

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

2323 N. Broadway, Santa Ana, California 92706

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

Fiscal Resource Committee Meeting

District Office Board Room

1:30 p.m. – 3:00 p.m.

Meeting Minutes for February 20, 2013

FRC Members Present: Michael T Collins, Raymond Hicks, Jeff McMillan, Esmeralda Abejar, Steve Kawa, Michael DeCarbo, Morrie Barembaum, Raul Gonzalez del Rio, Peter Hardash, Adam O'Connor, Sylvia LeTourneau

FRC Members Absent: Diane Hill

Guests Present: Gina Huegli, Bart Hoffman, Erlinda Martinez, Jim Kennedy, Juan Vazquez, Jose Vargas, Steve Eastmond, Barry Resnick, John Zarske

The meeting was called to order by Mr. Hardash at 1:30 p.m.

State/District Budget Update

- State Chancellor's Office has not provided the Department of Finance with recalculation figures for FY 2011/12 or P1 reports for FY 2012/13 by its February 15th deadline. At this time funded FTES for 2011/12 and base funding for 2012/13 is still unknown
- A 6.7% apportionment deficit reduction is anticipated for FY 2012/13
- Funding from the Education Protection Account (EPA) is not expected until the last week of June 2013

2012/13 Budget Projections Campus Updates

- Santa Ana College
 - Mr. Collins estimates SAC's ending fund balance between \$2.8 and \$3 million
 - Sabbatical cost that are not budgeted still need to be identified and will have an effect on ending fund balance
- Santiago Canyon College
 - Mr. Kawa estimates SCC's ending fund balance will be about \$400,000 spending down its initial campus reserves of \$946,000
- District Operations
 - Mr. Hardash estimates District Operations will have a savings from the budgeted vacant funded positions
- By June 30, 2013 it is estimated RSCCD will deficit spend between \$2.0 and \$2.5 million

Mr. Vazquez requested the Mid Year Expenditure for Fund 11 & 13 Comparison by Location spreadsheet be revised to include district-wide expenditures. Mr. O'Connor explained district-wide expenditures do not include personnel cost. He further explained district -wide expenditures include retiree benefits, property and liability insurance, and interfund transfers. Mr. Hardash stated the next comparison spreadsheet will now include those expenditures.

2013/14 RSCCD Tentative Budget Assumption – Action Item

- Mr. Vazquez recommended further review of the revenue allocation for unrestricted lottery funds and part-time faculty compensation. He stated these funds should be excluded from the 19.49% allocated for District Operations. Further analysis and discussion will be done by the Budget Allocation Model Implementation Technical Committee (BAMIT).
- Mr. Hardash called for a motion to approve 2013/14 RSCCD Tentative Budget Assumptions for the unrestricted general fund. The motion was moved by Mr. Hicks and Mr. Kawa seconded the motion to approve the 2013/14 RSCCD Tentative Budget Assumptions as presented. The motion carried unanimously.

Budget Allocation based on FTES targets or actual

Mr. DeCarbo would like a committee or a work group to come together and discuss how to address changes in apportionment percentages when a campus exceeds or does not meet its target FTES. Mr. Hardash recommended District Enrollment Management Committee (DEMC) address this matter. Mr. McMillan and Mr. Kawa suggested the Fiscal Resource Committee (FRC). Mr. McMillan further suggested the two chairs of FRC, Peter Hardash and Michael DeCarbo, discuss and bring a recommendation to the next FRC meeting. Both agreed and Mr. Hardash also requested the budget committees from both campuses give input.

