



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

Meeting Notes – July 13, 2011

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

Guests Present: Ray Hicks

Members Absent: Norm Fujimoto, Nga Pham, and Paul Foster

Mr. Hardash opened the meeting at 2:38 pm.

Topics Discussed:

1. CCLC-Budget Advocacy-Adopted State Budget June 28, 2011

The 2011-12 State Budget adopted on June 28, 2011 includes program cuts, deferred payments, assumptions of \$4 billion in additional revenues beyond the \$6.6 billion in new revenue estimated by the Department of Finance at the May Revise, and possibility of additional apportionment cuts in the middle of 2011-2012.

It includes the Assembly Bill 121 (Chapter 41/2011) which lays out the timeline and criteria for determining whether a midyear cuts will be enacted. First, the Legislative Analyst’s Office (LAO) will prepare its forecast of current-year General Fund revenues in November. Then, by December 15, 2011, the department of Finance (DOF) will prepare its own forecast of 2011-12 General Fund revenues. The higher of the two forecasts will be used to determine whether midyear cuts are implemented.

➤ Statewide Budget Simulation

-	With Scenario A:	The State General Apportionment:	-\$400,000,000
	Budget Cut	Increased Student Fees (\$36/unit):	\$100,000,000
		Projected Student Fee Revenue Shortfall:	<u>-\$25,000,000</u>
		Net Reduction:	-\$315,000,000
-	With Scenario A:	Lost FTES/Workload Reduction:	-70,400 FTES
	Budget Impact	Lost headcount students:	148,000 students
		Lost course sections:	23,000courses
		Lost course “slots”:	700,000 course slots

➤ RSCCD Budget Simulation

-	With Scenario A:	Net apportionment cut:	-\$7,880,000
			5.7%
		Workload reduction percent	-6.15%
		Lost FTES	-1,874
		Lost headcount	-3,936

The approved budget includes a control section giving the Director of Finance authority to reduce appropriations if state revenue assumptions are not met by December 15th.

- ✓ There will be no midyear cuts if at least \$3 billion of out of the \$4 billion of the higher revenue materialize.
- ✓ Up to \$601 million in midyear cuts could be enacted if only \$2-3 billion of revenue materialize. That’s \$30 million of reduction to Community Colleges, enrollment fee increase \$10 (to \$46). For RSCCD, it will be approximately \$750,000-\$800,000 in midyear reduction.
- ✓ Over \$1.8 billion in cuts could be enacted if less than \$2 billion of revenue materialize. That’s an additional \$72 million reduction to Community Colleges. For RSCCD, it will be approximately an additional \$1.8-\$2.0 million in midyear reduction.

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➤ Statewide Budget Simulation

-	With Scenario B:	The State General Apportionment:	-\$502,000,000
	Budget Cut	Increased Student Fees (\$36/unit):	\$140,000,000
		Projected Student Fee Revenue Shortfall:	<u>-\$25,000,000</u>
		Net Reduction:	-\$387,000,000
-	With Scenario B:	Lost FTES/Workload Reduction:	-86,500 FTES
	Budget Impact	Lost headcount students:	182,000 students
		Lost course sections:	28,000 courses
		Lost course “slots”:	860,000 course slots

➤ RSCCD Budget Simulation

-	With Scenario B:	Net apportionment cut	-\$9,682,000
			7.0%
		Workload reduction percent	-7.56%
		Lost FTES	-2,303
		Lost headcount	-4,836

2. Dan Troy Budget Update-July 2011 Enacted Budget

The major changes to the CCC budget are as follows:

- \$400 million cut to base apportionments.
- \$110 million in increased fee revenue owing to an increase in fees from \$26 to \$36 per unit. This revenue mitigates the base cut for a net apportionment reduction of \$290 million (about 4.9%).
- \$129 million in new deferrals, bringing total deferrals for CCCs to \$961 million (about 17% of the budget).
- The new suspension of two mandates: 1) Sexual Assault Response Procedures and 2) Student Records.
- An extension of categorical funding flexibility through the 2014-15 fiscal year.
- No funding was provided for either growth or COLA.
- No restoration of the categorical program reductions that were enacted in the 2009 Budget Act.

Similar to language included in the Budget Act of 2009, the net reduction will be allocated as a workload reduction with the Legislature expressing intent that community college districts will prioritize courses relating to transfer, career technical education, and basic skills.

The Budget contains several risks for the California Community Colleges

- Midyear Triggers – the largest risk is a threat of the midyear trigger actions if revenue does not materialize at the level assumed in the budget. The Chancellor’s Office is especially concerned about the possibility of a fee increase that would occur just prior to the spring term. This would impose a last minute unexpected cost for students and would be extremely difficult for districts to administer.
- Fee Shortage – The fee collections estimated by the Department of Finance do not appear to adequately account for the fee increase due to an increase in waivers granted to students.
- Recovery? – The budget assumes higher revenues in excess of what was estimated in January. Though it is based on actual current year tax receipts, there are other economic indicators, such as slow job growth that needs to be considered also.

3. Continue discussion on Budget Allocation Model

A draft of the Budget Allocation prepared by Dr. McMillan and Mr. Hicks will be forwarded to Mr. Hardash, Mr. Foster and Mr. Kawa for review and input before sharing with the BAPR Workgroup then forwarded to the BAPR Committee.

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4. **Other**

The productivity model has been launched and the 2011-12 FTES target will be based -6.15% on actual annual reporting of fiscal year 2010-11.

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

Upcoming BAPRC Meeting: District Office Board Room, July 20, 2011, 2:30 – 4:00 p.m.

Upcoming Work Group Meeting: SAC Foundation Board Room, August 10, 2011, 2:30 – 4:00 p.m.