

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

Meeting Minutes for July 5, 2017

FRC Members Present: Michael Collins, Steven Deeley, Peter Hardash, Lee Krichmar, Mary Mettler, and Adam O'Connor

Alternates/Guests Present: Esmeralda Abejar, James Kennedy, Richard Kudlik, and Jose Vargas

1. Welcome: Mr. Hardash called the meeting at 1:33 p.m.
2. State/District Budget Update – Hardash
 - No budget workshop this year, bluebooks will be mailed out
 - Waiting for P-2 documents
 - Prop 98 minimum funding formula overfunded (3B) due to the suspension through 2021
 - Giving up maintenance of effort correction, but getting more base funding
 - Won't feel squeezing effect until 2018-2019
 - If 2017-2018's Prop 98 level is lower, they can lower funding
 - COLA of 1.56% was approved
 - No line item vetoes in entire budget
 - Santa Ana College Russell Hall Replacement Project (Allied Health Building) was funded
 - We need to contribute 50%, currently estimated to be \$22 million including contingency
 - Should be completed around the same time as the Science Center
 - No growth budgeted
 - Of 72 districts, 50 are in stabilization or restoration in P-2
 - Growth formula restricts funding to ½ of 1%
3. 2017-2018 Proposed Adopted Budget Assumptions – O'Connor
 - Not many changes from Tentative Budget Assumptions
 - FTES Workload Measure (1B) is still based on P-2 instead of P-3, which will change
 - Continued projected deficit is left
 - Prop 39, Scheduled Maintenance (2M), & Energy Efficiency (2N) have increased
 - Full Time Faculty Obligation (3E) now includes additional position added at Santa Ana College
 - Other Institutional Costs (3L) carrying over to recruit for Vice Chancellor position
 - District Budget Reduction Strategy (3N) includes second half of budget reductions
 - \$2 million one-time reduction
 - \$2 million allocation for Santiago Canyon College ADA upgrades
 - Slight surplus currently shown, likely to change in the future

A discussion about how major campus projects are funded occurred. Dr. Collins stated he wanted to revisit the split between campuses with Chancellor's Cabinet at a later time.

Mr. Hardash called for a motion to recommend the Proposed Adopted Budget Assumptions to District Council. A motion was made by Dr. Collins to approve with the exception of section 3N, seconded by Mr. Deeley and approved unanimously.

4. Multi-Year Projections (MYP) – Hardash and O’Connor

Mr. Hardash reminded the committee of the PERS and STRS increases are adding costs each year to the budget. He encouraged the representatives to share this information with their constituents so they understand how it contributes to current budget concerns. Mr. O’Connor walked the committee through the various MYPs.

- Base version
 - shows .708 deficit factor, assumes 1% out, no growth
 - Borrowing in 2016-2017, going into stabilization 2017-2018, and loss in 2018-2019
 - COLA, lottery are same as previous
 - \$4.6 million base increase for this year, assumes no base increase in out-years
 - STRS and PERS increases (1.2% above COLA)
- Version 2
 - Stabilization for 2016-2017, borrowing 2017-2018
 - Delays going into loss for one year (2019-2020)
 - Not as bad as base but loss still grows in out-years
- Version 3
 - Alternating between borrowing and stabilization
 - Loss in 2018/2019
- Version 4
 - Goes back to base
 - Removes deficit factor
 - Reduces utilities cost increase
 - Does not change much, going into loss in 2018-2019
- Version 5
 - Goes back to base
 - Adds growth 1%
 - Reduces loss in 2018-2019
- Best Case
 - No deficit factor
 - Growth at 1%
 - Utilities costs at 2.5%
 - Adds in bailout every year
 - Still in loss 2018-2019, although smaller
- Worst Case
 - Decline by 1% + base version
- Graphs show yearly comparisons for deficit and stabilization fund in each version
- Trustee Barrios requested that multi-year projections are shared with the Board of Trustees at each meeting

Mr. Hardash reminded the committee that they have until November 15th to make changes to what was submitted in P2 in July. He recommended continuing discussion and analysis to ensure choosing the best option.

5. Standing Report from District Council - Mettler

Ms. Mettler informed the committee that during flex week, there will be a working meeting for the Strategic Governance Summit.

6. Informational Handouts – Hardash

The following handouts were distributed:

- District-wide expenditure report link: <https://intranet.rscdd.edu>
- Vacant Funded Position List as of June 29, 2017
- Measure “E” Project Cost Summary as of June 27, 2017
 - Spending is complete as of June 30, 2017. Fund will be closed.
- Measure “Q” Project Cost Summary as of May 31, 2017
- Monthly Cash Flow Statement as of May 31, 2017
- SAC Planning and Budget Committee Agendas and Minutes
- SCC Budget Committee Agendas and Minutes

7. Approval of the FRC Minutes – April 19, 2017 – Hardash

Mr. Hardash called for a motion to approve the Fiscal Resources Committee Minutes of the April 19, 2017 meeting. A motion was made by Dr. Collins, seconded by Ms. Mettler and approved unanimously.

Next meeting reminder: As previously agreed to by FRC when establishing the annual meeting calendar, the August meeting is an email meeting that will include review of the Adopted Budget with action to recommend to District Council.

The meeting was adjourned at 2:44 p.m.