Committee Updates

- **SB361 BAM Implementation Technical Committee**
 - Next meetings scheduled for March 18, 2013 and April 8, 2013
 - Update will be given at next FRC meeting

Information Handouts

- FTES Update as of January 7, 2013 Reported at P1
 - SAC –
 - Non-Credit 4,507.03
 - Credit 15,653.13
 - Totaled FTES 20,160.16
 - 534.66 FTES over target
 - SCC –
 - Non-Credit 1,946.60
 - Credit 6,387.90,
 - Totaled FTES 8,334.50
 - (40) FTES below target
- District-wide expenditure report through January 2013 is posted at the following link:
<https://intranet.rsccd.edu>
- Vacant Funded Position List as of 2/6/2013
 - Projected Annual salary and benefits savings \$2,543,739
- Measure “E” Project Cost Summary as of February 4, 2013
 - Project % completion
 - Santa Ana College 87%
 - Santiago Canyon College 98%

- District Operations 100%
- All Sites 93%

Approval of BAPRC Meeting Minutes – January 23, 2013

Mr. Hardash called for a motion to approve the BAPRC Minutes of the January 23, 2013 meeting. The motion was moved by Mr. DeCarbo and Mr. Collins seconded the motion to approve the minutes as presented.

Adjournment

Mr. Hardash adjourned the meeting at 3:20 p.m.

Meeting Schedule BAPR Committee Meeting – 1:30 – 3:00, District Office Board Room #107

March 20, 2013

April 17, 2013

May 29, 2013

June 5, 2013

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
2323 N. Broadway, Santa Ana, California 92706
Office: (714) 480-7321 Fax: (714) 796-3935
Fiscal Resources Committee Meeting
District Office Board Room
1:30 p.m. – 3:00 p.m.

Meeting Minutes for March 20, 2013

FRC Members Present: Michael T Collins, Raymond Hicks, Esmeralda Abejar, Steve Kawa, Michael DeCarbo, Morrie Barembaum, Raul Gonzalez del Rio, Peter Hardash, Adam O'Connor, Sylvia LeTourneau and Diane Hill

FRC Members Absent: Jeff McMillan

Guests Present: Jose Vargas and Jim Kennedy

The meeting was called to order by Mr. Hardash at 1:35 p.m.

Introductions/Committee Membership

- Mr. Hardash informed the committee that the Budget Allocation and Planning Review Committee (BAPR) is now officially the Fiscal Resources Committee (FRC) per the Planning document approved by the Board of Trustees at their March 11, 2013 meeting. The new membership includes the following: SAC: Collins, Hicks, McMillan and Abejar. SCC: Kawa, DeCarbo, Barembaum and Gonzalez del Rio and the District Office: Hardash, O'Connor, LeTourneau and Hill. The Planning document does not address alternates to the new composition of the shared governance committees. Mr. Hardash has asked for a ruling by Mr. Didion on the appointment of alternates to each committee; however this committee should assume there will be alternates. Discussion ensued. It was decided that Mr. Kennedy would serve as alternate for SAC and Mr. Vargas would serve as alternate for SCC.

State/District Budget Update

- The 2011-12 Recal and 2012/13 P-1 Report was reviewed by Mr. Hardash.
- March Revision, P-1, Exhibit C not accurate, not what was originally distributed. Original P-1, Workload Restoration ended with 27,711.41 funded by state, we expected more. Fiscal is trying to figure out if the district is getting the correct redistribution of the decline in non-credit and CDCP funding.
- Property taxes – blue book listed RSCCD at \$42,759,525 however, it was bumped up to \$44,770,817 on P-1 with no explanation.
- We have an apportionment deficit; however the numbers in P-1, again, are higher and unexplained, we will not know the actual amount until the last week in June 2013.
- The May Revise will have many changes from the Governor's Budget released in January 2013.

2012/13 RSCCD Tentative Budget Update

- The Board of Trustees approved the Budget Assumptions for the 2013/14 Tentative Budget. The only item holding up building the Tentative Budget is the FTES split, the revenue split between the campuses.

