



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



Meeting Notes – December 7, 2011

Members Present: Peter Hardash, Adam O'Connor, Morrie Barembaum, Paul Foster, Steve Kawa, Jeff McMillan, Nga Pham, Linda Rose, Jose Vargas and Thao Nguyen

Guests Present: Ray Hicks, Bonita Jaros, James Kennedy, Aracely Mora, Craig Nance, John Zarske

Members Absent: John Didion and Gina Huegli

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

Topics Discussed:

1. Budget Update

Mr. Hardash and the Chancellor have completed all the fall budget forums with the last one yesterday, and all the information provided at the forums are posted on the rscgd.edu website on the left hand side. The budget update for the Board of Trustees is also posted on our home page web site. There will be more budget news coming forward on January 10th.

Orange County has grabbed some of our property taxes on November 8th, and didn't notify us until the following Monday. The 2011-12 State Budget Act eliminated \$48 million in annual Vehicle License Fees that the county has received since the bankruptcy. The county then directed the auditor-controller to reallocate property taxes as a "swap" under tax revenue code 97.70, which recalculates under the law what our regular property tax would be. With the recalculation, they are entitled to \$73 million and will not be sending it to the state. The K-12 districts can have backfill from the State, community colleges cannot and we would lose \$2-3 million. When community colleges are shorted in property tax, it becomes a statewide apportionment deficit to 69 districts in the State and does not include three districts that are basic aid districts. With the other districts sharing in the property tax shortfall, we would lose about \$300,000.

Mr. Barembaum shared the SCC Academic Senate Report to the Board of Trustees. Basically the concerns are about class sections and programs cuts, but the history of the Adopted Budget for Adopted Revenue and Adopted Expenses shows that expenses always exceed revenue but in reality the actual expenses shows revenue exceeds expense therefore the ending balances have been increasing for the last 2 years. This may not be the time to grow our ending balance when we are turning away students. He wants an open discussion and is concerned about accreditation since we were put on warning in 2009.

Mr. Hardash said that the major savings were from the hiring freeze in the 1000-2000 objects and the savings were in unspent funds of 4000-7000 objects. The report from Mr. Barembaum was for both the restricted and unrestricted amounts. Mr. Hardash provided a spreadsheet similar to what Mr. Barembaum had provided but only showed the unrestricted portion. Mr. Hardash pointed out that for the past couple of years, each year was very unique. One year we have the one-time ARRA money, another year we have the one-time mandated cost. Another part of the savings in the 5000 objects is due to the unrestricted Lottery fund which is used to cancel out utility costs to help with the 50% law.

Dr. McMillan noted that the decisions were made from the Adopted Budget and the reality is that the actual does not come close to the Adopted Budget.

Mr. Hicks noted at some point we may need to do zero base budgeting. Mr. Hardash concurred. The last few years we have been working on a rollover budget and the benefits account may be over/under budgeted. We don't have position control and are working on that and we have been trying for the past couple of years to adjust to tie the benefits with the salary.

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Ms. Rose said it is important to connect the planning with the money and wanted to know if she can convert discretionary dollars allocated over to fixed cost. The current budget allocation would reduce the other campus if one campus decides to convert. The new proposed allocation would allow the colleges to do that without negatively affecting the other college.

Ms. Rose wanted to know if she has the flexibility to move the funds around if for one year she does not need a certain object and would be able to move to another object where it is needed. Mr. Hardash responded, the current rule is that the colleges would not have flexibility to move the fixed cost but are allowed to move funds if it is a discretionary cost. Ms. Rose asked if the new budget allocation model would allow some flexibility for the colleges to do what it needed to do within the parameters of the law and compliance. Mr. Hardash responded yes, but with the flexibility, comes responsibility.

Mr. Hardash is concerned if the new proposed model is not accepted by the BAPR Committee, another plan will be needed.

Ms. Mora raised her concerns that we need to move on with the new model to prove to the accreditation agency that we are making changes. We seem to be paralyzed. We can't keep telling them that we are still working on it. We need to demonstrate we are moving forward.

Ms. Jaros said that we will be on probation and not on warning status anymore if we don't proceed with a timeline to demonstrate that we are revamping our current allocation model.

Ms. Rose pointed out the accreditation team members would look at the recommendations and asked to see what has been done? Have they done an evaluation? Have they determined what wasn't working? If certain things are not working, what action have they taken? How are we going to show that we have taken action, evaluated, planned, and acted? We are stuck on the evaluation piece.

Mr. Hicks noted that the current model doesn't work in contraction, no flexibility is allowed in the current allocation model. It would take deal making or deal breaking. We are in the position to move on and try the new model. If it is shot down at BAPR Committee, the Faculty are done and the BAPR Committee can answer to the Accreditation Team.

2. FTES Report

A handout of the current FTES report as of December 5, 2011 was provided.

3. Budget Planning Integration - Didion

Mr. Didion was not present at the meeting. Ms. Jaros provided the Accreditation Planning Activities and Milestones: 2012-2014. Ms. Jaros and Ms. Mora raised their concern that we need to move on to the new model, and if it needs to have changes, we can make changes along the way.

