

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

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

Fiscal Resources Committee

Executive Conference Room – District Office

1:30 p.m. – 3:00 p.m.

Meeting Minutes for February 25, 2015

FRC Members Present: Michael Collins, Ray Hicks, Quynh Nguyen, Arleen Satele, Michael DeCarbo, Craig Rutan, Raul Gonzalez del Rio, Peter Hardash, Adam O'Connor, Lee Krichmar and Diane Hill.

Alternates/Guests Present: Jim Kennedy, Jose Vargas, Richard Kudlik, Esmeralda Abejar, Alistair Winter and John Didion.

1. Welcome, the meeting was called to order by Mr. Hardash at 1:30 p.m.
2. State/District Budget Update – Mr. Hardash reviewed the following:
 - P-1 is available on the Chancellor's Office website. Last year has been closed out but there will be a May Revision to the final recalculation
 - Backfill for redevelopment funds and Prop 30 revenue shortages
 - No backfill on property tax collection, which includes ERAF and negative ERAF
 - Apportionment deficit is 1.5%, expected to grow
 - City College of San Francisco lost 9,000 FTES, they are subsidized by \$27-\$28 million, now \$38 million by all non-basic aid districts and continue to be held harmless
 - New growth dollars in the current year are to fund prior years restoration funds
3. 2015/16 RSCCD Tentative Budget Assumptions – Mr. Hardash and Mr. O'Connor reviewed the 2015-16 Tentative Budget Assumptions (draft as of February 20, 2015) and highlighted the following:
 - Chancellor's Cabinet met and discussed this document. Mr. Collins, Mr. O'Connor and Ms. Satele were part of the discussion
 - It was agreed upon to grow 1% based on the College Presidents' estimate as of February 17, 2015
 - Money has been left on the table for not growing, below are the implications of reduced growth:

	%	2013-14	2014-15	2015-16
Attempted Growth	2.630%	\$ 3,201,197		
Actual Growth	1.788%	\$ 2,438,825		
13/14 Lost Revenue		\$ (762,372)	\$ (762,372)	
Budgeted Growth	2.750%		\$ 3,684,941	
Estimated Growth	1.000%		\$ 1,252,128	
14/15 Cumulative Lost Revenue			\$ (3,195,185)	\$ (3,195,185)
Potential Growth	2.000%			\$ 2,600,000
Estimated Growth	1.000%			\$ 1,300,000
15/16 Cumulative Lost Revenue				\$ (4,495,185)

- Growth funds are the only unrestricted dollars we receive to help our growing expenditures
- Of the \$10.6 million in new funding, \$9.4 million is uncertain, this will change by the May Revise
- 2015-16 estimated 1% growth for FTES is 29,266
- The RSCCD P-1 was accepted - 28,688 is the funded FTES
- Item "L" on the expenditure side, the partial implementation of the Public Safety Task Force recommendation for the Director to become a Chief and the two lieutenants, which are the existing positions, and three sergeant positions, which are new, is estimated at \$432,137. The Chancellor informed us that his intent is to cut the \$432,137 out of the District Operations Center budgets.
- \$250,000 was added in the current year for legal expenses, we have already spent all of those funds allocated and will need to use any savings from the District Operations Center to cover the cost for this fiscal year. We will need an additional \$250,000 for next fiscal year as we have many open cases in various areas which are on-going.
- \$350,000 encroachment on general fund to the Child Development Centers to help sustain their operations. There is no fee for service plan yet.
- The 2015-16 Tentative Budget Assumptions Analysis were reviewed and highlighted the following:

*	<u>New Revenues</u>		Ongoing Only	One-Time
B	Base Allocation Increase	1	\$2,400,000	
B	CDCP FTES Funding Equalization	1	\$7,000,000	
B	COLA 1.58%		\$2,300,000	
B	Growth 1%		\$1,300,000	
D	Unrestricted Lottery		\$87,262	
H	Mandates Block Grant (one-time)	2		\$7,810,000
I	Non-Resident Tuition		\$100,000	
J	Interest Earnings			
K	Misc Income			
	Total		\$13,187,262	\$7,810,000

•	N e w C o l u m n D e p e n d i t u r e s : M isc	<u>New Expenditures</u>			
	B	COLA 1.58%		\$2,300,000	
	C	Step/Column		\$1,400,000	
	D	Health and Welfare/Benefits at 10%		\$2,100,000	
	D	CalPERS Increase		\$255,693	
	D	CalSTRS Increase		\$1,048,025	
	E	Full Time Faculty Obligation Hires		\$1,462,500	
	E/F	Hourly Faculty Budgets (Convert to Full Time)		\$0	
	I.F	SSSP Match	3	\$0	
	H	Capital Outlay/Scheduled Maintenance Match		\$750,000	\$1,500,000
	I	Utilities Increase		\$200,000	
	J	ITS Licensing/Contract Escalation Cost		\$147,000	
	K	Property and Liability Insurance		\$50,000	
	L	Public Safety Task Force Recommendations		\$432,137	
	M	Election Expense			(\$400,000)
	M	Other Additional DS/Institutional Costs		\$250,000	
	\$	Total		\$10,395,355	\$1,100,000

Note: Budget Stabilization Fund Balance at 6/30/2015 is estimated at \$8,678,885.

