



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



Meeting Notes – February 9, 2011

Members Present: Peter Hardash, Paul Foster, Norm Fujimoto, Steve Kawa, Jeff McMillan, Jose Vargas, Gina Huegli and Thao Nguyen

Guest Present: Raymond Hicks

Members Absent: Noemi Kanouse and Nga Pham

Peter Hardash opened the meeting at 2:45 p.m.

Topics Discussed:

Budget Allocation Model and Other

- Mr. Hardash offer to go out to SCC to walk through the SB 361 Revenue Allocation Simulation the same way as he did at SAC.
- Mr. Hardash discussed the numbers and age group of the retirees with benefits to age 70 (37), retirees with lifetime benefits (339) and active employees who will get lifetime benefits when retired (174). To answer a Board of Trustee member's request, analysis/projections for the next 30 years have been done with 2 simulations (one for a 5% increase and the other for a 10% increase).
- Mr. Hardash also shared the history of ending fund balance. The projected ending fund balance for 6/30/11 projected as of 1/21/11 is \$46 million. The list of items that resulted in the higher projected ending fund balance increases from \$32 to \$46 million, \$25 million of that is an apportionment cash deferred. Those items listed include workload reduction and deficit, state approved Orange Center funding for 2 years (2009-10 and 2010-11), 2.2% anticipated growth funding, mandated cost reimbursement and a projected increase in the ending fund balance for 6/30/11. It may be more or less but we don't know the actual savings until after we close the books. The list also includes the mandated cost reimbursement of \$539,128. A decision was made in a prior Cabinet meeting to allow the colleges to spend it and split the allocation by FTES production. The projected ending fund balance would be reduced by \$539,128.
- Mr. Fujimoto informed the committee that enrollment is down with number of students declining, but the students enrolled are taking more units. This is the same at other colleges as well. With anticipated funding of 2.2% growth, the colleges are trying to add new sections to increase FTES production so we can earn that growth and have a higher FTES base funding for future years.
- Mr. Hardash shared the vacant funded positions for fiscal year 2010-11 as of 1/20/2011 and asked that the college review it to ensure the accuracy of the data. We are going forward with the hiring of 20 new full-time faculty, 14 for SAC and 6 for SCC. Mr. Hardash said that Mr. Didion feels that with further pending retirements for this year, the pending vacant funded positions might be enough to cover the new 20 full-time faculty. We are in a very good position to pick up good faculty since the other colleges are cutting and also to increase our Faculty Obligation Number. The budget is not in placed for the split of 14 SAC/6 SCC now but once the hiring is done, we will put them in the right place.
- Mr. Hardash shared the 2009-10 Preliminary Recalculation Apportionment (Exhibit E), showing the unfunded FTES. We are funded for the OEC approved center with no apportionment deficits built in

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and are in good shape compare to other colleges. We are only approximately 2% over cap (602.79 unfunded FTES) for 2009-10.

- Mr. Hardash distributed the 2010-11 SB 361 Revenue Allocation Simulation based on the budgeted amount done back on 10/5/10 (both combined and by credit/non-credit). He emphasized that it would have a positive ending fund balance for the colleges and the District if a deficit factor and workload measure reduction were not included in the simulation.
- Mr. Hardash presented the SB 361 Revenue Allocation Simulation of the actual 2009-10 revenue and expense based on the 2009-10 Preliminary Recalculation Apportionment (Exhibit E) (both combined and by credit/non-credit). After taking out the District-wide portion of the expense and allocating the 16.48% to the District, the colleges and the District all have positive ending balances. The ending balance has grown due to vacant positions and the apportionment deficit that did not happen.
- Now is the time for transitioning to a new funding model. We have a larger ending balance to distribute the excess and patch over negative balances. There will need to be time for SCC to align itself to match ongoing income and expenses. SAC on the other hand is structurally in the right place and may have room to do other kind of things.
- A strategy needs to be developed for the projected \$46 million (\$25 million is deferred) including how to deal with the cash flow issues and how much to set in reserve at the Colleges or at the District.
- Questions still remain about the District-wide expenses should the District get 16.48% share or whether it be over or under that percentage? Another question still remains on the match to special projects that requires general fund to pick up. Mr. Hardash has been trying to tackle this situation in the past year to flush out projects that are over the required match. New grants are going to Cabinet for approval for in-kind, hard matches and soft matches are closely reviewed.
- It appears the District assumed the colleges have been monitoring the grants and the colleges assumed the District was monitoring the grants. Each project has a project director who should be the one responsible for the expenditures of their program, positions, status change, etc.
- Mr. Vargas raised the question about the District-wide cost. We have not discussed about the District-wide charge back.
- Mr. Kawa stated that he would like for us to move into the SB 361 model starting 7/1/11. Dr. McMillan suggested that we use the District actual cost ending 6/30/11 as a base for District funding for 2011-12. We will revisit as the year goes by and revise as needed.
- Discussion on whether we will resume step/column for employees is a decision to be made by collective bargaining.

The meeting was adjourned at 4:10 p.m.

Upcoming BAPRC Meeting:

February 23, 2011, 2:00 – 3:30 p.m. Board Room, DO #107
(Attention time change due to Libby Fuller's Retirement Party)

Upcoming Work Group Meeting:

March 9, 2011, 2:30 – 4:00 p.m. SCC-SC-133 Science Center