

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

website : [Fiscal Resources Committee](#)

Agenda for May 28, 2014

1:30 p.m. - 3:00 p.m.

Executive Conference Room #114

1. Welcome
2. State/District Budget Update – Hardash
 - Governor’s May Revise Link: <http://www.ebudget.ca.gov/FullBudgetSummary.pdf>
 - LAO Overview of 2014-2015 May Revision Link: <http://lao.ca.gov/reports/2014/budget/may-revision/overview-may-revision-051614.pdf>
 - [Board Power Point presentation on 2014-2015 Tentative Budget Link:](#)
 - Dan Troy’s 5/13/14 email
 - CCLC 5/13/14 email
 - CCLC 5/21/14 email and chart
 - SSC Overview of 2014-15 May Revise
 - SSC 2014-15 May Revision Dartboard
3. 2014/15 General Fund Tentative Budget – Recommendation to the Chancellor
4. Draft 2014/15 Meeting Calendar - Action
5. Budget Allocation Model (BAM) Review:
 - BAM SB 361 Model
 - FRC Workgroup Report on 50% Law/FON Discussions
6. Informational Handouts
 - District-wide expenditure report link: <https://intranet.rsccd.edu>
 - Vacant Funded Position List as of May 15, 2014
 - Measure “E” Project Cost Summary as of May 1, 2014
 - Monthly Cash Flow Statement as of April 30, 2014
7. Approval of FRC Minutes –April 23, 2014
8. Other

Next FRC Committee Meeting: (Executive Conference Room #114 1:30 pm – 3:00 pm)

August, 2014

The mission of the Rancho Santiago Community College District is to provide quality educational programs and services that address the needs of our diverse students and communities.

From: Troy, Dan [<mailto:dtroy@CCCCO.EDU>]
Sent: Tuesday, May 13, 2014 9:05 AM
To: SO2CBO@LISTSERV.CCCNEXT.NET
Subject: May Revision Budget Update

Colleagues,

The Governor released his May Revision update on the morning of Tuesday, May 13th. While those watching the updated revenues flow into the Treasury for the 13-14 fiscal year may have hoped for ongoing increases even beyond the relatively strong proposal outlined in January, the Governor and his staff see a more complicated picture. While there was strong revenue growth in the 13-14 fiscal year, the Governor does not see the current year increase carrying over into the 14-15 fiscal year to any large extent.

Further, as the Proposition 98 minimum guarantee is based largely on year-over-year change, the upward tick in the 13-14 year combined with a modest revenue increase in the 14-15 projection actually *decreases* the minimum guarantee in the budget year relative to the January estimate. Despite the decrease in the 14-15 guarantee, the Governor's proposal actually manages to create room for some increased programmatic support by shifting some of the buy down of deferrals from the budget year to the current year.

While more time and details are needed to get a fuller picture of the proposal, the key highlights are as follows:

- \$50M is added to the Economic and Workforce Development Program (EWD) on a one-time basis “to improve student success in career technical education.” The funds are intended to develop, enhance, and expand CTE programs that build upon existing regional capacity to better meet regional market demands.
- \$42.4M is added to offset decreases in local property tax and fee revenue estimates for the 14-15 year.
- \$6M for increased technology infrastructure (\$1.4M one-time, \$4.6M ongoing) to upgrade bandwidth and replace technology equipment at local campuses
- Adjustments to Access Funding and COLA –
 - A decrease of \$14.8M to reflect a change from 3 percent to 2.75 percent in funds for new access for the 2014-15 fiscal year. Additionally, the Governor will push back the implementation of a revised growth formula until the 2015-16 fiscal year.
 - A decrease of \$1.2M to reflect a drop in the COLA from 0.86 percent to 0.85 percent
- Adjustment to the January maintenance and instructional equipment proposal –
 - A decrease from \$175M to \$148M
 - All funds will go toward deferred maintenance in the revised proposal, rather than a 50/50 split with instructional equipment
 - A local match will *not* be required in 2014-15
- A decrease of \$1.5M for Proposition 39 projects/workforce development, due to reduced revenues attributable to the California Clean Energy Jobs Act
- The May Revise will also propose increasing the funding rate for Career Development and College Preparation courses to the rate for credit courses *commencing with the 2015-16 year*
- Deferral pay down adjustments –
 - A decrease of \$55.5M in the prior year
 - An increase of \$133.6M in the current year
 - A decrease of \$78.1M in the budget year
 - While there are adjustment of payments among the three fiscal years, the net result is still a complete pay down of system deferrals as of the 14-15 fiscal year

The Governor is expected to emphasize the need for fiscal restraint amid many calls for greater spending and restoration of general fund programs that were negatively impacted during the Great Recession. To this end, the Governor will be pushing passage within the Legislature of a ballot initiative to be placed before voters this fall that will modify a proposed Rainy Day Fund that will smooth out the state’s boom and bust budget cycles (fueled primarily by capital gains returns) and require the state to pay down liabilities. Further, it is anticipated that the Governor will work on a solution regarding CalSTRS obligations, though it is not clear at this time what he will propose.

Next steps will include a response by the Legislative Analyst’s Office (recall that at this time last year, the LAO projection of revenues was far more optimistic the Governor’s figures), review by the budget committees of each house, and a legislative conference committee to iron out differences between the two houses. It is expected that the budget will be approved and signed by the Governor prior to July 1, 2014.

Regards,
Dan Troy

Vice Chancellor, College Finance and Facilities Planning
California Community Colleges Chancellor’s Office

From: Scott Lay [<mailto:scottlay@cleague.org>]
Sent: Tuesday, May 13, 2014 10:11 AM
To: O'Connor, Adam
Subject: Governor releases 2014-15 May Revision



May 13, 2014

Dear Adam,

Good morning. Governor Jerry Brown just released the [May Revision to his proposed 2014-15 State Budget](#), and the spending plan builds on the solid budget proposal for community colleges released in January.