- Mr. DeCarbo distributed draft language to address the item to determine the FTES split from year to year in the Budget Allocation Model document:
It shall be assumed that each year, each college will pursue growth funds. The projected growth percentage offered by the state will be divided amongst the colleges based upon that year's FTES percentage split and then added accordingly to each colleges' FTES target. If one college does not reach its target plus growth goal and the other college does, this will result in a recalibration of the FTES percentage split for the following year. If a college is unable to reach its target, or its target plus growth goal due to exigent circumstances, that college may petition the FRC to make a recommendation to the District Council to suspend or modify the recalibration for that year.
- One suggestion models what is in the document, capturing and maintaining what is currently in place: SAC 70%, SCC 30% of FTES split. What happens with growth? Does the college go after the growth? If so, then how is it split? Does the discussion happen on a regular year to year basis? Discussion ensued. It was determined that the BAMIT committee would continue discussion and word-smith the final language for the Budget Allocation Model document and to begin building the Tentative Budget. The BAMIT committee will meet on April 8th and will report out at the next FRC meeting on April 17th.

Information Handouts

- The following handouts were distributed as information:
 - Vacant Funded Position List as of March 7, 2013
 - Measure E Project Cost Summary dated March 1, 2013
 - Monthly Cash Flow Statement as of February 28, 2013
 - Mid-year Budget Comparison including District-wide costs as of March 13, 2013
- District-wide expenditure report through February 2013 is posted at the following link:
<https://intranet.rscgd.edu>

Approval of BAPRC Meeting Minutes – March 20, 2013

Mr. Hardash called for a motion to approve the FRC Minutes of the March 20, 2013 meeting. The motion was moved by Mr. Barembaum, seconded by Mr. Gonzalez del Rio and approved unanimously as presented.

Adjournment

Mr. Hardash adjourned the meeting at 3:30 p.m.

Meeting Schedule FRC Meeting – 1:30 – 3:00, Executive Conference Room (114), District Office

April 17, 2013
May 29, 2013
June 5, 2013

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

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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 April 17, 2013

FRC Members Present: Peter Hardash, Ray Hicks, Steve Kawa, Sylvia LeTourneau, Raul Gonzalez del Rio, Diane Hill, Esmeralda Abejar, Michael Collins, Jeff McMillan and Michael DeCarbo

FRC Members Absent: Adam O'Connor, Morrie Barembaum

Guests Present: Bart Hoffman, Juan Vazquez and Jose Vargas

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

Mr. Hardash informed the committee that alternates should be appointed for each member committee. Please take information back to the college Presidents for these appointments. Alternates are encouraged to attend future meetings.

State/District Budget Update

- Education Protection Account (EPA) Accounting Advisory – April 3, 2013. Prop 30 created this new EPA account, the theory is that new revenues during the period of the new Prop 30 would go to community colleges. This is an accounting transaction; money cannot be used for administrative costs. RSCCD will claim faculty and in classroom costs for these funds. This is not extra money. Prop 30 EPA report will be placed on the district web site under Fiscal Services Audit Reports page as details develop.
- Adult Education: Townsend Public Affairs will be updating the Board on the advocacy visit to Sacramento at the next Board meeting and what is being done in support of adult education.
- May Revise: Teresa Tena's memo on the 2012-13 state budget and fiscal issues was distributed. The League put together three scenarios. Scenario 1 would result in \$10.3 million to RSCCD in the current year but a \$4.9 million loss to next year. Scenario 2 would result in \$7.3 million to RSCCD in the current year and \$825,000 next year. Scenario 3 would result in \$10.9 million to RSCCD in the current year and \$4.1 million next year, all based on the assumption that we receive the funds on an FTES basis.
- Prop 39: Governor proposed it all go to education, however, the ballot language is being challenged. Zero dollars have been distributed, still waiting to see how it will be allocated and how much RSCCD will get. Originally to be distributed by FTES, however, that has changed, no final ruling as of yet. If energy is included RSCCD will use funds for energy retrofitting, boiler replacements and chiller plants at both colleges.
- Tentative Budget Calendar: Distributed as information. Mr. Hardash informed the committee that the Chancellor met with both Presidents to discuss the FTES split. Based on their discussion, the split between both campuses will be SAC 70.80% and SCC 29.20% for the Tentative Budget. Discussion needs to take place on future growth, the Chancellor expects a transition plan, who would receive what share.

