



RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT  
BUDGET ALLOCATION AND PLANNING REVIEW COMMITTEE – WORKGROUP



**Meeting Notes – March 9, 2011**

Members Present: Peter Hardash, Paul Foster, Steve Kawa, Jeff McMillan, Jose Vargas, Gina Huegli, Thao Nguyen and Nga Pham

Guest Present: Morrie Barembaum, Michael DeCarbo, Raymond Hicks and John Zarske

Members Absent: Norm Fujimoto

Peter Hardash opened the meeting at 2:35 p.m.

**Topics Discussed:**

**Budget Allocation Model and Other**

- A few have voiced their concerns about the potential rush to implement the new model on July 1<sup>st</sup> and have all potential issues been agreed to for a successful implementation. The BAPR workgroup has made progress in discussions on many different issues but has not made final decisions on other outstanding issues. The BAPR workgroup agreed unanimously to move forward with the new model but needs to identify and write up an outline for the Chancellor to demonstrate how we could and why we should implement the new model effective July 1<sup>st</sup>. Some issues need to be identified for Tentative Budget but the rest could be work out as we progress through the new fiscal year.
- Mr. Hardash shared the budget simulation for RSCCD with the 3 different scenarios and presented the Plan A- Best Case Scenario with Apportionment Deficit, OEC new status and Lottery reduced FTES. The reduction in income for 2011-2012 would be (\$6,242,818). The additional expenses include workload measure reduction, additional increase in benefits and other utilities and inflation increases totaling \$1,743,644. The total projected budget shortfall would be approximately (\$7,986,462). This does not include the potential estimate of \$1.1 million of step and column increases if it is resumed in negotiation. It does not include any defunded vacant positions if any. Mr. Hardash believes it would be approximately \$8-12 million shortfall. If the state ends up not putting the measure on the ballot, it would be approximately \$13 million.
- The state is also considering sweeping all or part of our ending fund balances. If that happens, Mr. Hardash will go to the Board to get approval to move the general funds \$ out and obligate to other funds for some other purposes.
- Mr. Hardash shared the latest vacant positions for fiscal 2010-2011 as of 3/9/2011 and the tentative budget calendar.
- Based on Plan A, our budget is already built in. With the current year budget, we have 3% built in for an apportionment deficit for a potential midyear cut and 2% for workload measure reduction. That is \$7,514,795 with some maybe defunded vacant positions. With \$12-13 million reduction, clearly more program reductions will be needed.

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- Budget Assumption recommendations for fiscal year 2011-2012
  - General Assumptions
    - Balance budget with PY unrestricted ending balance but need \$25 million in cash accommodation for deferral from July – October.
    - 5% Contingency Reserve
    - Need to have an action item in the next BAPR meeting regarding the new SB 361 Revenue Distribution Model
    - Planning Documents & Processes
  - Revenue Assumptions
    - Workload measure reduction – 6%
    - Cost of Living Adjustment (COLA) of 0.00%
    - All reductions to Categorical Programs will be borne by those Categorical Programs
    - Enrollment Growth for RSCCD 0.00%
    - Lottery Revenue at School Services of California Rate includes Workload Measure Reductions
  - Expense Assumptions
    - Meet all negotiated contractual obligations
- Mr. Hardash also shared the 2009-10 Recalculation Apportionment (Exhibit E) shows no deficits built in. The 2010-11 First Principal Apportionment (Exhibit C) shows a deficit built in of \$1,075,863. The estimated ending fund balance of \$45.76 million would most likely be reduced by this amount to \$44.68 million.
- Mr. Hardash shared the Contra Costa Community College District SB 361 Revenue Allocation Simulation and the RSCCD SB 361 Revenue Allocation Simulation shared previously with the 2 college's Academic Senate meetings to reinforce the new allocation model.
- We will need to do a simulation of each college without the ending fund balance to see if colleges are spending more than what they are earned.
- We have gone through discussion of many issues and will start documenting who will be responsible for what item in the next BAPR workgroup. The new allocation model will divide up the revenue. The colleges will be responsible for their own costs with the decisions that are made.

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- The faculty obligation number (FON), the 50% law, and the 75/25 are district numbers mandated by law. The colleges need to work closely together to meet the laws and requirements or the District will be penalized. We are in a waiver situation and probably will get a waiver in the next couple of years. As soon as the waiver is no longer suspended, we will have to meet the required FON. The growth and reduction of the FON number only applies to credit and not non-credit.

The meeting was adjourned at 4:00 p.m.

**Upcoming BAPRC Meeting:**

March 16, 2011, 1:30 – 3:00 p.m. Board Room, DO #107

**Upcoming Work Group Meeting:**

April 13, 2011, 2:30 – 4:00 p.m. SAC-I-101 Classroom Building