Here are the major community college items, with changes from January identified in yellow:

Item (amounts in 000s)	2013-14 Enacted	2014-15 January	2014-15 May	Note
Ongoing Funds			0.85%	General apportionment only
Enrollment Growth	1.63%	3%	2.75%	General apportionment only
Student Success and Support Program	\$99,183	\$199,183	\$199,183	variable match
Student Success and Support Program - Equity	\$0	\$100,000	\$100,000	
Disabled Students Programs and Services	\$84,223	\$84,223	\$84,223	
Extended Opportunity Programs and Services	\$88,605	\$88,605	\$88,605	
Economic and Workforce Development	\$22,929	\$22,929	\$22,929	See one-time funds below
Student Financial Aid Administration	\$67,537	\$67,896	\$67,896	
CalWORKs	\$35,545	\$35,545	\$35,545	
Part-time Faculty Compensation	\$24,907	\$24,907	\$24,907	
Basic Skills	\$20,037	\$20,037	\$20,037	
Telecommunications and Technology Infrastructure	\$15,790	\$15,790	\$20,390	
Nursing Education	\$13,378	\$13,378	\$13,378	
Foster Care Education Program	\$11,786	\$11,786	\$11,786	
Part-time Faculty Office Hours	\$3,514	\$3,514	\$3,514	

Campus Childcare Tax Bailout	\$3,350	\$3,350	\$3,350	
Transfer and Articulation	\$698	\$698	\$698	
Part-time Faculty Health Insurance	\$490	\$490	\$490	
One-Time Funds				
Physical Plant and Instructional Equipment		\$175,000	\$148,000 (maintenance only)	<i>no match in 2014-15</i>
Economic and Workforce Development			\$50,000	<i>to increase student success in career-technical programs</i>
Telecommunications and Technology			\$1,400	

The revised budget makes technical adjustments for property tax (+17.7m general fund) and student fee revenues (+24.7m general fund), and continues the plan to pay off all remaining apportionment deferrals. Student fees would remain at \$46 per credit unit. The summary also proposes to increase the enhanced noncredit funding rate to the credit rate beginning in 2015-16, a significant win for our advocacy.

We'll continue to dive into the details as they become available and will share more shortly.

Sincerely,



Scott Lay
 President and Chief Executive Officer, The League
 Orange Coast College '94

From: Scott Lay [<mailto:scottlay@cleague.org>]

Sent: Wednesday, May 21, 2014 9:31 AM

To: O'Connor, Adam

Subject: State budget update - May 21, 2015



May 21, 2014

Dear Adam,

Good morning from Santa Rosa, where I'm getting ready to speak to the Association of Chief Business Officials.

Yesterday afternoon the Senate Budget Subcommittee on Education Finance took actions on the higher education budget, including community colleges. In doing so, the committee relied on the higher revenue and Proposition 98 projections by the Legislative Analyst's Office (LAO), as [identified in its report last Friday](#). With Proposition 98 estimates \$313 million more in the current year and \$2.237 billion in the budget year (2014-15), this allowed the Senate committee to include significantly higher expenditure amounts. The Assembly is expected to also include higher spending levels when it deliberates today and tomorrow.

[Here is a chart](#) that reflects the Senate's actions, prepared by League Vice President Theresa Tena.

The Senate's action (and expected similar actions by the Assembly) reflects the great advocacy by our district and state-level advocates.

Of course, it is unlikely that the governor will be willing to accept the LAO's total revenue numbers, as he continues to be wary about fiscal contingencies. We will be encouraging a compromise and hope that some of the additional funding priorities above May Revise identified by the Senate can be included in the final budget deal.

The STRS issue will be handled separately tomorrow by budget subcommittees that oversee state administration.

Thank you for your great advocacy.

Sincerely,

A handwritten signature in cursive script that reads "Scott Lay".

Scott Lay
President and Chief Executive Officer, The League
Orange Coast College '94

**COMMUNITY COLLEGE LEAGUE OF CALIFORNIA
2007-08 to 2014-15
Proposition 98**

5/21/2014 5:50 AM

BUDGET ITEMS	2007-08 REVISED BUDGET ACT	2013-2014 REVISED BUDGET ACT	2014-15 GOV BUD	2014-15 MAY REVISE	SENATE 2014-15	SENATE AUGMENTATIONS OVER MAY REVISE
General Apportionment						
General Fund Apportionments	3,079,349	1,745,810	2,171,839	2,153,593	2,225,893 ^{1,2}	72,300
Growth for Apportionments	106,373	89,421	155,202	140,385	140,385	-
					-	
	3,185,722	1,835,231	2,327,041	2,293,978	2,366,278	72,300
Categorical Programs						
Apprenticeship - CCC FLEXED	15,229	7,174	7,174	7,174	15,174	8,000
Apprenticeship - K-12 NON-FLEXED		15,694	15,694	15,694	20,694	5,000
Basic Skills	33,100	20,037	20,037	20,037	25,037	5,000
Student Financial Aid Administration	51,640	67,537	67,896	69,421	69,421	-
Disabled Students	115,011	84,223	84,223	84,223	134,223	50,000
Special Services for CalWORKs Recipients	43,580	34,545	34,545	34,545	49,545	15,000
Foster Care Education Program	5,242	5,254	5,254	5,254	6,254	1,000
Matriculation	101,803	99,183	301,683	301,683	301,683	-
Academic Senate for the Community Colleges	467	468	468	468	968	500
Equal Employment Opportunity	1,747	767	767	767	767	-
Part-time Faculty Health Insurance	1,000	490	490	490	490	-
Part-time Faculty Compensation	50,828	24,907	24,907	24,907	24,907	-
Part-time Faculty Office Hours	7,172	3,514	3,514	3,514	10,014	6,500
Telecommunications and Technology Services	26,197	15,790	15,790	21,790	21,790	-
Economic Development	40,690	22,929	22,929	72,929	82,929	10,000
Transfer Education and Articulation	1,424	698	698	698	698	-
Physical Plant, Instructional Equipment	27,345	30,000	175,000	148,000	199,300	51,300
Extended Opportunity Programs and Services	106,786	79,273	79,273	79,273	95,377	16,104
CARE	15,505	9,332	9,332	9,332	11,228	1,896
Fund for Student Success	6,158	3,792	3,792	3,792	3,792	-
Career Technical Education	10,000	-	-	-	-	-
Childcare Tax Bail Out	6,836	3,350	3,350	3,350	6,750	3,400
Nursing Support	20,957	13,378	13,378	13,378	13,378	-
Adult Education		25,000			-	-
Online Ed		16,910	10,000	10,000	10,000	-
Categorical Sub-total	688,717	584,245	900,194	930,719	1,104,419	173,700
Total 6870-101 Item	3,874,439	2,419,476	3,227,235	3,224,697	3,470,697	246,000
General Funds (Fed Funds backed out)	3,874,439	2,419,476	3,227,235	3,224,697	3,470,697	246,000
Revenue Bond Debt Service	63,111	63,583	63,780	64,905	64,905	-
FCMAT	570	570	570	570	570	-
Mandates	4,000	33,355	33,355	33,010	33,010	-
Energy Efficiency Projects (Prop 39)		47,000	39,000	39,000	39,000	-
Energy Efficiency LOAN (Prop 39)		3,000	0	0	0	-
Deferral (SBX4 16 Sec XX)	200,000	730,863	187,416	107,988	107,988	-
Education Protection Act		776,704	797,275	820,076	820,076	-
TECH ADJ : NEW DEFERRAL & QEIA		48,000	48,000	48,000	48,000	-
P-98 Over Appropriation Shift (SB 1133)					-	-
RDA Backfill/Offset					-	-
Subtotal General Fund	4,142,120	4,122,551	4,396,631	4,338,246	4,584,246	246,000
Local Property Taxes	1,970,767	2,232,000	2,326,000	2,308,082	2,308,082	-
Total Proposition 98	6,112,887	6,354,551	6,722,631	6,646,328	6,892,328	246,000
1 Includes \$25 M for full-time faculty						
2 Includes \$47.3 M for increased COLA 1.7%						