- 1 At this time, these revenues are budgeted 100% unrestricted with NO specifically-related additional expenditures budgeted.
 - 2 Budgeted 100% unrestricted but is not guaranteed. There is concern that this allocation might be reduced significantly if there is an increase in Prop 98 funding in 2014/15.
 - 3 Additional restricted revenue for SSSP estimated at \$2.8 million. Match requirements are unknown for these new funds at this time. If the match is 1:1, the colleges will need to provide ~\$2.8 million in allowable match from unrestricted funds.
- RSCCD still has a problem, the new unrestricted revenues this year will buy one extra year before the Budget Stabilization Fund is gone and the District could get below the 5% reserve.

Mr. Hardash called for a motion to forward the Budget Assumptions to District Council for approval and forwarded to the Chancellor for Board approval. A motion was made by Mr. Hicks, seconded by Mr. Rutan to move the 2015-16 Tentative Budget Assumptions to District Council with the amendment of the \$432,137 for the Safety implementation to be a reduction to the District Office budgets. One time funds will be used for uniforms, equipment and training, the motion was passed unanimously by the committee.

Mr. Rutan shared the following from the ACCJC Report to Santiago Canyon College...
“The Commission also noted that at the time of the follow-up report that Santiago Canyon College must demonstrate that it has eliminated its’ structural deficit in the budget as identified in the team report in sections III(B) and IV(B)”. Mr. Rutan stated that the report is to be submitted in March 2016 and the college still has a structural deficit which can be deemed non-compliant with the eligibility compliance. Ms. Satele said there is active discussion and they are working on the different stages of the plan such as cutting positions. The discussions are taking place at the college budget meetings.

The District Safety plan can be reviewed at: <http://rsccd.edu/Departments/Security-and-Public-Safety/Pages/public-safety-task-force.aspx>

4. Follow-up Regarding Economic/Workforce Development: Mr. Didion distributed and shared the *Sources of Match for Economic Development Projects* handout. Mr. Didion reviewed the program activities including the funding and faculty participation. The report is posted on the RSCCD website at: http://rsccd.edu/Departments/Business-Operations/Documents/FRC_Agendas-Materials-Minutes/FRC%202-25-2015%20Add%271%20Materials.pdf. Mr. Kennedy asked for clarification on the true general fund costs to the colleges to determine the college budgets for next year. Mr. Didion added that the projects are housed at the District Office instead of the colleges based on tradition, the projects must be managed and have office space for the staff assigned. Mr. Rutan asked what is the value to the district to have these programs during a time when the district is struggling with a structural deficit. Mr. Didion said to ask the faculty who are involved, is there a value to help aid the development of these instructional programs, which is the Chancellor’s Office intent. Value to the District Office is zero, DO serves as a transfer through of CTE funds for disbursement to the colleges. Mr. Hicks added that the campuses should be discussing the cost and regularly evaluate whether the colleges should be supporting these programs.
5. 2015/16 Budget Calendars: Mr. O’Connor reviewed the draft RSCCD Tentative and Adopted Budget Calendars. The only change is that the recommendations of FRC now go to District Council which shortens the timelines for the Tentative and Adopted Budgets. District Council will add an additional meeting during the late summer in order to get the Adopted Budget to the Board for approval in early September. The Adopted Budget, per regulation, must be submitted by September 15th. Tentative Budget is to be submitted by July 1st, our meetings must fall in line with these dates. Mr. DeCarbo asked for a tentative calendar for FRC. Mr. Collins made a motion to approve the Tentative and Adopted Budget Calendar as presented; it was seconded by Mr. Hicks and approved unanimously.

6. Informational Handouts were distributed as information.
 - District-wide expenditure report link: <https://intranet.rscgd.edu>
 - Vacant Funded Position List as of February 10, 2015
 - Measure "E" Project Cost Summary as of January 23, 2015
 - Measure "Q" Project Cost Summary as of January 23, 2015 – new financial summary in a new, easier to follow format
 - Monthly Cash Flow Statement as of January 31, 2015

7. Approval of FRC Minutes – December 10, 2014: Meeting Minutes for the December 10, 2014 meeting were distributed for review. Mr. Hardash asked for a motion to approve, it was motioned by Mr. Rutan, seconded by Mr. O'Connor and passed unanimously by the committee.

Adjournment

Mr. Hardash adjourned the meeting at 2:50 p.m.

Meeting Schedule – Next Meeting:

Next regular meeting: Wednesday, March 25, 2015 – 1:30 p.m. – Executive Conference Room, DO.