

Fiscal Resources Committee
Executive Conference Room – District Office
1:30 p.m. – 3:00 p.m.

Meeting Minutes for February 21, 2018

FRC Members Present: Morrie Barembaum, Steven Deeley, Ed Fosmire, Maria Gil, Peter Hardash, James Kennedy, Lee Krichmar, Mary Mettler, Adam O'Connor, Arleen Satele, Monica Zarske

Alternates/Guests Present: Esmeralda Abejar, Erika Almaraz, Donald Mahany, Thao Nguyen, Leanna Nolan, Jose Vargas

1. Welcome: Mr. Hardash called the meeting to order at 1:30 p.m. Brief introductions were made.
2. State/District Budget Update
 - DOF Trailer Bill Language http://www.dof.ca.gov/Budget/Trailer_Bill_Language/
 - Overview of Governor's Proposal for an Online Community College \ <http://sbud.senate.ca.gov/sites/sbud.senate.ca.gov/files/FullC/02082018SBFRHearingAgenda.pdf>
 - SSC-State Budget Trailer Bill Language Released
 - SSC-California Online Community College Trailer Bill
 - SSC-Preparing for the Next Storm
 - SSC-Financial Projection Dartboard
 - League Overview of New Funding Formula
 - Statewide Simulation of the New Funding Formula
 - 2017-18 FTES reported at P1

Links were provided with more information on new funding formula. The basics of the new funding formula was reviewed. Department of Finance provided a simulation for information. The committee was reminded that this was not a funding allocation, but only a simulation for informational purposes. The simulation shows RSCCD would have earned \$3.8 additional, however, the FTES information it is based on is incorrect. Funding will be based on actual FTES, paid at 2017/18 rate per FTES. The supplemental grants are guaranteed funds for those who earn it.

Mr. Hardash discussed the need to develop a new model for splitting funding between the colleges, based on the new funding formula. There was concern regarding how the new model would affect the non-credit side. There will be no more ability to borrow from summer. The new model is expected to be finalized by March 15, 2018 and becoming effective on July 1, 2018. Calculations will become available in May.

Districts in stabilization will not be getting a COLA on stabilized portion of funding. Categories are calculated independently of each other.

3. 2018/19 RSCCD Tentative Budget Assumptions
 - Mr. O'Connor walked the committee through the draft assumptions:
 - First look at assumptions, built from what we know
 - Relying on COLA for new income - approx. \$4 million
 - Slight increase in Unrestricted Lottery and Interest earnings
 - Budget assumptions will continue to be revised until tentative budget is finalized

- Expenditures include holding the \$4 million COLA for negotiations, step and column increases, health and welfare increases, STRS and PERS increases
 - i. Faculty hires will be replacement, not additional costs
 - ii. Utilities expected increases less than previous years
 - iii. Additions for new personnel in HR and Safety
 - iv. Adjustments for higher settlements for salary negotiations
 - v. SCC ADA settlement continues to be funded with one-time funds
- Budget reductions needed
- Non-resident tuition has increased.
- \$1.1 million deficit with these budget assumptions
 - i. Total \$2.5 million ongoing and \$2 million one time deficit when adding all costs and adjustments plus the prior year structural deficit
- Chancellor's Cabinet has agreed to \$3 million in cuts for the tentative budget
- No increase expected in ending balances for either campus
- Expected to adjust after more information is available with new funding model. A second round of reductions may be needed if new model results in less than expected funding
- Methodology for split of reductions similar to prior year

Mr. Hardash called for a motion to recommend the budget assumptions to District Council. A motion was made by Mr. Deeley, seconded by Mr. Kennedy, and approved unanimously.

4. 2018/19 Budget Calendars
 - Second reading for action
 - No changes from prior reading

Mr. Hardash called for a motion to approve the budget calendar. A motion was made by Mr. Fosmire, seconded by Ms. Krichmar, and approved unanimously.

5. BAM Language Review Subcommittee Report
 - No changes from prior reading

Mr. Hardash called for a motion to accept and recommend updated language. A motion was made by Ms. Mettler, seconded by Ms. Zarske, and approved unanimously.

6. College Expected Year-End Balances
 - Santiago Canyon College: projected ending balance of \$633,000
 - Santa Ana College: projected ending balance of \$3.6 million
 - Both spent down from last year

7. Standing Report from District Council – Mettler
 - EEO training discussed, policy finalized
 - Training will be required once every two years
 - i. Possibility of video or online version in the future

8. Informational Handouts

The following handouts were distributed:

 - District-Wide Expenditure Report
 - Vacant Funded Position List as of February 12, 2018
 - Measure “Q” Project Cost Summary January 31, 2018
 - Meeting on February 20, 2018 went well
 - \$70 million of Bonds sold in December
 - Grand Opening of Central Quad on March 23rd

- Science Building construction to begin
- Santa Ana College Central Plant is complete
- Monthly Cash Flow Summary as of January 31, 2018
- SAC Planning and Budget Committee Agendas and Minutes
- SCC Budget Committee Agendas and Minutes

9. Approval of FRC Minutes – January 24, 2018

Mr. Hardash called for a motion to approve the Fiscal Resources Committee Minutes of the January 24, 2018 meeting. A motion was made by Mr. O'Connor, seconded by Ms. Mettler, and approved unanimously.

9. Other

A brief discussion on RSCCD's interest income occurred. It was explained how RSCCD earns interest income and how interest rates effect these earnings.

Next meeting reminder: Wednesday, March 21, 2018, 1:30 – 3:00 in the Executive Conference Room, District Office

The meeting was adjourned at 2:45 p.m.