P2 Attendance Report CCFS-320

- Report shows RSCCD is below target. Using the data provided by the colleges, RSCCD is about 220 – 270 FTES short to restoring to our base. We will fall about 300 FTES short of our restoration base, about a \$1 million loss immediately and at P-2 it becomes our base for next year resulting in a \$2 million loss for next year. If there isn't more positive attendance, we will have to borrow from summer, however, that causes an issue for next year. The Chancellor plans to have discussion with the CIO's on the process of borrowing. Dr. McMillan said this is the second year in a row that the enrollment management group has failed to do what they are charged to do. This will have to go back to the Senate for discussion to figure out what the issues are with enrollment management. Mr. Hardash suggested speaking to the CIO's about the details. Mr. Vazquez suggested using the stabilization fund to keep the colleges whole and will make a recommendation to the Chancellor that he consider keeping the district whole by utilizing the stabilization fund. Discussion ensued on strategies for FTES funding.

Budget Allocation Model Narrative (BAMIT recommendation) – First Reading

- Please share with campus budget committees, collect feedback for second reading at the next FRC meeting. If necessary, BAMIT committee will reconvene to work through suggested language. The evaluation of this implementation document will happen yearly.

Information Handouts

- The following documents were distributed and discussed:
 - District-wide expenditure report link: <https://intranet.rscgd.edu>
 - Vacant Funded Position List as of April 9, 2013
 - Measure "E" Project Cost Summary as of April 3, 2013
 - Monthly Cash Flow Statement as of March 31, 2013
 - Membership of Fiscal Resources Committee

Approval of BAPRC Meeting Minutes – March 20, 2013

Mr. Hardash called for a motion to approve the FRC Minutes of the March 20, 2013 meeting. The motion was moved by Mr. DeCarbo and Mr. Kawa seconded the motion to approve the minutes as presented. Dr. McMillan abstained. Mr. DeCarbo asked that the Minutes reflect that approving the Minutes is not an approval of the additional handouts in the packet.

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

May 29, 2013.
June 5, 2013 will be held only if necessary.

Adjournment

Mr. Hardash adjourned the meeting at 2:55 p.m.

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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.

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

2323 N. Broadway, Santa Ana, California 92706

Office: (714) 480-7321

Website: <http://rscdd.edu/Departments/Business-Operations/Pages/Fiscal-Resources-Committee.aspx>

Fiscal Resources Committee Meeting

Executive Conference Room – District Office

1:30 p.m. – 3:00 p.m.

Meeting Minutes for September 25, 2013

FRC Members Present: Michael Collins, John Zarske, Jeff McMillan, Esmeralda Abejar, Steve Kawa, Michael DeCarbo, Raul Gonzalez del Rio, Peter Hardash, Adam O'Connor and Sylvia LeTourneau

FRC Members Absent: Morrie Barembaum and Diane Hill

Guests Present: Ray Hicks, Jim Kennedy, Jose Vargas and Richard Kudlik

The meeting was called to order by Mr. Hardash at 1:35 p.m. Mr. Hardash introduced Richard Kudlik, the Manager of Fiscal Services. Mr. Kudlik has an extensive auditing and fiscal background and comes to RSCDD from the Coast District where he served as their Internal Auditor.

State/District Budget Update

Mr. Hardash reviewed the following:

- Board PowerPoint presentation on 2013-14 Adopted Budget
 - Mr. Hardash reviewed the PowerPoint presentation from the September 23, 2013 Board of Trustees meeting on the 2013-14 Adopted Budget
- 2013-14 Adopted Budget
 - The 2013-14 Adopted Budget was approved by the Board of Trustees at their September 23, 2013 meeting. The document is on the district website at: <http://rscdd.edu/Departments/Business-Operations/Pages/Budget.aspx>
- P2 Exhibit "C" August Revision-RSCDD and Statewide
 - August 13, 2013 Exhibit C distributed
- Statewide Deficits - RDA Revenue
 - Shortfall for this year, no clue yet, huge concern system-wide
 - EPA short fill is a couple hundred thousand for RSCDD
 - \$40m - \$50m structural deficit equals \$1m to \$1.3m for RSCDD
 - Current budget has a little bit of a cushion to cover this short fill
- OEC Renovations: On September 23rd the Board of Trustees approved the use of \$5m from Measure E funds; \$7m from the stabilization fund and approximately \$4.2m will come from Santiago Canyon College's RDA funds for renovations to OEC. If we receive any insurance money or money from a legal settlement, those funds will go back into Measure E. If the cost estimate exceeds the current estimate of \$16m for the repairs, the shortfall will come out of the stabilization fund. The plan that Facility Planning is working on is to hire an architect to do programming with users and CDC, this will take 3-5 months. An RFP has been done and should go to Board soon. Then we will hire architects to design, plan drawings and get DSA approvals; could take 6-9 months. Followed by bidding of the project and construction estimated at about 18-24 months. This timeline will change as we begin the process.

