



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



### **Meeting Notes – July 14, 2010**

Members Present: Peter Hardash, Paul Foster, Noemi Kanouse, Jeff McMillan, Thao Nguyen and Gina Huegli

Guests Present: Ray Hicks and John Zarske

Members Absent: Steve Kawa, Nga Pham, Ed Ripley, Jose Vargas

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

### **Topics Discussed:**

#### **RSCCD Budget Allocation Model**

➤ Attached were 13 models from different colleges for the BAPR Workgroup members to review.

1. Chabot-Las Positas Community College District
2. Coast Community College District
3. Contra Costa Community College District
4. Foothill-De Anza Community College District
5. Kern Community College District
6. Los Angeles Community College District
7. Los Rios Community College District
8. North Orange County Community College District
9. Riverside Community College District
10. San Bernardino Community College District
11. San Diego Community College District
12. San José/Evergreen Community College District
13. Ventura County Community College District

#### **OEC Center Funding Status**

We were promised \$1.1 million for our Orange Education Center at P1 and then later promised at P2. We did not receive the funding at P2. Erik Skinner now has a different interpretation of the regulations. They are citing regulations that became inoperative back in April 2009. They are saying we will not get funding for fiscal year 2009-10. We will begin to get funding in fiscal year 2010-11. Mr. Hardash researched back the last 3 years who got funding when and where. Solano College Vallejo Center got approved in May and got funding in P2.

Erik Skinner said if there is an apportionment deficit we cannot add and make it a bigger deficit. They have funded Los Rios during time of deficit. When a College/Center is approved they are funded at the next apportionment adjustment. Mr. Hardash is lobbying all ACBO Board Members to put up a fight with the system office.

We don't have a state budget and we will not be receiving any apportionment until the state budget is passed. We are only receiving deferral apportionment now from last year. We will make our payrolls and pay our bills.

#### **BAPR Workgroup meeting notes – June 2, 2010**

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

**Other**

- The first round of cuts several years ago was with discretionary funds.
- The second round of cuts were in fixed and discretionary funds. We understood the imbalance of what would be occurring in discretionary and fixed cost. The discretionary and fixed funds became disproportionate with the defunding of vacant positions, reduction of discretionary and fixed cost and program reductions.
- SCC brought up the issue of discretionary funds imbalance and showed that the district had gained approximately \$500,000 at the sacrifice of the two colleges. A spreadsheet was presented showing 2009-10 Adopted Budget and 2010-11 Tentative Budget. – What actually happened was that 2 adjunct faculty accounts at SAC and SCC were coded with fixed cost and not discretionary cost. The increase in District was the results of the following:
  1. There was a one time savings from the Bull System and the TAG committee made decisions to buy media systems for both colleges. The budget was in the fixed account and was moved over to the discretionary equipment account to purchase the system. The budget was rolled over to fiscal year 2010-11 as discretionary fund and that was not supposed to happen. It will need to be reversed.
  2. Another item was the Townsend Public Affairs Inc (lobbying company) for Board of Trustees for \$85,000 in the Tentative Budget and would substantially increase for the Adopted Budget.
  3. \$10,000 was set up for the Chancellor's Conference account.
- In order to redistribute the Discretionary Funds, 16.48% to DO and then distributed to colleges based on FTES production, SAC would lose \$1.9 million, SCC gain \$1.2 million, and DO will get \$.7 million. This distribution is not a representation of the actual budget due to the changes in vacant positions.
- Another spreadsheet was presented on the Unrestricted Budget for both Fixed and Discretionary cost comparing the 2009-10 Adopted Budget and the 2010-11 Tentative Budget. It shows that SAC lost \$341,792 and shows that SCC gained \$462,297, DO gained \$372,340. There is \$400,000 that was budgeted for election expense that should be coded as district-wide and not as district account.
- We need to look at all retirement and vacant positions that have not been filled in the last 3 years that have distorted the funding formulas to see what funding formula would be fair for all parties.
- We need a thoughtful plan to hire back faculty in increments for the next couple of years in order to meet our faculty obligation numbers and in order to appropriately distribute the vacant positions.
- We have discussed the possibility of carrying savings over to the next year for each college. The colleges need to define what could be/could not be carry-over.
- Academy programs are a wildcard it could go either way as part of the budget model for total FTES or have a separate allocation similar to apprenticeship. The academies are funded at the credit rate for apportionment.
- Apprenticeship is funded at \$5.06/hr. and is a pass-through to the contractors at 85%.
- For accreditation purposes, it was proposed starting this fiscal year 2010-11, we would carryover the savings into next year but what is allowed to be carryover will need to be determined.
- There is transcript revenue that did not flow through the model and there will be a special request at the BAPR Committee for transcript revenue to be sequestered and for it to not flow through the model.

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

**Upcoming BAPRC Meeting:** Executive Conference Room, DO #114, July 28, 2010, 1:30 – 3:30 p.m.

**Upcoming Work Group Meeting:** Executive Conference Room, DO #114, August 11, 2010, 2:30 – 4:00 p.m.

Rancho Santiago Community College District  
**Budget Allocation Model**

**General Model Guidelines**

1. The Budget Allocation Model will be reviewed on an annual basis by the Budget Allocation and Planning Review Committee, and the chancellor may authorize adjustments as necessary.
2. Adjustments to cost center budgets can be made throughout the year resulting from changes in revenue.
3. The cost centers will have maximum flexibility for budgeting and expenditures within their revenue limits, as long as they operate within the board-approved missions of the district and of the colleges.
4. The district reserve level is established by the board of trustees.
5. Mandatory obligations (see "Allocation Process" section, no. 2) will be excluded from the cost center revenue distribution.
6. For the initial year of implementation, district operations will receive a percentage-based allocation. In each ensuing year, the allocation to district operations will be the prior year's dollar allocation, plus the applicable COLA.
7. An FTES target, assuming a level of productivity, will be determined for each college each year.
8. FTES-based revenue split between colleges may be adjusted to include factors such as small college equalization and relative cost of programs.
9. Revenue will be assigned to each college based on FTES generated by each college. Within the budget year, adjustments to revenue will be formula driven.
10. Full-time and on-going classified employees will be assigned to each cost center.
11. Salary and benefits increases will be absorbed by the cost centers, resulting in budget adjustments determined at the college level.
12. Carryover and/or other one-time money will not be used for hiring on-going part-time or full-time employees.
13. The ending balances of the cost centers will affect the following year's allocation. In the event there is a cost savings in any cost center-controlled budget, that savings will accumulate to the cost center in a specially designated account. Savings and cost overruns will be aggregated to this special account. Net cost overruns will be deducted from the cost center's allocation in the following year.

Rancho Santiago Community College District  
**Budget Allocation Model**

**Allocation Process**

1. Revenue is projected for the following year (includes apportionment, tuition and fees, categorical programs, lottery revenue, grants, rental income, interest income, special state and/or federal income, contract education).
2. Allocation from gross revenue is made to offset mandatory obligations:
  - a. district reserve
  - b. permanent salaries and benefits
  - c. utilities, insurance, rents, leases, district-wide capital outlay, and interfund transfers
  - d. district operations' allocation
3. Net revenue is allocated on an FTES basis to the two colleges.
4. There will be special consideration for growth and for the small college factor.
5. Other unrestricted income is allocated according to the model guideline.