COMMUNITY COLLEGE UPDATE

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Volume 27

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No. 10

An Overview of the 2014-15 Governor's May Revision

Preface

The May Revision marks Governor Jerry Brown's final statutory opportunity to amend his Budget Proposal to the Legislature. In most years, any change is generally driven by updated revenue projections; that is true this year, but other factors have arisen as well. School Services of California, Inc., has estimated that state revenues would likely come in more than \$2 billion above the Governor's January projection; the Governor now projects that number to be \$2.4 billion, an amount he asserts is largely consumed by higher than expected expenditures.

The Governor's signature pieces in the May Revision are 1) medical coverage for more Californian's and 2) creation of a rainy day fund for the state. Each of these options is expensive.

The Governor projects that the state's cost of Medi-Cal in the current year will be \$1.1 billion higher than expected, and for 2014-15, he projects another \$2.4 billion increase. The increased costs are attributed to increased Medi-Cal enrollments and higher than expected costs of administration.

Additionally, the Governor assumes creation of a rainy day fund with an initial funding of \$1.6 billion. These two initiatives and another swipe at the "wall of debt" essentially take all of the new money off the table. At the same time, the Governor announced plans to begin to address the CalSTRS unfunded liability. As detailed below, increased employer payments would start immediately, but with no new funding from the state.

While the January Budget makes a generous increase to ongoing education funding, there are few additions to education in the May Revision. Community Colleges have a substantially similar proposal from January to May. And no additional funding is provided for implementation of the K-12 Local Control Funding Formula, Common Core State Standards, or Universal Transitional Kindergarten. The hoped-for increases are hard to find.

The May Revision

Proposition 98

The Governor's May Revision acknowledges \$2.4 billion in additional General Fund revenues compared to the January estimate. However, because of how these new revenues interact with the constitutional formulas of Proposition 98, K-14 education will see very little of this new money compared to the Governor's January Budget.

Specifically, the May Revision estimates current-year revenue will be up \$2.038 billion from the January Budget forecast and that revenues for 2014-15 will be up by \$843 million. However, the Department of Finance (DOF) has revised the revenue collections for 2012-13, reducing the total by \$513 million. These revised totals result in unexpected changes to the Proposition 98 guarantee.

Compared with the January Governor's Budget, for 2012-13 the minimum funding guarantee drops by \$547 million; it increases by \$1.5 billion in 2013-14; and then drops by \$700 million for 2014-15, for a net increase over the three-year period of \$242 million. Most of this increase goes to paying for revised estimates of average daily attendance (\$103 million in the current year and \$121 million in the budget year).

Even with a net decline in the Proposition 98 estimate for 2014-15, the actual funds received by K-14 education will change very little compared to the Governor's January proposal because of a redistribution in the allocation of funds to buy back the apportionment deferrals. The May Revision accommodates the changes in the Proposition 98 guarantee by shifting the mix of funds used to buy back deferrals, utilizing more of the one-time funds accruing in 2013-14 and thereby freeing up the ongoing funds in 2014-15 to maintain the spending levels proposed in January.

Rainy Day Fund

The January Governor's Budget proposed a constitutional amendment to require contributions to a State Budget reserve, dubbed the "Rainy Day Fund," driven largely by capital gains revenue. In addition, the January proposal called for the establishment of a separate Proposition 98 reserve that would also receive contributions when capital gains revenues exceeded a specified threshold.

The May Revision reflects a compromise with the Legislature worked out just days ago. The new proposal calls for both a state Rainy Day Fund and a Proposition 98 reserve, similar to the January proposal. However, the compromise plan also specifies that the Proposition 98 reserve would not take effect until several conditions are met, including (1) the Proposition 98 maintenance factor as of the end of 2014-15 (estimated at \$4 billion) is fully restored; (2) Proposition 98 is in a Test 1 year (i.e., funding based on a fixed percentage of General Fund revenue); and (3) K-12 enrollment growth and the cost-of-living adjustment (COLA) are fully funded. Given these conditions, contributions to the Proposition 98 reserve may not take effect until after the end of the decade.

The revised proposal also calls for contributions to the state Rainy Day Fund to be based on (1) 1.5% of General Fund revenues, and (2) capital gains revenue in excess of 8% of General Fund revenue. However, Proposition 98 must be fully funded before these contributions are made.

