

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

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Budget Allocation and Planning Review Committee

District Office – Executive Conference Room #114

3:00 – 4:30

Meeting Minutes for January 24, 2007

Members Present: Morrie Barembaum, John Didion, Ann-Marie Gabel, Peter Hardash, John Hernandez, Noemi Kanouse, Steve Kawa, Erlinda Martinez, Marti Reiter, Julie Slark, Sergio Sotelo, George Troxcil, and Paul Foster.

Members Absent: Rosi Enriquez, Norman Fujimoto, Raul Gonzalez del Rio, Peter Paolino, and Juan Vazquez.

Guests Present: John Smith (pending Cabinet approval), Judy Strong, and Jose Vargas.

Mr. Hardash called the meeting to order at 3:03 with a welcome.

Approval of Minutes from November 29, 2006

Mr. Hardash asked for a motion to approve the minutes of November 29, 2006. It was moved by Mr. Troxcil and seconded by Dr. Martinez to approve the minutes. The motion carried unanimously.

2006-07 Enrollment Update

Mr. Hardash referred to the 2007 spring update through January 22, 2007. The numbers reported show WSCH-FTES has reached 83.74% of target for SAC and 89.94% of target for SCC. Classes begin February 5th, and students typically wait until the last minute to register. This shortfall of approximately 1,000 FTES could equate to a million dollar shortfall in state funding. It appears that credit students are enrolled in fewer sections. Winter intersession attendance appears in the spring numbers and numbers for the academy are not included in these early spring numbers.

Mr. Troxcil suggested an evaluation of the growth impact for each college given the FTES base for each campus. DEMC will evaluate the FTES goal for 2007-08, which is the key to building the budget. Our current spending practices assume we will meet our FTES target. If we don't meet our target, the shortfall will impact our revenue next year. For 2007-08 our growth will be capped at 1.064. Growth is our lifeblood, so we don't want to overstate it. We need to stay on top of our numbers.

Mr. Barembaum asked for clarification on the LHE time requirement under the compressed calendar with block scheduling. Mr. Didion will research this.

Dr. Martinez said SAC is optimistic that the targets will be achieved. Mr. Hardash reiterated his concern with a potential seven figure shortfall, saying we need to work on how to better forecast attendance. Continuing education and the academies always come through, but it looks like we

will be overspent again in our adjunct accounts. Everyone needs to watch the numbers so we meet our targets.

SB 361 Update

The non-credit enhancement numbers for 2006-07 will not be finalized until P-2, which is released on June 30, 2007. Implementation guidelines change daily. RSCCD is in a good position, and we are closely monitoring this implementation progress. The rate for non-credit is set by the Education Code.

2007-08 Governor's Proposed Budget

The Governor's proposed budget was released on January 10th and it is great news so far for community colleges. The proposed budget must be balanced, and things usually get better from here to July 1 when the Governor approves the budget. The budget proposes a 4.04% Cost-of-Living Adjustment (COLA). The actual 2007-08 COLA amount will be released on or about April 10th. Considering the districts that have been on stability funding, the total system growth equates to approximately 4.0%. Mr. Hardash referred to the advanced preliminary 2007-08 growth rates, pointing out that RSCCD will be capped at 1.064%. We can probably reach this goal, but we do not want to budget more than we actually achieve. This is a good time for a reality check for our FTES goal. The non-credit enhancement dollars could be an opportunity to change the way we account for summer FTES, so we do not have to borrow in order to match the growth. The amount to make that change is estimated to be approximately \$900,000.

Student fees for 2007-08 will remain at \$20 per credit hour. The Governor is proposing an augmentation for Matriculation and Nursing, and a significant reduction in Basic Skills and Apprenticeship. Career Development and College Preparation is unfunded and there are no new dollars for Physical Plant and Instructional Support.

