

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT**

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**Budget Allocation and Planning Review Committee**

District Office – Executive Conference Room #114

1:30 – 3:00

**Meeting Minutes for August 23, 2006**

**Members Present:** Morrie Barembaum, John Didion, Ann-Marie Gabel, Raul Gonzalez del Rio, Peter Hardash, John Hernandez, Noemi Kanouse, Steve Kawa, Erlinda Martinez, Peter Paolino, Marti Reiter, Julie Slark, Sergio Sotelo, George Troxcil, Jose Vargas.

**Members Absent:** Rosi Enriquez, Paul Foster, and Juan Vasquez.

**Guests Present:** John Grindel, Carl Jaeger, John Smith, and Judy Strong.

Mr. Hardash called the meeting to order at 1:30 with a welcome and introductions.

**Approval of Minutes from June 14, 2006**

Mr. Hardash asked for a motion to approve the minutes of June 14, 2006. It was moved by Dr. Martinez and seconded by Dr. Hernandez to approve the minutes. Mr. Barembaum requested an amendment to page 4 changing “class schedule that spans two years” to “college catalog that spans two years”, the motion carried unanimously.

**2006-07 Fall FTES Update**

Mr. Jaeger provided a 2006-07 Fall FTES update. His report compared Aug 17, 2006 enrollment stats to those of Aug 11, 2005. The figures look cautiously optimistic. Transfers from other schools are up, we have one more week available for students to register because we start classes one week later than other local colleges, and students like the shorter semester.

Mr. Hardash cautioned that there is a natural bump up in the compressed calendar. It was also mentioned that we need to wean off of borrowing from summer. The Enrollment Committee would like to adopt a plan to reduce and eventually eliminate this borrowing. Mr. Hardash noted that SB 361, which passed today in the Assembly, presents a new funding formula which uses 2005-06 FTES as a base for this new funding model. Mr. Hardash also mentioned that we could qualify for equalization dollars if we can pay back some FTES that were borrowed from summer. We have until November 2, 2006 to file an amended Enrollment Report and this is now under consideration.

Mr. Hardash also noted that non-credit enhancement dollars are included in SB 361.

**2005-06 Unaudited Actual Reports**

Ms. Gabel presented the 2005-2006 Unaudited Actual Financial Reports. The ending fund balance is \$16,993,426 which is higher than originally predicted. The major changes in the previously projected fund balance came about because \$1.1 million was transferred from unrestricted accounts to restricted accounts during June, interest income was up \$400,000 and fringe benefits came in less than projected. Ms. Gabel also noted that we made a \$500,000 contribution to the Retiree Benefits Fund in June after Chancellor’s Cabinet approval.

## **State Budget Updates**

Mr. Hardash presented two State Budget Updates from the Community College League of California. He noted that these updates can be viewed on their website ([www.ccleague.org](http://www.ccleague.org)) and that the League is very good at keeping up with current legislative information concerning community colleges.

There was discussion about the student enrollment fee being reduced to \$20 per unit effective January 1, 2007. Mr. Grindel asked if this would include intersession classes. Further clarification will be obtained from the Chancellor's Office. Mr. Didion noted that we would be better off charging \$20 and gaining FTES than charging \$26 when the other colleges were charging the reduced fee and getting our students.

## **2006-07 Adopted Budget Review**

Ms. Gabel reviewed the Adopted Budget that will be presented to the Board of Trustees on September 11, 2006. Both Ms. Gabel and Mr. Hardash cautioned that there was a large infusion of one-time monies in this budget that would not be repeated next year.

We used the SB 361 Model to prepare this budget but the potential \$3 million for non-credit enhancements were not included in the budget. Mr. Hardash stated that the non-credit enhancement funds would be ongoing, if passed. The determinations on where to budget these potential new funds has not been made because the guidelines have to be reviewed to see what "strings" are attached. Those funds would not be distributed until the P1 in the spring of 2007.

Mr. Hernandez asked if the part-time faculty objects were now fully funded. Mrs. Gabel answered that they were still about \$1.5 million short of our anticipated class schedule needs. However we are a lot better off than at the Tentative Budget. Mr. Hardash again cautioned that some of those funds are from the "one-time monies" and they will not be available in future years.

The Budget Models were reviewed and Ms. Gabel noted that the \$5 million in new dollars to the three sites, about \$2.7 million came from "one-time funds".

## **One-Time Funds**

Mr. Hardash presented the list of One-Time Funds available which includes \$2.7 in unrestricted accounts and the balance in restricted accounts. Of the unrestricted funds, there is a stipulation that \$2.1 million cannot be used as a match. The restricted funding is for Basic Skills, Career Technical Equipment, Instructional Equipment, Transfer and Articulation, and Scheduled Maintenance. Guidelines have not been released for these programs and the current stipulation is that the money will have to be encumbered by June 30, 2007. Mr. Hardash feels there is a possibility that there could be carry-overs allowed into the next year, but we should not count on that possibility. He cautioned everyone to develop spending plans as soon as guidelines become available.

Mr. Hardash asked for a motion to recommend the adopted budget as presented to the Chancellor. It was moved by Mr. Kawa and seconded by Ms. Kanouse and carried unanimously to recommend the 2006-2007 Budget to the Chancellor.

Mr. Troxcil asked for clarification about the \$500,000 that was transferred to the Retiree Benefits Fund. Ms. Gabel explained that a requirement of GASB 45 is to show on the audited financial statement the unfunded liability that has resulted from the actuarial study. Our latest study was done in December 2005 and showed a liability approximating \$111,000,000. She noted that this was not just for current employees and current retirees, but for future retirees as well. Mr. Hardash stated that we are in a good position because we have established age 70 as an ending benefit date for employees who began employment after 1986.

Ms. Gabel said that our plan has been to contribute each year to the Retiree Benefit Fund 1% of salaries equal to about \$1 million and a match of the current Health & Welfare premiums which amounts to about \$2.7 million. In 2006 we contributed \$500,000 of the \$2.7 million plus the 1% of salaries. The fund currently has a balance of about \$18.5 million. All current retiree benefits are currently paid out of the general fund.

Mr. Hardash discussed his conversations with legislators regarding better ways to approach the funding issue. Rather than deposit this large amount of cash into an irrevocable trust, an agency should be able to pledge some current assets, i.e. property, as collateral for this liability. In lean years, why should a district have to cut budgets and lay off employees, when they have all this cash sitting in an account that can not be accessed? However, at the current time, this would not meet GASB 45 requirements. Mr. Hardash will continue his discussions with legislators.

### **Work Group Update**

Meeting Notes of June 6 and July 18, 2006 were presented. Dr. Martinez asked to clarify that on the July 18 meeting notes, section (c) the students agreed to an increase in the health fee only if there was an increase in services. Dr. Hernandez said that additional services have been built into the budget.

### **Other**

Mr. Hardash reminded everyone about Measure O, the construction bond on the November 2007 ballot in the amount of \$393 million. He cautioned the group that district time was not to be used to promote this measure.

Mr. Kawa asked about a policy on how to obtain funds set aside for Datatel implementation. Mr. Hardash said requests should be sent directly to him and that the allocation is \$500,000 per year. He would like to see the need of the whole district before he allocates to any one segment of the implementation. Dr. Hernandez would like the Workgroup to work on a policy for allocation of these funds. This will be a topic at the next Workgroup meeting.

Mr. Hardash adjourned the meeting at 2:55.

### **Next BAPR meeting:**

The next BAPR meeting is scheduled for September 27, 2006; 1:30-3:30; in the Executive Conference Room #114.