The May Revision indicates that if voters approve the "Rainy Day Fund", then contributions commencing in 2015-16 through 2017-18 could reach \$3 billion. In addition, repayment of outstanding state debt of a similar amount would occur.

Finally, the May Revision proposes that 3% of 2014-15 revenues, or \$3.2 billion, be set aside in accordance with Proposition 58. Of this amount, half would be used to retire the Economic Recovery Bonds authorized by Proposition 57 and half would be transferred to the Budget Stabilization Account.

Community College Apportionments

The May Revision reflects the change in the funded statutory cost-of-living adjustment (COLA) to 0.85% from the 0.86% in January. The cost to fund the COLA is \$47.3 million. Governor Brown proposes to reduce January's 3% proposed growth/restoration funding to 2.75% (\$140.4 million) and proposes to delay his revised growth formula to 2015-16.

In January Governor Brown proposed that \$592.4 million in state funds be used to completely eliminate the rest of the statutory cash deferrals. The May Revision continues this proposal. As in January, there is no proposal to increase student fees.

Governor Brown proposes increases of \$17.7 million and \$24.7 million, respectively, to backfill the estimated shortfall of property taxes and enrollment fees for 2014-15.

Community College Categorical Programs

The May Revision maintains Governor Brown's January proposal to provide an additional \$200 million for student success programs.

For deferred maintenance and instructional equipment, Governor Brown proposes to reduce January's \$175 million proposal to \$148 million but dedicates all of the funding to deferred maintenance. During State Budget hearings, the Legislature questioned whether funding for instructional equipment was warranted since there was no documented need. The even bigger news here is that Governor Brown is proposing that there be no match requirement to receive these funds for 2014-15.

Governor Brown proposes to augment the Economic and Workforce Development program at the Chancellor's Office by \$50 million in one-time funds; the funds are intended for use by colleges to develop, enhance, and expand career-technical education programs. He further proposes, starting in 2015-16, to increase the funding rate for career development and college preparation noncredit courses to be the same as the credit rate, stating that this next year is the time for community colleges to plan how they will change their course offerings in light of this proposal.

Governor Brown proposes to add \$6 million (\$1.4 million in one-time funds and \$4.6 million in ongoing funds) for colleges to upgrade bandwidth and replace technology equipment in support of the student success technology initiatives including e-transcripts, e-planning, incoming student evaluation, and online education.

CalSTRS Funding Plan

The Governor proposes an additional \$73.2 million of state General Fund money for 2014-15 to start buying down the estimated \$74.4 billion unfunded liability for the California State Teachers' Retirement System (CalSTRS) basic retirement plan. More significantly, the Governor is estimating that there will be \$450 million more contributed to CalSTRS in 2014-15 through a combination of increasing employee contribution rates, increasing employer contribution rates, and the state's \$73.2 million. Previously, the employer and employee contribution rate increases were anticipated to start in 2015-16. Under the Governor's May Revision proposal, the employer rate will increase by 1.25% starting July 1, 2014—less than two months from now. Further, employers are expected to pay this increase from existing revenue sources. Just one month before educational agencies are putting their tentative 2014-15 budgets to bed they are faced with this last-minute increase in the CalSTRS employer rate. In the same year community colleges are receiving only a 0.85% COLA, it will be problematic for districts to add this expense to the budget at this late date with no increase in revenues to pay for it.

The Governor proposes a plan that would provide full funding in about 30 years. The state's contribution rate would increase from 3.041% to 6.3% over three years. He proposes phasing in higher contribution levels for employers over seven years and for employees over three years:

	Current	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Employer Contribution Rate	8.25%	9.5%	11.1%	12.7%	14.3%	15.9%	17.5%	19.1%
Employee Contribution Rate (2% at 60 members)*	8.00%	8.15%	9.2%	10.25%	10.25%	10.25%	10.25%	10.25%

*The maximum contribution rate for new members (2% at 62 members) will be 9.21%, phased in over the same three-year timeframe

K-14 Adult Education

In January 2014, Governor Brown indicated his intent to fund Adult Education as a “single categorical program” beginning 2015-16. The Governor’s May Revision contains no changes to Adult Education for K-12 or community colleges. K-12 districts are still required to maintain no less than the 2012-13 expenditure level for Adult Education in 2013-14 and 2014-15.

In the 2013-14 adopted State Budget, \$25 million was appropriated to community college and school district consortia for two-year Adult Education planning and implementation grants. These funds have been allocated and a status report can be found at http://ab86.cccco.edu/portals/7/docs/AdultEducation_2014.pdf.

Mandates Reimbursement and the CCC Mandates Block Grant

The CCC Mandates Block Grant (MBG) is decreased by \$345,000 to align mandate block funding with revised full-time equivalent student estimates.

The May Revision includes an additional \$100 million to repay a portion of existing mandate reimbursement claims that have been owed to local governments since at least 2004. However, as part of the May Revision, the Administration expects that the majority of the dollars will be spent improving implementation of 2011 Realignment and public safety. There is no mention of providing reimbursement for outstanding education mandate claims.

K-14 Proposition 39 Funding

In 2013-14, \$381 million in funding was allocated for LEAs as a result of the passage of Proposition 39—California Clean Energy Jobs Act. In his January 2014 Budget proposal, Governor Brown allocated an additional \$363 million, including \$316 million to K-12 schools and \$39 million to community colleges for energy efficiency project grants, \$5 million to the California Conservation Corps for continued technical assistance to K-12 schools, and \$3 million to the Workforce Investment Board for continued implementation of the job-training program. No additional funding was proposed for the Energy Conservation Assistance Act revolving loan program which was funded with \$28 million last fiscal year.

Due to reduced Proposition 39 revenue estimates, the May Revision proposes a decrease of \$1.5 million to \$37.5 million, for CCC energy efficiency projects.

Child Care and State Preschool Programs

The May Revision proposes administrative adjustments from the Governor's Budget to the California Work Opportunity and Responsibility to Kids (CalWORKs) child care system. These adjustments reflect a decline in the number of newly eligible beneficiaries for Stage 2 (\$15.6 million reduction) and updated data which showed an increase in Stage 3 caseloads and costs per case (\$30.2 million increase).

