

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

2323 N. Broadway, Santa Ana, California 92706

Office: (714) 480-7321 Fax: (714) 796-3935

Fiscal Resource Committee Meeting

Executive Conference Room

1:30 p.m. – 3:00 p.m.

Meeting Minutes for May 29, 2013

FRC Members Present: Peter Hardash, Ray Hicks, Steve Kawa, Raul Gonzalez del Rio, Diane Hill, Esmeralda Abejar, Michael Collins, Jeff McMillan, Michael DeCarbo, Adam O'Connor and Morrie Barembaum

FRC Members Absent: Sylvia LeTourneau

Guests Present: Juan Vazquez, Jose Vargas, and Dolly Paguirigan

The meeting was called to order by Mr. Hardash at 1:40 p.m.

State/District Budget Update

- Several handouts with information from different sources were included with the original materials. Per the latest CA Community College League handout – the Senate is proposing more money and the Assembly is proposing even more money. The two need to get together to decide what to forward to the Governor. We should expect some kind of compromise. There's a lot of one time money. It may be the average between the two groups. June 15, 2013 is the deadline to have a budget. Everyone seems to agree with the COLA – 1.57%. The Assembly wants to have 2.2% of Restoration/Growth instead of 1.67%. We don't know the amount of deferrals.
- Matriculation will now be called Student Success Initiative – the State is working out newer guidelines that still requires 3 to 1 match on the credit side however they are expanding the definition which could be used as matching programs.

2013/2014 General Fund Tentative Budget Recommendation – Action

- Original assumptions, H&W premium increase of 5% – now we know that it decreased about 3.1%. Although that doesn't translate into budget savings as employees changed plans, there was a temporary drop for out of pocket cost for the employees. The employees will get the credit for it; newly hired faculty caused for increases as well.
- The Unemployment rate dropped and is not reflected in the Tentative Budget. It will be in the Adopted Budget, reflecting possibly about \$1 million in savings.
- COLA and Restoration/Access/Growth (RAG) is included in the assumptions
- FTES – includes borrowing in P2 to fully restore the current year
- Restoration/Access/Growth (RAG) – expect \$2.2 million and a COLA between \$2.1 and \$2.2 million. Both are parked in the 79xx object code. COLA is subject to negotiation with the bargaining units. The Chancellor is expecting the Planning & Organizational Effectiveness (POE) Committee to use data to decide on the split of the RAG fund.
- Tentative Budget is just a place holder in order to pay our bills beginning July 1st.
- STRS/PERS is underfunded and will increase in FY 2014-15.
- Revenue – the new Education Protection Account (EPA) (8630 object) the numbers given to us from the Chancellor's Office projects a 3-4% deficit (about \$4.5 - \$5 million). We will not know the final number until February 2014.
- RDA – 2 components of RDA funding. State Budget Act language states they will backfill if we fall short. There is no backfill on property tax and ERAF shortfall. Fee collection seems to be fine.

- FY 12-13 had \$43.6 million beginning fund balance with estimates spending down in current FY 2012-13 of \$2.2 million. Estimated ending fund balance for FY 12-13 is \$41.3 million and will be the beginning balance for FY 2013-14 at this point in time.
- Estimate carryover for SAC is \$3 million down from \$3.3 the previous year. SCC is \$1 million down from \$1.8 the previous year. DO is \$697,000 down from \$866,000 the previous year.
- After the budget center carryovers, 5% Board contingency allocation and revolving cash, we have an estimated \$29.2 beginning Budget Stabilization Fund. We anticipate spending down \$2.8 million, leaving an ending balance of \$26.4 million in the Budget Stabilization Fund.
- Reconciliation – \$7.6 million unrestricted general fund expenditures over revenue assumes all carryovers are spent in that current year as shown on the SB361 model. Deficit spending is expected between \$2.8 million to \$7.6 million depending on use of carryover funds.
- Mandated cost estimates, \$750,000 is sitting in a district-wide account subject to allocation.
- FTES – we are below our target and need to borrow in P2 to fully restore this year or we would have lost approximately a little over \$1 million and have our base lowered permanently. The split is 70.8% for SAC and 29.2% for SCC. The growth fund is yet to be determined.

Mr. Hardash called for a motion to approve the 2013-14 Tentative Budget. Dr. Collins moved and Steve Kawa seconded the motion to recommend the 2013-14 Tentative Budget to the Chancellor as presented. The motion carried unanimously.

Included in this year's budget for the first time will be the Fiscal Management Self Assessment Checklist.