Ray Hicks and Bonnie Jaros are appointed as part of the planning individuals for the BAPR Workgroup from SAC.

Aracely Mora and Morrie Barembaum are appointed as part of the planning individuals for the BAPR Workgroup from SCC.

The entire Workgroup membership will need to be confirmed.

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4. Budget Allocation Model

- Report from the subgroup

Mr. Kawa provided a draft of the new RSCCD Budget Allocation Model based on SB361 originally written by Dr. McMillan and Mr. Hicks. A group of members including Mr. Kawa, Mr. O’Connor, Mr. Foster, Mr. Vargas and Mr. Kennedy have been working to revise the document and want feedback from the BAPR Workgroup. They will be working on making changes to the recommendations over the holidays so it will be ready for review and recommendation to the BAPR Committee at the January 25, 2012 meeting. This plan does not preclude the Chancellor or the Board of Trustees making adjustment to it from year to year.

In a global sense, when revenue is received, the amount is taken off the top for district operations and district-wide and the balance distributed to colleges based on FTES. There’s nothing in the budget allocation model that has a fixed percentage. A transition plan still needs to be drafted. A percentage or dollar amount of the reserves will probably be requested in the transition plan. The plan will require the BAPR Committee to be more responsible to look at restricted and unrestricted funds. Nothing in the document precludes collective bargaining or reassigned time. Any requests for funds would need to have a plan and back up documentation to tie with budget requests. Any COLA funds will be sequestered subject for collective bargaining. Any growth funds will need a process to distribute based on productivity and planning documentation to show where is the best place to invest.

- Historical Data

Mr. O’Connor walked through the spreadsheet of the FY 2011-12 Adopted Budget of the different scenarios and how the adjustment to the current budget allocation model would change for the discretionary cost if one colleges decide to reduce in all fixed or all discretionary or vice versa.

Scenario 1 – all discretionary cost reduction

	Reduction-Discretionary	Readjustment Needed
SAC	-3,430,900	-1,432,255
SCC	-1,492,300	1,339,323
DO	-576,800	92,932

Scenario 2 – all fixed cost reduction

	Reduction-Fixed	Readjustment Needed
SAC	-3,430,900	-1,598,484
SCC	-1,492,300	1,175,952
DO	-576,800	422,532

Scenario 3 – SAC all discretionary cost reduction/SCC all fixed cost reduction/DO all fixed cost reduction

	Reduction - Discretionary	Reduction - Fixed	Readjustment Needed
SAC	-3,430,900		-204,086
SCC		-1,492,300	346,966
DO		-576,800	-142,880

Scenario 4 – SAC all fixed cost reduction/SCC all discretionary cost reduction/DO all fixed cost reduction

	Reduction - Discretionary	Reduction - Fixed	Readjustment Needed
SAC		-3,430,900	-2,484,278
SCC	-1,492,300		2,307,677
DO		-576,800	176,601

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Actual reduction by site-combination of both fixed and discretionary reduction

	Reduction - Discretionary	Reduction - Fixed	Readjustment Needed
SAC	-2,163,418	-1,267,482	-1,377,281
SCC	-1,068,968	-423,332	1,454,315
DO	-39,668	-537,132	-77,037

Mr. O’Connor also handed out what the reductions were for FY 08-09, 09-10 and 10-11 and the adjustment needed if we had followed the current budget allocation model.

Actual reduction by site-combination of both fixed and discretionary reduction – FY 08-09

	Reduction - Discretionary	Reduction - Fixed	Readjustment Needed
SAC	-5,068,520	-1,165,086	-766,073
SCC	-1,846,238	-20,110	433,219
DO	-2,766,185	-170,468	332,854
DO-Reserves		-71,726	

Actual reduction by site-combination of both fixed and discretionary reduction – FY 09-10

	Reduction - Discretionary	Reduction - Fixed	Readjustment Needed
SAC	-4,764,089	-3,248,187	-1,924,320
SCC	-2,698,615	-2,042,444	1,006,459
DO	-702,930	-1,727,657	917,861

Actual reduction by site-combination of both fixed and discretionary reduction – FY 10-11

	Reduction - Discretionary	Reduction - Fixed	Readjustment Needed
SAC	-424,020	-1,485,830	-1,427,515
SCC	-175,890	-465,000	560,830
DO	0	-688,735	866,685

5. BAPR Workgroup meeting (new) – January 18, 2012

A new meeting was set in January in order to finalize and move forward with the recommendation to move into the new budget allocation model effective July 1, 2012. In order to do that, the committee needs to forward the recommendation to BAPR Committee for the January 25, 2012 meeting prior to the Board of Trustee Planning meeting in February.

6. Other

None

The meeting was adjourned at 4:00 pm.

Upcoming BAPRC Meeting: District Office Board Room, January 25, 2012, 1:30 – 3:30 p.m.

Upcoming Work Group Meeting: District Office, #114, January 18, 2012, 2:30 – 4:00 p.m.