Capped child care programs (non-CalWORKs) are proposed to see a net decrease of \$15.4 million reflecting a decrease of \$15.9 million of funding that was originally appropriated to backfill the federal sequestration cuts, which did not occur, and a slight increase in funding due to an increase in the population of 0 to 4 year old children. State Preschool funds also score an increase of \$356,000 to support the growing population of 0 to 4 year old children.

The May Revision also proposes that child care and development programs will see an increase in federal funds of \$24.4 million in 2014-15, reflecting both ongoing base federal funds and one-time funds from 2013-14.

UC and CSU Funding Plan

In January, Governor Brown proposed to continue his multiyear stable funding plan for the University of California (UC), the California State University (CSU), and the California Community College systems to prevent further tuition increases and improve sustainability. No changes were made in the May Revision to the proposed 5% increase each to the CSU and UC systems for 2014-15, the second year of his four-year funding plan.

Governor Brown also reinforces the \$50 million Awards for Innovation in Higher Education program that he proposed in January.

K-12 Education Highlights

Governor Brown continues the same level of funding for the K-12 Local Control Funding Formula as was proposed in January, which is an approximate 10.9% increase in funding, on average, although there will be significant variation in the actual increases received by individual districts based on their student demographics.

The few remaining K-12 categorical programs are proposed to receive the 0.85% COLA. Just as for community colleges, Governor Brown continues his January proposal to buy down all of the remaining K-12 cash deferrals.

Summary

The May Revision produced the increased revenues expected by many of us, but as can happen in budgets, some increased costs as well. Overall, after the past five years of budget cuts, we should perhaps be happy with a May Revision that shows continued economic recovery and sustained commitment to education funding. But with the spotlight clearly focused on improving education in January, many of us expected at least one more candle in May.

However, one thing is certain; no matter what your politics, it is undeniable that this Governor and his Administration have made a remarkable difference in the present state and future potential of the state of California. Governor Brown has done so much so fast that it is hard to keep up with him. But we wish him continued success in directing what is turning out to be a very ambitious recovery.

—*SSC Staff*

posted 05/13/2014

SSC Community College Financial Projection Dartboard 2014-15 May Revision

This version of SSC's Financial Projection Dartboard is based on the Governor's 2014-15 May Revision Proposal. We have updated the cost-of-living adjustment (COLA), consumer price index (CPI), and ten-year T-bill planning factors to reflect economic forecasts. We rely on various state agencies and outside sources in developing these factors, but we assume responsibility for them with the understanding that they are, at best, general guidelines.

Factor		2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Statutory COLA for Apportionments		1.57%	0.85%	2.10%	2.30%	2.50%	2.60%
Growth/Restoration Funding		1.63% (\$89.4 million)	2.75% (\$140.4 million)¹	Ongoing	Ongoing	Ongoing	Ongoing
State Categorical Programs		Up to \$191 million ²	Up to \$441.5 million ³	Ongoing (except for one-time funds)	Ongoing (except for one-time funds)	Ongoing (except for one-time funds)	Ongoing (except for one-time funds)
California CPI		1.4%	2.1%	2.3%	2.5%	2.7%	2.6%
California Lottery ⁴	Base	\$126	\$126	\$126	\$126	\$126	\$126
	Prop 20	\$30	\$30	\$30	\$30	\$30	\$30
CalPERS Employer Rate		11.442%	11.771%	12.6%	15.0%	16.6%	18.2%
CalSTRS Employer Rate		8.25%	9.5%	11.1%	12.7%	14.3%	15.9%
Interest Rate for 10-Year Treasuries		2.80%	3.10%	3.50%	3.60%	3.70%	3.60%

¹ The Governor proposes priority for growth funding for districts with the "greatest unmet need" in a new formula starting in 2015-16.

² The following categorical programs are "protected" because the funding restrictions and requirements remain.

Protected Programs	
Apprenticeship	Fund for Student Success
Basic Skills	Foster Care Education
CalWORKs (Augmented 2010-11)	Matriculation
Career-Technical Education (Augmented 2010-11)	Nursing Program Support
Cooperative Agency Resources for Education (CARE)	Student Financial Aid Administration
Disabled Students Programs and Services (DSPS)	Telecommunications and Technology
Extended Opportunity Programs and Services (EOPS)	

The following categorical programs are "unprotected" because, following a public hearing of the governing board, districts can redirect the funding to any other state categorical program, and funding restrictions and requirements are waived as a result through 2014-15. Funding allocations are proportional based on 2008-09.

Unprotected Programs	
Campus Child Care Tax Bailout	Part-time Faculty Health Insurance
Economic Development	Part-time Faculty Office Hours
Equal Employment Opportunity	Physical Plant/Instructional Support (funding eliminated)
Part-time Faculty Compensation	Transfer Education and Articulation

³ This total does not include the \$50 million in one-time funds for Awards for Innovation in Higher Education competitive grants. The Governor proposes the following for categorical programs:

- \$200 million for Student Success and Support/Student Equity
- \$148 million in one-time funds for deferred maintenance
- \$37.5 million for energy efficiency projects from Proposition 39
- \$50 million in one-time funds for the Economic and Workforce Development program at the Chancellor's Office
- \$6 million for student success technology initiatives (\$4.6 million is ongoing)
- Increase funding rate for career development and college preparation noncredit courses to the credit rate starting in 2015-16
- The ability to transfer up to 25% of Basic Skills, CalWORKs, and EOPS funds to any other state, federal, or local programs to better meet the needs of underrepresented student groups

⁴ The forecast for Lottery funding per FTES includes both base (unrestricted) funding and the amount restricted by Proposition 20 for instructional materials. Lottery funding is initially based on prior year actual annual FTES, and is ultimately based on current-year annual FTES.

