martinez moved and Mr. Fujimoto seconded the motion to approve the Minutes as presented. The motion carried unanimously.

Other

- In order to better accommodate the growing BAPR Workgroup, meetings will be moved from the Garden Grove Room to the Executive Conference Room (114).
- Currently the cost to cover equipment replacement is at the sites. At this time there is no centralized budget but there is a plan to set up a replacement schedule to better identify site needs and how it will get funded.

Adjournment

Mr. Hardash adjourned the meeting at 4:20 p.m.

Meeting Schedule

BAPR Workgroup meeting – Executive Conference Room/DO 2:30 – 4:00

Wednesday, June 2, 2010

BAPR Committee meeting – Executive Conference Room/DO 1:30 – 3:00

Wednesday, June 9, 2010