

## RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

2323 N. Broadway, Santa Ana, California 92706

Office: (714) 480-7321

Website: <http://rscgd.edu/Departments/Business-Operations/Pages/Fiscal-Resources-Committee.aspx>

### Fiscal Resources Committee Meeting

Executive Conference Room – District Office

1:30 p.m. – 3:00 p.m.

#### Meeting Minutes for August 14, 2013

**FRC Members Present:** Esmeralda Abejar, Jeff McMillan, Jim Kennedy, Ray Hicks, Steve Kawa, Michael DeCarbo, Morrie Barembaum, Raul Gonzalez del Rio, Jose Vargas, Peter Hardash, Adam O'Connor, Sylvia LeTourneau and Diane Hill

**FRC Members Absent:** Michael Collins and John Zarske

**Guests Present:** Raul Rodriguez, Erlinda Martinez, Steve Eastmond and John Smith

The meeting was called to order by Mr. Hardash at 1:30 p.m.

#### State/District Budget Update

Mr. Hardash reviewed the following:

- 2012-13 Second Principal Apportionment Background Memo dated 6/24/13, posted 7/25/13
  - Schedule changed just this morning, detail and changes are on the Chancellor's Office website.
- 2012-13 Second Principal Apportionment Exhibit C dated 6/19/13, posted 6/24/13
- Final State Budget 2013-14 report link: <http://www.ebudget.ca.gov/2013-14/Enacted/agencies.html>
- Schools Services 2013-14 Adopted Budget Dartboard
  - Looks into the future, COLAs, inflation, etc.
- CCLC Email June 27, 2013
- CCLC Email July 3, 2013
- "Blue Book" handouts from 8/6/13 Budget Workshop
  - Detailed schedule, property tax collections, student fee collections, etc.
  - AV rates are up tremendously
  - EPA – In 2012-13 RSCGD received \$20.1m, the 2013-14 FY estimate is \$17m
- 2013-14 Total Computational Revenue Recap
  - RSCGD total computational revenue 2013-14 is \$134,750,039
  - Total estimated base revenue for 2013/14 (P2) is \$129,963,105
  - RSCGD has the opportunity to earn \$4.7m in additional funds
  - RSCGD restoration/access/growth earning opportunity is \$2.7m, based on the Chancellor's Office Blue Book scenario
  - COLA at 1.57% of the \$129m is \$2,040,421
  - 20 of the 72 districts were in stabilization last year, they must fully restore this year before earning any growth funds
  - Estimated restoration/access/growth at 1.63% for RSCGD is \$2,151,657
  - RSCGD additional opportunity to earn .48% or \$594,856, however, not sure if this will happen
  - Total growth opportunity - \$2,746,513

### **2013-14 Proposed Adopted Budget Assumptions**

Mr. O'Connor reviewed the draft Budget Assumptions for the Proposed Adopted Budget 2013-14 including suggestions and edits. Item "I-B", Mr. Hardash said these numbers are not the target, instead, the total number represents the current mix for total dollars available to earn based on the Chancellor's Office projections. The preference is to not include the .48% until we know this opportunity is solid. Mr. Hardash asked if the colleges split between credit, non-credit and CDCP has been determined, SAC responded yes and would forward to Mr. O'Connor, for SCC Mr. Vargas responded yes but they need to go back to adjust their split between non-credit and CDCP. If we earn additional funds, that won't be determined until the end of next February 2014, after the calculation of P1. Dr. McMillan asked what the timeline would be for the colleges to make the decision as to what classes to add if these additional growth funds were to materialize. Mr. Hardash said that discussion needs to occur at the campus level as part of the planning process and include the POE committee.

Dr. Rodriguez stated that when doing enrollment management it is always prudent to try to go 1-2% over the targets, and we should be pursuing growth. Dr. Rodriguez suggested implementing a winter intersession for January 2014 as it has proven to be very successful in the past to help in capturing the growth. The colleges need to be aggressive, the calendar was reviewed and the intersession is possible with some adjustments. Dr. Rodriguez added that he would recommend taking the money to fund the intersession from the stabilization fund, if we get the growth, the funds would be distributed to the colleges. Dr. Martinez asked if the growth could be funded with the current calendar instead of an intersession, Dr. Rodriguez responded that could be considered. Dr. Rodriguez said if the stabilization fund is going to fund the efforts for growth, there needs to be a plan presented by both colleges; what is being funded, what is the plan, are the classes high demand classes, etc.

The growth discussion will need to be discussed at POE Committee.

Mr. Hardash called for a motion to recommend the 2013-14 Proposed Adopted Budget Assumptions to the Chancellor. A motion was made by Mr. Hicks, seconded by Mr. Kawa and approved unanimously.