Fiscal Resources Committee Recommended Schedule 2014-2015

FRC Meeting – Executive Conference Room #114/DO 1:30 – 3:00

- Wednesday, August 13, 2014
- Wednesday, August 20, 2014 to email budget document
- Wednesday, September 24, 2014
- Wednesday, October 22, 2014
- Wednesday, November 19, 2014
- Wednesday, January 21, 2015 (or email only)
- Wednesday, February 25, 2015
- Wednesday, March 25, 2015
- Wednesday, April 22, 2015
- Wednesday, May 27, 2015

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

MEASURE E

Projects Cost Summary
5/01/14

Special Project Numbers	Description	Project Allocation	Total PY Expenditures	FY 2013-2014		Cumulative Exp & Enc	Project Balance	% Spent
				Expenditures	Encumbrances			
ACTIVE PROJECTS								
SANTA ANA COLLEGE								
3001	Renovation of Buildings / Building "G" Renovation	9,821,991	8,805,445	453,372	496,930	9,755,747	66,244	99%
3003	Renovate Campus Infrastructure Design/Construct Maintenance/Operations Design/Construct Classroom Building	25,107,448	24,814,523	109,397	166,540	25,090,460	16,988.00	100%
3008	Renovate & Expand Athletic Fields	10,087,487	9,724,371	346,004	12,770	10,083,145	4,342.00	100%
3029	Parking Lot #11 Expansion and Improvements	11,668,829	1,512,846	657,284	9,189,111	11,359,241	309,588	97%
3030	Perimeter Site Improvements	7,021,303	2,250,658	3,499,505	732,097	6,482,260	539,043	92%
3031	Tessman Planetarium Upgrade and Restroom Addition	3,087,699	22,367	163,428	2,786,309	2,972,104	115,595	96%
3032	Dunlap Hall Renovation	1,566,050	676,197	7,122	14,833,127	15,516,446	(13,950,396.00)	991%
3035	Johnson Center Renovation	51,800	22,801	26,499	2,500	51,800	-	100%
3036	Temporary Village	4,321,245	52,487	1,954,028	2,057,859	4,064,374	256,871	94%
3042	Central Plant (Design)	3,394,992	-	335,472	3,059,520	3,394,992	-	100%
3043	Property Acquisition 17th/Bristol	5,062,998	-	5,058,944	919	5,059,863	3,135	100%
3045	Chavez Hall Renovation	906,492	-	5,000	80,200	85,200	821,292	9%
TOTAL SANTA ANA COLLEGE		82,098,334	47,881,695	12,616,055	33,417,882	93,915,632	(11,817,298)	114%
SANTIAGO CANYON COLLEGE								
3004	SCC Infrastructure	37,927,873	37,044,235	142,341	404,088	37,590,664	337,209	99%
3022	Humanities Building	32,731,753	28,088,199	3,162,905	600,887	31,851,991	879,762	97%
3025	Athletics and Aquatics Center: Netting and Sound System	20,454,610	19,422,287	272,324	217,111	19,911,722	542,888	97%
3026	Science and Math Building	26,450,914	26,415,954	10	34,950	26,450,914	-	100%
3046	Orange Education Center Building Certification	3,824,922	-	15,622	2,437,557	2,453,179	1,371,743	64%
TOTAL SANTIAGO CANYON COLLEGE		121,390,072	110,970,675	3,593,202	3,694,593	118,258,470	3,131,602	97%
DISTRICT/ DISTRICTWIDE OPERATIONS								
3044	Project Closeout/Certification	1,046,825	-	96,784	57,371	154,155	892,670	15%
TOTAL DISTRICT/DISTRICTWIDE		1,046,825	-	96,784	57,371	154,155	892,670	15%
ACTIVE PROJECTS - ALL SITES		204,535,231	158,852,370	16,306,041	37,169,846	212,328,257	(7,793,026)	104%

Negative Project Balance due to Measure Q borrowing \$17,770,000 from Measure E to issue Purchase Orders.

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

MEASURE E

Projects Cost Summary
5/01/14

Special Project Numbers	Description	Project Allocation	Total PY Expenditures	FY 2013-2014		Cumulative Exp & Enc	Project Balance	% Spent
				Expenditures	Encumbrances			
COMPLETED PROJECTS								
SANTA ANA COLLEGE								
3002	SAC Library Renovation	339,623	339,623	-	-	339,623	-	100%
3007	Child Care/Classroom-Centennial Renovate and Improve Centennial Ed Center	1,662,032	1,662,032	-	-	1,662,032	-	100%
3013	Acquisition of Land Adjacent to SAC	15,962,453	15,962,453	-	-	15,962,453	-	100%
3016	Design New Child Development Center Construct New Child Development Center	10,362,051	10,362,051	-	-	10,362,051	-	100%
3017	Design Women's Locker Room Construct Women's Locker Room Augment State-Funded PE Seismic Project	14,455,332	14,455,332	-	-	14,455,332	-	100%
3019	Design Sheriff Training Facility Construct Sheriff Training Facility Fire Science Program (Net 6 Facility) Fire Science Prog. @ MCAS, Inc. 2	29,121,885	29,121,885	-	-	29,121,885	-	100%
3020	Design/Construct Digital Media Center	14,000,656	14,000,656	-	-	14,000,656	-	100%
3028	Design & Construct Parking Structure	2,046,955	2,046,955	-	-	2,046,955	-	100%
3034	SAC Sheriff Training Academy Road	56,239	56,239	-	-	56,239	-	100%
3038	Campus Lighting Upgrade	6,825	3,412	3,413	-	6,825	-	100%
TOTAL SANTA ANA COLLEGE		88,014,051	88,010,638	3,413	-	88,014,051	-	100%
SANTIAGO CANYON COLLEGE								
3011	Land Acquisition	24,791,777	24,791,777	-	-	24,791,777	-	100%
3012	Acquire Prop & Construct Cont Ed	27,554,640	27,554,640	-	-	27,554,640	-	100%
3014	Construct New Library & Resource Center	4,375,350	4,375,350	-	-	4,375,350	-	100%
3021	Construct Student Services & Classroom Bldg	8,073,049	8,073,049	-	-	8,073,049	-	100%
3027	Construct Additional Parking Facilities	1,047,212	1,047,212	-	-	1,047,212	-	100%
TOTAL SANTIAGO CANYON COLLEGE		65,842,028	65,842,028	-	-	65,842,028	-	100%
DISTRICT/ DISTRICTWIDE OPERATIONS								
3009	Replace Aging Telephone & Computer Network	14,056,433	14,056,433	-	-	14,056,433	-	100%
3039	LED Lighting Upgrade	157,200	-	157,200	-	157,200	-	100%
TOTAL DISTRICT/DISTRICTWIDE		14,213,633	14,056,433	157,200	-	14,213,633	-	100%
COMPLETED PROJECTS - ALL SITES		168,069,712	167,909,099	160,613	-	168,069,712	-	100%
RECAP:								
Santa Ana College		170,112,385	135,892,333	12,619,468	33,417,882	181,929,683	(11,817,298)	107%
Santiago Canyon College		187,232,100	176,812,703	3,593,202	3,694,593	184,100,498	3,131,602	98%
District/Districtwide Operations		15,260,458	14,056,433	253,984	57,371	14,367,788	892,670	94%
GRAND TOTAL - ALL SITES		372,604,943	326,761,469	16,466,654	37,169,846	380,397,969	(7,793,026)	102%

