



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



Meeting Notes – October 6, 2010

Members Present: Peter Hardash, Noemi Kanouse, Steve Kawa, Paul Foster, Gina Huegli, Thao Nguyen and Jose Vargas

Guest Present: Morrie Barembaum, Norm Fujimoto, Raymond Hicks, John Zarske

Members Absent: Jeff McMillan, Nga Pham and Ed Ripley

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

Topics Discussed:

Budget Allocation Model and Other

- Mr. Hardash handed-out the 2010-11 Budget Packet from the Budget Conference Committee showing the \$18.3 billion problem. We may have a budget and receive our funding soon, but it may take a few days. This budget may be padded by a good \$7 billion.
- K-14 Education –
 - There are some accounting shifts that are going on in 2010-11. Begin paying "settle-up" payment from 09-10 to prop 98 funding not at \$52 billion but at \$49.7 billion also deferring \$1.9 billion in 2010-11 and use 2011-12 funds to pay for it.
 - The State budget preserves integrity of Prop 98 but actually is suspending it.
 - Out of the 3.39%, they are funding 2.2% enrollment growth to backfill workload measure reductions. We are 2% over cap so that doesn't compel us to go out there and offer more classes.
 - Backfill \$35 million one-time ARRA funds because it created a deficit this year. They are also providing additional \$35 million to restore categorical programs and \$25 million for Economic and Workforce Development programs. It also includes a new deferral of \$189 million paid in 2011-12 (that's about \$4.5-5 million of cash-flow issue for the district.)
- Legislative Analyst will probably come out with the analysis of the budget proposal in early November to show the discrepancies in the estimated budget and actual. The legislatures are waiting for economy and tax roll to pick up. Will we have mid-year cut? The education advisors for K-12 are saying we will have mid-year cut.
- Any new employees hired after November 10, 2010 will have reduced level of retirement benefits.
- Proposed Adopted Budget is going to the Board on Monday, October 11, 2010. Mr. Hardash doesn't believe budget assumption approved by BAPRC Committee in the budget book that states "BAPRC has agreed to the modification to the current Budget Allocation Model" was clear enough and there is a qualifying remark about the modified allocation model on the Chancellor's Message.
- Budget Allocation Model – a new model of revenue distribution was introduced at Contra Costa Community College District due to the District pointing out that there is a disconnect between the revenue and expenditures. The district had done a self-study to explore different models and they had decided to use the SB361 funding model as stated on Exhibit C of the apportionment report.
 - The funding model on per FTES basis does not adjust for economy of scale - so there is a **base allocation** for consideration of a big campus compared to a small campus (*FTES* <

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

10,000 = \$3,321,545, FTES > 10,000 = \$3,875,136, FTES > 20,000 = \$4,428,727) + any **approved centers** (\$1,107,182) + **FTES earned** (*FTES x rate*). The base amount only grows with COLA. Beyond the apportionment revenue there are other state and local revenue that are split between colleges based on FTES produced and/or restricted to each individual college.

- The model is simple but it has down falls too. It splits per FTES minus any back-charge to the district office. The campus has local control. If you have excess you are allowed to carry over into next year. If you overspent, you need to cut double the amount in order to be whole next year.
- Contra Costa has 10% reserve, 5% for Board Policy and an additional extra 5%.
- Based on the Q & A list there are some factors that have not been resolved. It does not seem like Contra Costa had a transition plan, it was just going from the old model to the new model.
- Our district's budget has been disproportionate due to the fixed cost reduction and hiring of the new faculty from each college will begin to rebalance the funding proportion. Other factors that need to be addressed are: benefits increases, retiree benefits, bank leave, release time, other.
- Mr. Hardash shared the principles discussed and the principles recommended by Mike Hill from Contra Costa Community College District. Those are the same principles that we are looking for.
- The revenue model does not prescribe how the college is supposed to spend its monies. The college has full control.
- If we determine to go into this model, there will be no fixed or discretionary cost
- We need to come up with a joint written agreement in detail of what will be done if there are increases in expenses (salary and benefits increases) and/or decreases in revenue (negative growth). Who will be responsible? The only increases we have each year are COLA, growth and categorical programs if any.
- The college presidents asked to see scenario of this model and will be shared with them at the all day retreat with the Chancellor for discussion.
- Mr. Vargas mentioned he liked this model because it will eventually show that the non-credit programs are low cost and are subsidizing the credit side.
- There will be no absolute model that we can use. We will need to pick a model and modify it. This model is closer to what we have and makes less dramatic to change. More discussions will need to be done at the college's budget committee and decisions need to be brought back so we can move on with our task hopefully to be able to implement or partially implement the new model for the next budget year.

The meeting was adjourned at 3:55 p.m.

Upcoming BAPRC Meeting: SAC Foundation Boardroom, S-215, October 20, 2010, 1:30 – 3:30 p.m.

Upcoming Work Group Meeting: Executive Conference Room, DO #114, November 3, 2010, 2:30 – 4:00 p.m.