2007-08 Budget Calendar

The budget calendar for 2007-08 follows prior format. Ms. Gabel made the committee members aware that tentative and adopted worksheets will be distributed to the campuses at a later date than in prior years. The additional time is needed to develop a new chart of accounts for Datatel and to prepare new budget worksheets. This will also allow time to develop realistic growth targets. The campuses can expect the same amount of time to complete the worksheets. A motion was made by Mr. Troxcil, seconded by Mr. Didion and passed unanimously.

2007-08 Budget Assumption

The general assumptions remain unchanged from prior years. The revenue assumptions will be finalized in April after DEMC discusses the growth targets for 2007-08. School Services of California provides the best projection for lottery calculations. The amounts could be more depending on FTES.

The expense assumptions have been expanded from prior years. STRS for 2007-08 will be budgeted at 8.25%; however, the state fund is currently \$26 billion short. Current discussions to remedy the situation include annual increases starting at 9.00% for 2009, reaching 13.25% in 2013. A one percent increase for RSCCD equates to approximately \$400,000. The PERS rate will be finalized this spring, with only a fractional increase expected.

Old Age, Survivors, Disability, and Health Insurance (OASDHI) together with Medicare are employer taxes paid for all but a few grandfathered employees. Health benefits are normally finalized in April. State Unemployment Insurance (SUI) is a relatively small amount, but has increased in recent years. At this point no increase is expected for 2007-08.

Districts are required to set aside life-time retiree health benefits under GASB 45. The current amount for RSCCD is \$111 million, and we have \$18 million set aside, so we need to continue contributing for that set aside. Utility rate increases for 2007-08 should be released in the next couple of months.

The district will budget the required match for scheduled maintenance (we match 50 cents to the state's 50 cents as a fixed cost) and instructional equipment grants (we match 33 cents to the state's 66 cents as a discretionary expense).

We will again allocate \$500,000 for the Datatel implementation. This will compensate for our impacted needs during the conversion process and will mostly be used for student services. This is not for travel and lodging. Any unspent dollars from the Datatel allocation will roll back into the model.

We will continue contributing \$500,000 for parking lot repairs to the Capital Outlay Fund. Unused funds will be carried over.

Cabinet is currently looking at new positions being proposed for 2007-08. We will be adding 12 faculty positions to stay within the 50% Law boundaries, which limits the number of classified employees based on full-time faculty. Some of the non-credit enhancement dollars will be used to fund these positions.

A suggestion was made to add a revenue assumption for non-credit enhancement. Mr. Hardash will wordsmith the assumption. It was moved by Mr. Troxcil, seconded by Dr. John Hernandez and carried unanimously to recommend the assumptions to the Chancellor as amended.

Projected Balances as of December 31, 2006:

Ms. Gabel directed members' attention to the cash flow reports updated through December 31st. Handouts include one for each of the two campuses, one for district operations and an all sites report. The 1300's and 1400's are projected to be over budget. Interest earnings are projected to be greater than the adopted budget by \$300,000. We are projecting that operating budgets in objects 4000-6000 will be spent.

Work Group Update:

The Work Group met last week and reviewed the notes from September 20, 2006. The Governor's proposed budget for 2007-08 was discussed with the budget assumptions. Mr. Hardash reminded the group that the one-time money that we received in 2006-07 will most likely disappear in 2007-08. It is possible that things could change with the May Revise, but for now we are being told that this year's one-time funds won't be there in 2007-08. The net affect to RSCCD will be about \$2.7 million. If the 2006-07 one-time funds are not used, they will probably be allowed to be carried over. Instructional equipment should follow regular program guidelines; the official ruling is yet to be determined.

Other

FTES targets for 2007-08 will be discussed in the District Enrollment Management Committee (DEMC) on March 15th. The DEMC recommendation will be discussed at our March 28th BAPRC meeting. This committee will discuss the options and make a recommendation to the Chancellor.

Mr. Hardash adjourned the meeting at 4:10.

Next BAPR meeting: March 28, 2007; 2:30-4:00; in the Executive Conference Room #114.