Negative Project Balance due to Measure Q borrowing \$17,770,000 from Measure E to issue Purchase Orders.

**Rancho Santiago Community College
Unrestricted General Fund Cash Flow Summary
FY 2013-14, 2012-2013, 2011-2012 YTD-April 30, 2014**

	FY 2013/2014											
	July	August	September	October	November	December	January	February	March	April	May	June
Beginning Fund Balance	\$38,041,016.13	\$41,887,699.97	\$38,273,514.95	\$38,688,688.15	\$23,991,289.19	\$19,495,673.39	\$34,226,442.98	\$34,753,317.06	\$30,609,859.00	\$24,741,131.75	\$28,258,398.30	\$28,258,398.30
Total Revenues	10,633,556.66	7,512,478.15	11,348,517.88	6,107,262.90	9,095,910.84	27,141,703.57	11,706,459.73	8,127,997.25	6,265,170.50	16,403,634.77		
Total Expenditures	6,786,872.82	11,126,663.17	10,933,344.68	20,804,661.86	13,591,526.64	12,410,933.98	11,179,585.65	12,271,455.31	12,133,897.75	12,886,368.22		
Change in Fund Balance	3,846,683.84	(3,614,185.02)	415,173.20	(14,697,398.96)	(4,495,615.80)	14,730,769.59	526,874.08	(4,143,458.06)	(5,868,727.25)	3,517,266.55	0.00	0.00
Ending Fund Balance	\$41,887,699.97	\$38,273,514.95	\$38,688,688.15	\$23,991,289.19	\$19,495,673.39	\$34,226,442.98	\$34,753,317.06	\$30,609,859.00	\$24,741,131.75	\$28,258,398.30	\$28,258,398.30	\$28,258,398.30
	FY 2012/2013 ¹											
	July	August	September	October	November	December	January	February	March	April	May	June
Beginning Fund Balance	\$43,867,759.21	\$45,064,223.43	\$42,680,768.77	\$34,999,185.38	\$25,592,219.28	\$26,110,634.15	\$42,703,804.07	\$37,375,292.75	\$26,174,139.21	\$15,079,007.51	\$18,190,051.48	\$9,508,085.73
Total Revenues	7,646,065.57	7,562,696.70	4,970,261.79	3,013,770.15	12,977,976.06	27,750,969.09	5,258,057.77	552,507.40	2,725,857.51	15,455,742.61	3,116,098.07	46,170,759.38
Total Expenditures	6,449,601.35	9,946,151.36	12,651,845.18	12,420,736.25	12,459,561.19	11,157,799.17	10,586,569.09	11,753,660.94	13,820,989.21	12,344,698.64	11,798,063.82	17,637,828.98
Change in Fund Balance	1,196,464.22	(2,383,454.66)	(7,681,583.39)	(9,406,966.10)	518,414.87	16,593,169.92	(5,328,511.32)	(11,201,153.54)	(11,095,131.70)	3,111,043.97	(8,681,965.75)	28,532,930.40
Ending Fund Balance	\$45,064,223.43	\$42,680,768.77	\$34,999,185.38	\$25,592,219.28	\$26,110,634.15	\$42,703,804.07	\$37,375,292.75	\$26,174,139.21	\$15,079,007.51	\$18,190,051.48	\$9,508,085.73	\$38,041,016.13
	FY 2011/2012											
	July	August	September	October	November	December	January	February	March	April	May	June
Beginning Fund Balance	\$46,510,630.23	\$46,100,826.17	\$44,124,830.03	\$44,521,078.46	\$47,005,503.25	\$45,897,273.99	\$57,702,830.45	\$54,053,391.07	\$44,204,790.42	\$29,513,946.47	\$35,191,700.97	\$25,844,675.99
Total Revenues	6,825,093.09	8,604,770.47	11,773,097.35	14,009,712.72	10,510,149.91	22,550,256.32	6,595,149.87	4,032,853.71	(3,658,900.14)	17,357,273.48	2,534,531.41	34,372,932.97
Total Expenditures	7,234,897.15	10,580,766.61	11,376,848.92	11,525,287.93	11,618,379.17	10,744,699.86	10,244,589.25	13,881,454.36	11,031,943.81	11,679,518.98	11,881,556.39	16,349,849.75
Change in Fund Balance	(409,804.06)	(1,975,996.14)	396,248.43	2,484,424.79	(1,108,229.26)	11,805,556.46	(3,649,439.38)	(9,848,600.65)	(14,690,843.95)	5,677,754.50	(9,347,024.98)	18,023,083.22
Ending Fund Balance	\$46,100,826.17	\$44,124,830.03	\$44,521,078.46	\$47,005,503.25	\$45,897,273.99	\$57,702,830.45	\$54,053,391.07	\$44,204,790.42	\$29,513,946.47	\$35,191,700.97	\$25,844,675.99	\$43,867,759.21

Notes:

¹ Beginning in FY 2012-13, Unrestricted General Funds were divided between two subfunds: Unrestricted Ongoing General Fund (11) and Unrestricted One-Time Funds (13)

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 Special Meeting

Executive Conference Room – District Office

1:30 p.m. – 3:00 p.m.