Defining our Charge Back System and Building in Efficiency Checks

Mr. DeCarbo requested this item be placed on the agenda; however, Mr. DeCarbo was not present at the time. Mr. O'Connor said Mr. DeCarbo had asked that a listing of District Office departments be shared with the committee including department codes. Mr. Hardash added that the FRC is supposed to review and evaluate the district allocations every fall, however, the process was never defined. Mr. O'Connor suggested convening a subcommittee to review a draft review instrument. The subcommittee will consist of Adam O'Connor, Steve Kawa, Mike Collins, Jim Kennedy, Jose Vargas and two faculty members, one from each college. Mr. O'Connor added that it was suggested in the **Budget Allocation Model** that POE create a planning process and review of the Model. Mr. O'Connor will arrange the meeting. After this issue has been addressed, the next step is to review and evaluate the Budget Allocation Model.

FON Policy

This item was also added to the agenda by Mr. DeCarbo. Mr. Hardash reviewed the Estimated Fall 2014 Full-time Faculty Obligation document provided by Mr. Didion. The actual calculation spreadsheet is already outdated; it states the district needs to hire 26 full-time faculty members to meet the 2014 obligation. There was an additional retirement announced bringing the number up to 27, any other retirements announced by April 2014 need to be hired for the fall 2014, after April we have 18 months to fill the positions. The second handout shows the split between the colleges.

50% Law

Mr. Hardash added that we must use the planning process and stop the accounting gimmicks to make the 50% law requirements.

Discussion ensued on examples and strategies on how to balance the instructional/non-instructional side of the 50% law including identification of matching funds.

It was recommended that the POE committee place on their agenda for discussion the 50% law and its' effect on future hiring. It was recommended unanimously, Mr. Hicks will discuss this item at the POE meeting immediately following this meeting.

FRC Calendar Revision

Mr. O'Connor asked members to update their calendars, moving the January 22, 2014 meeting to January 29, 2014. It was determined that the date change would be discussed at a later meeting as there may be a conflict with flex week.

Informational Handouts

The following materials were included in the materials:

- District-wide expenditure report link: <https://intranet.rscdd.edu>
- Vacant Funded Position List as of September 5, 2013
- Measure "E" Project Cost Summary as of August 31, 2013
- Monthly Cash Flow Statement as of August 31, 2013

Approval of FRC Meeting Minutes – August 14, 2013

Mr. Hardash called for a motion to approve the minutes of August 14, 2013 Fiscal Resources Committee meeting. Mr. DeCarbo moved and Mr. Kawa seconded the motion to approve the Minutes. Mr. Vargas added that the committee is still referred to as BAPR in the minutes, please update. The motion carried unanimously. Dr. Collins abstained.

Adjournment

Mr. Hardash adjourned the meeting at 2:55 p.m.

Meeting Schedule – Next Meeting:

Wednesday, October 23, 2013 – 1:30 p.m. – Executive Conference Room, District Office

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

2323 N. Broadway, Santa Ana, California 92706

Office: (714) 480-7321

Website: <http://rsccd.edu/Departments/Business-Operations/Pages/Fiscal-Resources-Committee.aspx>

Fiscal Resources Committee

Executive Conference Room – District Office

1:30 p.m. – 3:00 p.m.

