



RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
BUDGET ALLOCATION AND PLANNING REVIEW COMMITTEE – WORKGROUP



Meeting Notes – August 10, 2011

Members Present: Peter Hardash, Paul Foster, Steve Kawa, Jeff McMillan, Adam O'Connor, Nga Pham, Jose Vargas, Thao Nguyen and Gina Huegli

Guests Present: Steve Eastmond and James Kennedy

Mr. Hardash opened the meeting at 2:35 pm.

Mr. Hardash introduced Adam O'Connor, Assistant Vice Chancellor of Fiscal Services to the BAPR Workgroup members.

Topics Discussed:

1. RSCCD 2011-2012 Adopted Budget

- Standard and Poors downgraded federal government securities from AAA to AA+ which rocked the Stock Market and has had a rippling effect. All billions in capital gains expected have vaporized.
- State Controller John Chiang said state revenue is 10% below expected.
- Scott Lay has advised districts to prepare for Trigger 1 and Trigger 2.
- If the interest rate goes up due to the downgrade, we would reap the benefits of higher interest earnings.
- The State expects \$4 billion on top of the \$6.6 billion in the May Revise. The expected capital gain is not likely to happen.
- The Chancellor Office has not sent out anything to us yet.

Scenario A – Adopted State Budget in the Enacted Budget

Scenario B – Adopted Budget with less than \$2 billion of new tax revenue - this scenario includes the Scenario A cuts, plus two “tiered” cuts contingent on state tax receipts:

- “Tier 1” (Trigger 1) – Fee increase to \$46/unit effective spring semester and a \$30 million reduction in apportionment – **that’s approximately \$1 million in reductions for RSCCD. This will become a larger apportionment deduction if the Community College League accomplish their advocacy in delaying the increase \$46/unit to Summer 2012.**
- “Tier 2” (Trigger 2) – Tier 1 cut and fee increase, plus an additional apportionment cut of \$72 million – **that’s approximately an additional \$2 million in reductions for RSCCD.**

RSCCD share of the statewide apportionment is approximately 2.5%. The Community College League simulation shows the share of State apportionment for RSCCD is 2.44% due to excluding basic aid districts (excess local property tax districts).

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Below is the simulation from the Community College League for Scenario A and Scenario B

Community College League simulation		
	Scenario A: Budget adopted on June 28	Scenario B: Adopted budget, with less than \$2 billion of new revenue causing “triggers” to be pulled
Net apportionment	-\$7,880,000	-\$9,682,000
Apportionment reduction	5.7%	7.0%
Workload reduction %	-6.15%	-7.56%
Lost FTES	-1,874	-2,303
Lost headcount	-3,936	-4,836
Course sections reduced	-625	-768
Course “slots” reduced	-18,744	-23,029

The actual workload reduction from the Chancellor’s Office is -\$7,961,366. That’s approximately a -6.2% reduction. With Scenario B, RSCCD will probably end up with a workload reduction of -7.6% or -7.7%. Going from Scenario A to Scenario B, RSCCD would have to cut 143 additional sections and only save about \$400,000.

RSCCD is planning to build a budget with an apportionment deficit of \$7,961,366 and an estimate of \$1,000,000 reduction when Trigger 1 is pulled. The estimate reductions and increase in cost resulted in the projected shortfall of over \$13 million. The percentage of the reduction was split based on the 2011-12 Tentative Budget of fixed and discretionary costs combining the percentage split of unrestricted general fund only.

The Fiscal Staff is reconciling the reductions of \$3.5 million (\$2.5 million increased expenditures and \$1 million for Trigger 1) submitted so far and will be communicating with the colleges for any discrepancies. An additional \$2.0 million in workload reduction (Trigger 2) will need to be submitted by Friday.

It will be the role of the DEMC committee to manage the enrollment. SAC needs to carefully watch their enrollment because SAC may fall below the 20,000 FTES and will lose \$553,591. According to the current budget allocation model, we all share in the loss.

Mr. Hardash believes that we are not over cutting in fact we are undercutting.

When the CCFS-320 report is submitted we put in extra FTES to see if the State will fund the extra FTES. If they don’t, we will amend the CCFS-320 report by November 1, 2011. We are trying to capture a highest base so after the workload reduction there would be a higher base to go forward.

2. **Continue discussion on SB 361 Budget Allocation Model**
3. **SB361 Draft Information Narrative**

A draft of the SB 361 model was distributed. We will need committee feedback and group editing. We also need to have a Q & A section and an implementation section. We will need simulations of the SB 361 model when we are done with the Adopted Budget. We will also need a linking of the planning section in the model. This is still a DRAFT formats, please do not share with anyone besides this workgroup. Please send feedback to Ray Hicks and Jeff McMillan.

If we can’t get support from the BAPR Committee, we need to think about what to do with the current model? What recommendations to make in our current model? When we get close to completion of the new model, if it can’t be sold, we need to use the old model to compare the strengths and weakness of the new and old models. Maybe consider modifying the existing model. We are not following the existing budget allocation model. The new model is more fair as the colleges will have total control of their budgets.

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We've been at this for 1 ½ years. There is a need to demonstrate to the Accreditation Committee that we are working on this and show a 1st DRAFT for the October BAPR Committee meeting.

Mr. Vargas made suggestions for the local revenue narrative to clarify the difference on local revenue. For example the local revenue for the Apprenticeship for SCC and Academies for SAC, use of facilities, leases and rents, show SAC has higher non-resident tuition than SCC.

We need to clarify the role of DEMC and their role in enrollment management and not FTES management. It needs to be chaired by both CIOs, DEMC needs to have instructional emphasis and manage productivity with some narratives written in the DRAFT of the SB 361 model.

4. Other

None

The meeting was adjourned at 4:00 p.m.

Upcoming BAPRC Meeting: District Office Board Room, September 7, 2011, 1:30 – 3:30 p.m.

Upcoming Work Group Meeting: Executive Conference Room-#114, September 7, 2011, 3:30 – 5:00 p.m.