Meeting Minutes for April 23, 2014

FRC Members Present: Michael Collins, Ray Hicks, Jeff McMillan, Steve Kawa, Michael DeCarbo, Morrie Barembaum, Raul Gonzalez del Rio, Peter Hardash and Diane Hill

Guests/Alternates Present: Richard Kudlik, Esmeralda Abejar, John Zarske and Jose Vargas

The meeting was called to order by Mr. Hardash at 1:35 p.m.

1. Welcome

Mr. Hardash welcomed the committee.

2. State/District Budget Update – Hardash

- May Revise due out May 14th. \$1.4 - 1.7 billion ahead of budget projections. Prop 98 will get about 70% of those funds.
- Two proposals are out, \$25 million and \$50 million to hire more faculty. How will this be distributed, new formula? Unknown at this time.
- COLA as a system 1.5% – 2 %. Also unknown at this time.
- Categorical growth of \$100 million to Student Success program. 2 to 1 match on new funds (14/15). However, 3 to 1 match will remain; there will be consideration of a 1 for 1 match in future years. \$300 million investment in Student Success; districts have the ability to turn down these funds if they cannot meet the match requirements.
- Scheduled maintenance: considering lowering scheduled maintenance match, \$2.2 million for RSCGD. Also for consideration, instructional equipment match, a 1 to 3 match, possibility of no match for instructional equipment.
- RSCGD is projected to be in penalty mode on the 50% Law. Based on the actuarial study, only 34% of the funds moved to the retiree benefits fund can be attributable to in classroom costs, 66% is non-classroom cost. It is suggested to review the real need for vacant positions on the non-classroom side. \$1 - \$1.5 million penalty mode for RSCGD. It was further discussed in Chancellor's Cabinet that all vacant positions and those that become vacant be closely reviewed when deciding on filling positions and how those positions affect the 50% law.
- FON: RSCGD in penalty mode, at P-2, to be certified on June 30th, \$800k will be taken off the top to cover penalty.
- P-2 was submitted, some growth dollars to be redistributed when P-2 is certified. Approximately 15 districts in stabilization. SAC is slightly short of their target, SCC is over target. As a district 170.30 FTES over the 2.63% in growth. Working on a redistribution of revenue of percentage of growth earned at each college, based on P-2 plus the shift in percentage between SAC and SCC per the model.
- Hardash is on the CC Fiscal Affairs Workgroup which is working on the new growth formula, the Governor's interest is to meet unmet needs.

3. Budget Allocation Model (BAM) Review - Hardash

- The subcommittee will meet on April 30th to discuss 50% Law and FON, responses on other items have been sent to Mr. O'Connor, discussion tabled to next agenda.

4. Review of Multi-Year Projections - Hardash

- Mr. Hardash reviewed four scenarios, base scenario, rosy scenario, best scenario and worst scenario. Base scenario is most likely where RSCCD will end up. Base shows the stabilization fund will be exhausted by 1st to 2nd quarter of the 2015/16 fiscal year. Keep in mind that some of the expenditures have been one-time expenditures out of the stabilization fund; however, some are on-going costs. The projected revenue coming into the District is not enough to cover the rising expenditures.
- Discussion again focused on the disconnect between POE, FRC, TAG and DC, for example, how does the information on ideas/discussion for cuts, FON, increased costs, plan to slow down spending move from committee to committee? How does this get to the POE committee agenda? Isn't the role of POE to do the planning and FRC the funds for the plan? Mr. Hardash will share these concerns with the Chancellor. Mr. DeCarbo, as co-chair of the FRC will ask that this item be placed on the DC agenda on May 19, 2014 as the reporting from FRC has been designated to DC and not POE.
- The subcommittee working on the 50% Law and the FON will also work on the evaluation of the BAM and current and future expenditures.

5. Acquisition of Riverdale Facility – DeCarbo

- Mr. DeCarbo, following discussion with Mr. Vazquez and Ms. Corinna Evett questioned what will this property be for, credit? Non-credit?
- Mr. Hardash provided the following, however most details cannot be discussed as this is currently a closed session item. OUSD has a surplus property, Riverdale, along the 91/55 corridor. RSCCD commissioned an appraisal, it was estimated at \$10 million, OUSD is asking for offers beginning at \$15.9 million. The RSCCD Board of Trustees has authorized looking into the possibility of purchasing this property, naming the Chancellor the negotiator for the approximately 11.5 acres. Programming needs have not been discussed as of yet. Property information, including OUSD Board action and reports are on the OUSD website. OUSD did sell another surplus property which sold for much more than appraised. The appraisal was \$2.2million and closed for approximately \$5.4 million so it appears they expect full asking or higher for Riverdale.
- The fiscal impact for this property should be carried into POE for discussion; does this meet our planning needs, vision?

6. TAG Recommendation Update – Hardash

- Vice-Presidents to take this item back to their respective colleges for discussion at the budget committees and a recommendation on the actual transition plan and the one time only use of the money from stabilization fund. This item will be forwarded to the FRC agenda on May 28, 2014.

7. Informational Handouts

- The following documents were distributed as information
 - District-wide expenditure report link: <https://intranet.rscsd.edu>
 - Vacant Funded Position List as of April 14, 2014
 - Measure “E” Project Cost Summary as of April 1, 2014
 - Monthly Cash Flow Statement as of March 31, 2014

8. Approval of FRC Minutes – March 19, 2014 FRC Minutes

The Minutes from the March 19, 2014 Fiscal Resources Committee meeting were distributed and discussed. A motion was made by Mr. DeCarbo, seconded by Mr. Collins and approved unanimously with corrections.

9. Other

Bristol and 17th property closed last week, this property now belongs to Santa Ana College. The property will eventually be used a surface parking lot once the existing buildings are demolished.

Adjournment

Mr. Hardash adjourned the meeting at 3:15 p.m.

Meeting Schedule – Next Meeting:

Next regular meeting: Wednesday, May 28, 2014 – 1:30 p.m. – Executive Conference Room, DO