

Fiscal Resources Committee
Executive Conference Room – District Office
1:30 p.m. – 3:00 p.m.

Meeting Minutes for January 24, 2018

FRC Members Present: Steven Deeley, Maria Gil, Pilar Gutierrez-Lucero, Peter Hardash, James Kennedy, Lee Krichmar, Mary Mettler, Adam O'Connor, Arleen Satele, Monica Zarske

Alternates/Guests Present: Esmeralda Abejar, Thao Nguyen, Leanna Nolan, Jose Vargas

1. Welcome: Mr. Hardash called the meeting to order at 1:32 p.m.
2. State/District Budget Update – Hardash
 - Links to information on Governor's proposal in agenda
 - Presentation to Board of Trustees on Monday January 22, 2018 included
 - Governor continues to anticipate past due recession
 - i. Recession will have an effect on Prop 98 funding
 - ii. Set aside rainy day funds
 - Additional \$5.8 billion in state revenue
 - Prop 98: K-14 increase is \$3.1 billion
 - i. Community College - \$780 million for system
 - New funding model for community colleges
 - i. Many unanswered questions regarding new model
 1. Will depend on model details to be released soon
 2. What measures will be used to determine growth
 3. Bachelor degrees may not count in student success rates
 - ii. Will effect internal funding model and budgeting
 - iii. No base increase proposed
 - iv. \$175 million to transition to new funding model
 - v. Base Grant: All apportionment funding divided by 50% will be base grant fueled by FTES
 - vi. Remaining 50% will be divided by two, earned by supplemental grant. Based on number of:
 1. Fee waivers
 2. Low income student
 3. Pell grants
 - vii. Student Success Grant
 1. Number of degrees/certificates granted
 2. Students completing programs in 3 years or less
 3. Associate Degree Transfer
 - viii. District basis, not college based
 - ix. Effective July 1, 2018
 1. Will be finalized by March 15th
 - x. Will be a new annual report to show how funding is used for low income students
 - xi. Education codes and laws will need to be change
 - No fee increases for students
 - \$46 million committed system wide to lower student fees (College Promise)
 - i. Can be used for other school costs
 - ii. Colleges make determination of how to use funds
 - iii. Six criteria to qualify

- 2.51% projected COLA
 - i. Held subject to collective bargaining
- 1% growth proposed
- Scheduled maintenance using one time funds
- Innovation awards of \$20 million per year
- Online Community College
 - i. \$100 million one-time funds
 - ii. \$20 million ongoing
 - iii. Fully online, credited
 - iv. May be free
 - v. Programs for vocational training, credentialing, career advancement
 - vi. Working adults who are not currently accessing higher education
 - vii. Will not compete with current online programs through community colleges
 - viii. Will become its own district and college
 - ix. Links to fact sheets provided online
- Budget challenges
 - i. Unsure about new model of funding, many unknowns
 - ii. No additional unrestricted monies to help towards increases in costs
 - iii. Early estimates of \$8-9 million cost increase for 2018-19

3. BAM Language Review Subcommittee Report

District Council recommended subcommittee reconvene to review language changes. Committee discussed some suggested language changes including ways to handle one or both colleges with declining FTES, stating that COLAs would be sequestered, an adjustment for estimating salaries and benefits, and clarifying the definition of stabilization fund and adding definitions for stabilization, restoration, and decline.

Scenarios were run according to declining FTES, however, with new funding model, it may not be beneficial to add them at this time. Item will be brought back for further discussion and action at the next meeting.

4. Mid-Year Updates

The following updates were provided:

- Unrestricted General Fund Expenditure Update
- FTES Update as of January 11, 2018 at (P1)

5. RSCCD 2016-2017 Audit Reports

- Link provided to reports
- Audits were clean

6. Standing Report from District Council – Mettler

- District Council has not met since last FRC Meeting

7. Informational Handouts

The following handouts were distributed:

- District-Wide Expenditure Report
- Vacant Funded Position List as of January 10, 2018
- Measure “Q” Project Cost Summary December 31, 2017
- Monthly Cash Flow Summary as of December 31, 2017
- SAC Planning and Budget Committee Agendas and Minutes
- SCC Budget Committee Agendas and Minutes

8. Approval of FRC Minutes – November 15, 2017

Mr. Hardash called for a motion to approve the Fiscal Resources Committee Minutes of the November 15, 2017 meeting. A motion was made by Ms. Zarske, seconded by Mr. O'Connor, and approved unanimously.

9. Other

- Spring semester to start soon
- New construction starting for the Science Center at Santa Ana College
- Planning for Russell Hall Building is in progress
- Bristol Street will be torn up by city

Next meeting reminder: Wednesday, February 21, 2018, 1:30 – 3:00 in the Executive Conference Room, District Office

The meeting was adjourned at 2:38 p.m.