Meeting Minutes for September 24, 2014

FRC Members Present: Michael Collins, Ray Hicks, John Zarske, Quynh Nguyen, Steve Kawa, Michael DeCarbo, Craig Rutan, Raul Gonzalez del Rio, Peter Hardash and Adam O'Connor

Guests/Alternates Present: James Kennedy, Jose Vargas, Dolly Paguirigan, Richard Kudlik, John Weispfenning, Esmeralda Abejar and John Smith.

The meeting was called to order by Mr. Hardash at 1:30 p.m.

1. Welcome

2. State/District Budget Update – Mr. Hardash reviewed the following:

- State Budget signed by Governor on June 20, 2014.
- Budget is based on fiscally conservative estimates
- Growth/Restoration/Access is 2.75%
- COLA at .85%
- Large infusion of categorical programs: SSSP, Student Equity and DSPPS
- Buys down more deferrals
- New revenues for RSCCD - \$4.6 million
- New expenditures for RSCCD - \$6.932
- Ongoing 14/15 structural deficit of \$5 million
- Proposed Adopted Budget includes Board approved Budget Assumptions
- FRC unanimously recommended Budget Assumptions, District Council reviewed
- This is the third fiscal year of the new SB361 BAM
- Multi-year projections included
- Board Policy Contingency Reserve of 5% - \$7.445 million
- Restricted programs reserves and revolving cash - \$1.011 million
- COLA - \$1.138 million; Restoration - \$3.684 million
- Budget carryover by center: SAC - \$2.5 million, SCC overspent by \$332,132 in 13/14, District Services - \$565,271
- Beginning Fund balance of stabilization fund - \$16,556, 830
- Projected ending balance of the stabilization fund - \$10,794,318
- Multi-year projection to be closely monitored
- Yearly cost increases are outpacing revenue increases
- Additional SSSP match will add to unrestricted expenditures
- Expiration of Prop 30 funds starting in 2016/17
- Budget stabilization fund projected to run out by 2015/16 fiscal year, then encroachments on the general fund
- Ongoing costs need to be in line with ongoing revenues
- Board is concerned about the structural deficit

- **Under the model, the** budget centers are responsible to properly allocate funds for expenditures. One item that stands out is the 1300. Documents were distributed for review. Page 9 of Adopted Budget, 1300 actual was \$22.5 million and for the new year, budgeted is \$16.5 million, a \$6 million swing. In 13/14, SAC budgeted \$14.4 million, actual was \$16.3 million, 14/15 Adopted Budget is \$12,959,698, a difference of \$3,416,121. In 13/14, SCC budgeted \$3.6 million, actual was \$6.194, 14/15 Adopted Budget is \$3,605,732. As a whole, a \$6,005,368 shortfall. This shortfall is in addition to the \$5 million shortfall the Board is aware of.

Dr. Collins stated that SAC has transferred \$1.5 million out of their contingency to get above the 13/14 Adopted Budget.

The Chancellor has requested a plan on how to make up for this shortfall and properly fund these accounts. Dr. Weispfenning stated that SCC has identified \$494,000 as a solution so far.

Mr. Hardash added that while meeting with the credit agencies for the selling of Measure Q Bonds, they caught onto the issue with the 1300's. It is recommended that the budgets in the account are tied to the schedule and class offerings as done at most of the 71 districts.

Mr. DeCarbo asked what the District Office is doing to cut costs. Mr. Hardash said there is a semi-hiring freeze, Business/Fiscal positions are on a frozen list, not sure what other areas are doing. The faculty expressed that it is impossible to offer more with less, the entire district needs to be evaluated to make the necessary cuts. Mr. Hardash added that when \$10 million dollars was cut a few years back, these accounts were properly funded, however, the old model allowed for these funds as discretionary and was supposed to go away with the new model but are not being properly funded.

- Year-end Carryover Balances: SAC at \$2.5 million, SCC at 0, overspent by a little over \$300,000 which needs to be rectified and the DO at \$565,000, all down from the prior year. Growth funding of \$3.7 million is questionable for not growing. Mr. O'Connor provided clarification on the carryover budgets, savings at each of the budget centers is to be kept at the local level as an incentive to monitor budgets and work toward savings, page 113 under budget center reserves, the two colleges and the District Operations Center.