Fiscal Management Self Assessment Checklist 2013-14 – Fiscal Crisis Management Assessment Team (FCMAT) is strongly recommended especially due to what happened at City College of San Francisco

1. **Deficit Spending** - Is this area acceptable? **YES because it's not a pattern, we are consciously spending down our ending fund balance, we have a good budget stabilization fund.**
2. **Fund Balance** – Is this area acceptable? **YES because we have been disciplined during the recession of the last five years.**
3. **Enrollment** - Is this area acceptable? **NO primarily because enrollment management has been an issue. FCMAT want to see more decision making based on data.**
*Does the district analyze enrollment and full time equivalent students (FTES) data? **The district office prepares 320 reports to the State Chancellor's Office. The campuses analyze enrollment and FTES data.***
4. **Unrestricted General Fund Balance** – Is this area acceptable? **YES**
5. **Cash Flow Borrowing** - Is this area acceptable? **YES because we are not borrowing and that we have a budget stabilization fund to cover us even with the deferrals.**
6. **Bargaining Agreements** - Is this area acceptable? **NO/YES we have been given raises in the last two years when we did not received any COLA or new funds and it includes salary increases for 9th place ranking.**
7. **Unrestricted General Fund Staffing** - Is this area acceptable? **NO/YES**
8. **Internal Controls** - Is this area acceptable? **YES**
9. **Management Information Systems** - Is this area acceptable? **YES**

10. **Position Control** – Is this area acceptable? **NO because we still have many more phases to work on.**

11. **Budget Monitoring** - Is this area acceptable? **YES**

12. **Retiree Health Benefits** - Is this area acceptable? **YES the district has taken significant steps toward funding this long-term liability by contributing additional funds to the Retiree Benefits Fund**

13. **Leadership/Stability** - Is this area acceptable? **YES**

14. **District Liability** – Is this area acceptable? **YES**

15. **Reporting** – Is this area acceptable? **YES**

Budget Allocation Model Narrative (BAMIT recommendation) – Second Reading - Action

- Amendment to the document to have “Plans from the POE Committee to seek growth funding require FRC recommendation”
- Page 2 of the document – second line “FRC is also responsible for annual review of the model for accreditation and can recommend any modifications to the guidelines.”
- Page 5 of the document – last paragraph “Per agreement by the Chancellor and college Presidents, the base FTES split of 70.80% SAC and 29.20% SCC will be utilized for the 2013/14 Tentative Budget. Similar to how the state sets a base for district FTES, this will be the beginning base level for each college”.

Mr. Hardash called for a motion to approve the Budget Allocation Model Narrative. Ray Hicks moved and Dr. Collins seconded the motion to approve the Budget Allocation Model Narrative with minor changes. The motion carried unanimously.

Draft 2013/2014 FRC Meeting Calendar

FRC Meeting – Executive Conference Room #114/DO 1:30 – 3:00

- Wednesday, August 21, 2013
- Wednesday, September 25, 2013
- Wednesday, October 23, 2013
- Wednesday, November 20, 2013
- Wednesday, January 22, 2014
- Wednesday, February 26, 2014
- Wednesday, March 19, 2014
- Wednesday, April 23, 2014
- Wednesday, May 28, 2014

Update FRC Roster

Mr. Hardash informed the committee that alternates should be appointed for each member of the committee. Please take information back to the college Presidents for these appointments. Alternates are encouraged to attend meetings so they are aware of what is going on. They do not have voting rights. Please email alternate names to Adam O'Connor and cc Linda Melendez so she can have the roster updated.

The Pursuit of Growth Funds Next Year - DeCarbo

After discussion the committee recommendation is to pursue the 2013/14 Restoration/Access/Growth funds at the status quo split as to maintain FTES at 70.8% for SAC and 29.2% for SCC.

Defining our Charge Back System and Building in Efficiency Checks - DeCarbo

It is important to define what exactly a charge back system is so the colleges can understand what they are paying for and the services the colleges expect as the result. Are there any efficiency checks that we can build into the system? Some believe services that were once done at the District Office due to technology and cutting of staff are now done at the colleges. Are the colleges still paying for services that are no longer being provided?

We need to roll this over to the next agenda.

Information Handouts

- The following documents were distributed and discussed:
 - District-wide expenditure report link: <https://intranet.rscgd.edu>
 - Vacant Funded Position List as of May 6, 2013
 - Measure "E" Project Cost Summary as of May 13, 2013
 - Monthly Cash Flow Statement as of April 30, 2013

Approval of FRC Meeting Minutes – April 17, 2013

Mr. Hardash called for a motion to approve the FRC Minutes of the April 17, 2013 meeting. The motion was moved by Michael DeCarbo and seconded by Dr. Collins to approve the Minutes as presented. The minutes were approved unanimously.

Other

We should have more collaboration about how redevelopment money is spent. Need to provide project listing and scheduled maintenance listing.

Meeting Schedule FRC Meeting – 1:30 – 3:00, Executive Conference Room #114 – District Office
August 21, 2013.

Adjournment

Mr. Hardash adjourned the meeting at 3:15 p.m.