### **50% Law**

For the last several years the district transfers funds to the retiree benefits fund in order to meet the 50% law requirements, this practice falls into a very gray area. We should not use accounting gimmicks to meet the requirements of the 50% law. While this is a state-wide issue, RSCCD now needs to address this ongoing problem as we can no longer continue to transfer enough funds to get us to 50%, it should be part of the planning process. Discussion needs to occur, when hiring new staff and faculty how does it affect the 50% law requirements; we need more costs on the "good" side of the 50% law and/or less on the "bad" side. The penalty is a double penalty, we need to closer manage this issue and include discussions in the planning process moving forward.

### **SCC Request for Funds from Budget Stabilization**

Mr. Kawa distributed a handout and informed the committee that SCC wants to draw \$1.5m from the stabilization fund. First, \$1m for FTES generation and an additional \$500,000 for new hires, five new positions: two custodians for the Humanities Building; one Distance Education Coordinator; one Financial Aid Tech for the Veterans program and a Dean for Continuing Education. Mr. Kawa's handout is available at: [http://rsccd.edu/Departments/Business-Operations/Documents/FRC\\_Agendas-Materials-Minutes/FRC%208-14-2013%20Add%271%20handout.pdf](http://rsccd.edu/Departments/Business-Operations/Documents/FRC_Agendas-Materials-Minutes/FRC%208-14-2013%20Add%271%20handout.pdf). Mr. Kawa said in part, the problem stems from the closing of OEC, therefore, the \$1m requested is in addition to the 3% growth already discussed. Mr. Hicks asked if this request is being presented in the correct arena, should this request be made at POE Committee to coincide with a plan? Discussion ensued on how the colleges bring forward requests for additional funds and how it works with the budget model. It was reemphasized that

the colleges can spend their unrestricted dollars; that comes through the apportionment process, however necessary.

Mr. Hardash added two points: first being that the requests for additional funds from SCC have increased in the last two years from an additional \$500,000 to \$1m the following year and now a total of \$1.5m. The second concern is that this request is intended for adding full-time permanent positions and funding adjunct faculty accounts for sections already offered with budget stabilization one-time dollars. Mr. Hardash asked if the \$1m in additional funds that SCC is requesting is to fill the hole to the 1300 account and properly fund the current 1300 account shortfall, Mr. Kawa agreed. That means, if approved, SCC would automatically need to request these additional funds, and more, in future years, assuming no additional revenue comes in. This does not follow the budget allocation model. Discussion ensued on requests for funds, following the model, which committee to present requests to, growth, requests for new staff, holding the colleges harmless by following the new model, what is the role of FRC when considering requests, what is the role of POE Committee when considering requests, does the Human Resources Committee review the process for funding positions, etc.

Mr. Hardash asked how the committee would like to proceed. Mr. DeCarbo made the recommendation to forward the request to POE Committee, seconded by Mr. Kawa. Discussion ensued. Dr. Rodriguez shared that having been at other districts and having similar discussions, a plan should have accompanied this proposal for additional funds. A plan should have specified the details to get from point A to B such as: this is how we plan to earn the dollars back, this is the need, this is what we want and this is how we will get to self sufficiency. Refinement to the process for requesting, the planning and the funding needs to happen. Mr. Kennedy suggested amending the recommendation to include considering a request of additional funds from the stabilization fund for both colleges. After discussion, the original recommendation moved forward for a vote to forward SCC's request for \$1.5m to the POE committee for discussion and recommendation to the Chancellor.

Mr. Hardash roll called the vote to forward the recommendation to the POE Committee:

- No - 7
- Yes – 4
- Abstained – 1
- Motion failed

### **2013-14 FRC Meeting Calendar**

At the request of some committee members, it was suggested the 2013-14 Proposed Adopted Budget be distributed by email for review and suggestions, instructions will be provided, all agreed. A non response to the Proposed Adopted Budget email will be considered an affirmation and support for the Proposed Adopted Budget. An updated calendar of meetings was distributed with one change, the March 26, 2014 meeting now falls into the spring break; the meeting has been rescheduled to March 19, 2014 at 1:30 p.m. in the Executive Conference Room, District Office.

### **Informational Handouts**

The 2013-14 Scheduled Maintenance Allocation, Permissible Uses of RDA Funds, Final 2012-13 District-wide expenditure report link: <https://intranet.rscgd.edu> and the FTES Update as of July 17, 2013 Annual were distributed as information.

### **Approval of FRC Meeting Minutes – May 29, 2013**

Mr. Hardash called for a motion to approve the minutes of May 29, 2013 Fiscal Resources Committee meeting. Mr. O'Connor moved and Ms. LeTourneau seconded the motion to approve the minutes. The motion carried unanimously. Mr. DeCarbo and Mr. Kennedy abstained.

**Adjournment**

Mr. Hardash adjourned the meeting at 3:30 p.m.

**Meeting Schedule – Next Meeting:**

Wednesday, September 25, 2013 – 1:30 p.m. – Executive Conference Room, District Office