3. Outstanding Items to Address:

- Workgroup on 50%
 - Analysis on actuals has been updated; some minor adjustments may come through as the auditors are finishing up their work. SCC will try to increase instructional expenditures by \$1 million and is making progress in the right direction. SCC was at 53.65% and now at 54.29%. SAC exceeded their target of 62% going from 61.35% to 62.9%. The group will continue to monitor to make sure the percentages are continuing to increase.
- What does DEMC do?
 - Still an outstanding question. It was discussed in Chancellor's Cabinet to convene a committee with representation from both campuses. This group needs to prepare written information to the Board of Trustees at their meetings at the request of Trustee Labrado. Mr. Weispfenning and Dr. Martinez are coordinating this work. Discussion ensued on what the process is for communication and moving information and recommendations forward, how and where does POE play a part? Does it flow from POE to District Council? Process is still not clear.

- **Update BAM including** language on growth
 - Will need to come back to this item based on discussion on the purpose of DEMC.
 - Augmentation process
 - This item will be included in discussions and analysis of the BAM
 - Benchmark for District Services – Task Force
 - It was discussed that a Task Force would convene to analyze what is being spent, how, and on what including a comparison to other districts, what is centralized, decentralized, etc. The following volunteered: Michael DeCarbo will chair the group, Raul Gonzalez del Rio, Esmeralda Abejar, John Zarske and Adam O'Connor.
4. Faculty Obligation Number
We were 11.8 FTE short; it is now calculated at 11 even = \$760,000. This amount will be taken out in February and has been accrued in this fiscal year. There will be more discussion on this item at HRC regarding more hires based on the growth we've had. Penalty amount has increased to \$73,000.
5. District Services and Institutional Costs Report
Mr. O'Connor reviewed documents as a good starting point for the Task Force to analyze the District Office and districtwide services.
6. Informational Handouts were distributed as information.
- District-wide expenditure report link: <https://intranet.rscsd.edu>
 - Vacant Funded Position List as of September 3, 2014
 - Measure "E" Project Cost Summary as of July 31, 2014
 - 99% complete
 - Will issue Measure Q bonds in October, Measure E will be reimbursed after issuance.
 - Measure E Citizens' Bond Oversight Committee to meet on September 25th
 - Measure Q Citizens' Bond Oversight Committee to meet on October 16th
 - Monthly Cash Flow Statement as of August 31, 2014
7. Committee Co-Chair Appointment
Historically the co-chair to the committee rotates between the colleges. Mr. Hicks volunteered to serve as the committee co-chair, a motion was made by Mr. DeCarbo, seconded by Mr. O'Connor and unanimously approved.
8. Approval of FRC Minutes – August 13, 2014
Meeting Minutes for the August 13, 2014 meeting will be distributed for approval at the next meeting on October 22, 2014.

Adjournment

Mr. Hardash adjourned the meeting at 2:55 p.m.

Meeting Schedule – Next Meeting:

Next regular meeting: Wednesday, October 22, 2014 – 1:30 p.m. – Executive Conference Room, DO

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

2323 N. Broadway, Santa Ana, California 92706

Office: (714) 480-7321

Website: <http://rscgd.edu/Departments/Business-Operations/Pages/Fiscal-Resources-Committee.aspx>

Fiscal Resources Committee

Executive Conference Room – District Office

1:30 p.m. – 3:00 p.m.

Meeting Minutes for October 22, 2014

FRC Members Present: Michael Collins, Ray Hicks, John Zarske, Steve Kawa, Michael DeCarbo, Craig Rutan, Raul Gonzalez del Rio, Peter Hardash, Adam O'Connor and Diane Hill

Guests/Alternates Present: Jim Kennedy, Bonnie Jaros, Steve Eastmond, John Weispfenning and Esmeralda Abejar

The meeting was called to order by Mr. Hardash at 1:30 p.m.

