

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

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Budget Allocation and Planning Review Committee

District Office – Executive Conference Room #114

10:00 – Noon

Meeting Minutes for September 28, 2007

Members Present: John Didion, Norman Fujimoto, Raul Gonzalez del Rio, Peter Hardash, John Hernandez, Peter Paolino, Bob Partridge, Noemi Kanouse, Steve Kawa, Erlinda Martinez, Marti Reiter, John Smith, Sergio Sotelo, George Troxcil, Rennie Velasquez, Juan Vazquez, and Paul Foster.

Members Absent: Julie Slark and Morrie Barembaum

Guests Present: Carl Jaeger

Mr. Didion called the meeting to order at 10:10.

Approval of Minutes from June 6, 2007

Mr. Didion called for a motion to approve the minutes of June 6, 2007 and the minutes from August 22, 2007. Mr. Vazquez moved and Mr. Troxcil seconded the motion to approve the two sets of minutes as presented. The motion carried unanimously.

2006-07 Actual Balances

Mr. Hardash presented the actual expenditures by location. The General Fund balance for June 30, 2007 is \$24,300,814. This balance includes carryovers of unspent one-time funds received in 2006-07. We booked an accounts receivable of \$4.1 million for the Non-Credit Enhancement. (That money is being held in a 7940 reserved for special purposes account. This money will be escrowed until the exact amount is determined. The earliest it will be available will be February 2008.

2007-08 State Budget Update:

State Budget Updates #12 were distributed. The Governor is about to approve the 2007-08 budget. It has been balanced by cutting \$700 million. Some say education will be fully funded; however, that could mean that education is funded at the minimum Proposition 98 guarantee, which could result in cuts.

There is an \$80 million reduction in ongoing funds for the apportionment. These excess growth dollars were taken out of the budget earlier this year because it looked like the community colleges weren't spending it. However, since then, it has been established that the overall system has grown. We will have to wait until February 2008 to get the final numbers. With approximately 3% of the state's community college budget, RSCCD could lose \$2.4 million.

2007-08 RSCCD Adopted Budget Update

Budget Assumptions: Mr. Hardash reviewed the 2007-08 budget assumptions approved by the Board. This committee may want to look at restoring the last General Assumption that states the district will minimize impact to students and employees that appeared last in 2005-06.

The enrollment growth started at 1.064% but because there is not enough money to fund the colleges at the level, it has been reduced to 0.696% and has been readjusted to 0.714%. All our growth targets have been re-adjusted to the latest percentage growth cap.

General Fund Revenues and Expenditures:

In the state revenue section, Apprenticeship is down as a result of depressed housing and lower enrollment. Object 8629 'Other Categorical Apportionments' includes Basic Skills, plus the 06-07 settlement.

Property taxes (listed under local revenues) are different this year. The state has balanced the budget by inflating local property taxes. There is no budget for ERAF dollars in the 2007-08 budget. No community college in Orange County received any ERAF dollars in 2006-07. When Governor Schwarzenegger took office, he reversed the increase in vehicle license fees by taking money from local municipalities. He promised to make them whole, which he has, by cutting into the property tax dollars that have historically gone to community colleges.

We are taking the conservative approach to avoid a February surprise. We can make corrections in January when the Governor proposes his 2008-09 budget.

We are using state estimates for Enrollment fees.

The Student ID card fees is split between the associated student body and the district. The amount carried in line item 8884 is the district portion.

Salaries have been budgeted assuming all positions will be filled all year. Salaries also include 14 new faculty positions, 16 classified positions, and one administrative position. Additional positions for security were also included in this adopted budget.

The non-regular instructional salaries appearing in the 1300 accounts is under-budgeted. We historically have budgeted low and spend high. We play this game to optimize discretionary expenditures in the budget allocation model. Adjunct faculty should be fixed costs.

Datatel is a position-based system. There appears to be a large increase in health and welfare benefits, which ties back to the positions. This is different from how we've budgeted in the past. Budgets are built in Datatel as positions are created. Every approved position will reflect a budget for salary and all related benefits.

Budget Allocation Model

Mr. Hardash reviewed the Budget Allocation Model. The unrestricted percentages are 60.52% to SAC, 23% to SCC and 16.48% to the District Operations.

There were no questions.

Budget Model Comparison

Mr. Hardash reviewed the Budget Allocation Model Comparison which includes the SAC, SCC and District Operations. This handout compares the expenditures as stated in the tentative budget to the adopted budget and what this difference is.

Additional discretionary funds were distributed as follows: SAC - \$678,529; SCC - \$487,401 and District Operations received \$213,845 totaling \$1,379,775.

There were no questions.

Two College Summary

Mr. Hardash reviewed the Budget Allocation Model – FTES

There were no questions.

Lottery

Mr. Hardash reviewed the Lottery Assumptions for the 2007-2008 Adopted Budget.

There were no questions.

Action Item: Mr. Hardash called for a motion to recommend the proposed budget to the Chancellor for Board approval. Mr. Troxcil made the motion with the understanding the committee will re-evaluate the budget in December or January when we know what the final numbers will be. The motion was seconded by Mr. Didion. The motion carried unanimously.

Enrollment Update

2006-07 Annual FTES

Fiscal 2007 FTES growth was 3.4% over last year and fiscal 2006 growth was 2.7% from the previous year. Most of the growth was attributed to noncredit. Credit growth was 0.79% for fiscal 2007 compared with 1.4% for fiscal 2006. This trend appears to have been arrested for credit. Preliminary results for fall 2007 indicate credit growth of at least 3% for fiscal 2008.

There will be two recalculations for 2006-07. Tentatively there will be another \$300,000 for noncredit enhanced funding added to the \$3,479,958 reported at P-3. All course approvals by the

Chancellor's Office for this program were not available at P-3 reporting and internal late reporting of contact hours for spring and summer classes will increase the final enhancement amount. Also, the late reporting of contact hours for spring and summer will add another 10-12 noncredit FTES. A CCFS 317 recalculation report will be issued by November 1.

2007-08 Targets

The System Office changed our 2007-08 growth rate to 0.714% and the two schedules in your possession reflect this decrease--SAC to 22,969.29 FTES from 23,049.11 and SCC to 8,726.72 from 8,757.08.

Work Group Update

Draft Notes from August 15, 2007 and September 19, 2007 were distributed as information.

Next Work Group meeting: November 7, 2007; 2:30 – 4:00; (Garden Grove Room)

Next BAPR meeting: November 14, 2007; 1:30-3:30; in the Executive Conference Room #114.

Mr. Hardash adjourned the meeting at noon.