1. Welcome

2. State/District Budget Update – Mr. Hardash reviewed the following:

- 1300 Budgets: Follow-up discussion from last meeting. Some transfers have been made by account sweeps to fill in the holes in 1300 accounts. SCC identified \$560,000 in one time funds. SAC identified \$1.44 million in one-time funds. Mr. Hardash reviewed the **Deterioration of the Adopted Budget** document as follows:
- 2014-15 Adopted Budget structural deficit – (\$5,087,253).
 - Within the 14/15 Adopted Budget: Full-time faculty hires appropriation shortfall (net) includes SAC 21 FTE funding not identified (\$2,379,661); SCC 1 FTE funding not identified (\$122,841) and the net additional structural costs in Adopted Budget (\$3,159,591)
 - Additional costs that were not included in the Adopted Budget:
 - Adjunct faculty accounts shortfall: SAC estimated at (\$3,416,121); SCC estimated at (\$2,589,247) = (\$6,005,368)
 - Growth increased costs of offering 1% more in class sections (\$405,030) was never included in the Adopted Budget
 - SCC additional one full-time faculty hired, funding not identified: (\$131,038)
 - SCC Campus Budget structural shortfall (SCC overspent 13/14 budget by \$1.3 million, begins 14/15 with a (\$332,000) funding reduction: (\$332,132)
 - Adjusted 14/15 deficit = \$11,960,821
 - Hiring freeze potential in savings: Hiring freeze has been implemented, if we are disciplined the best case scenario is \$3,000,000 in savings to help offset the deficit and bringing the total 14/15 deficit to (\$8,960,821). Each cost center would take credit for identified fund savings.
 - Additional budget concerns:
 - SAC: Are all instructional services agreements properly funded?
 - Are utility accounts properly funded?
 - One-time funds (Fund 13) used for ongoing costs including positions
 - Additional SSSP fund 11 match requirements in 14/15
 - SCC's budget reductions of \$1.3 million are mostly one-time funds, what is the permanent reduction strategy?

- Transfers to cover the 13xx's are also mostly one-time, need permanent reductions solution
- All vacant position savings that are being used to cover the 13xx deficit lowers the \$3,000,000 in savings of vacant positions
- The committee requested a presentation on scheduled maintenance allocations, can these funds be used now to cover deficits and borrow funds for the maintenance issues at a later time. Mr. Hardash will ask Ms. Matsumoto to present an analysis of maintenance funds to this committee.
- Additional potential revenues not included in the Adopted Budget in the best case scenario:
 - Growth revenue funding over-projection (\$2,344,962)
 - 2013/14 320 recalculation potential 52.9 additional FTES \$245,244
 - No apportionment deficit: \$2,300,000
 - Additional mandated cost: \$300,000
 - Additional 1% earned growth \$1,300,000 less cost to earn (\$405,030)
 - Best case scenario added revenues: \$1,395,252
- Reconciliation:
 - Best case scenario added revenues: \$1,395,252
 - Adjusted 14/15 deficit: (\$11,960,821)
 - Hiring freeze potential savings: \$3,000,000
 - Best case scenario deficit spending in 14/15: (\$7,565,569)
- Unless reductions are made or we find more revenue, we will spend down the stabilization fund, we cannot pass a balanced budget for 15/16 as it will dip into the 5% reserve, Chancellor's Office will not allow this to happen. A new updated multi-year project spreadsheet will be distributed to include all items just discussed. The Chancellor has informed the Board of Trustees that the District needs to cut \$8 million in the current year and will work on a plan.

3. Updates to BAM Language

- The Chancellor will make recommendations to this committee to include language in the BAM to properly budget basic items such as the 1300 accounts, use of vacant position savings and one-time savings for on-going positions and costs.
- Mr. O'Connor led discussion on changes suggested which the committee asked not to be incorporated until after the accreditation team visit. Outstanding items:
 - Augmentation process
 - Moving to a three year program cycle with a yearly review and update. District Council to provide FRC with feedback on the review they are charged with.
 - Institutional costs, clarification on what is included, what is district office, what is district-wide. Specifically what services are directly tied to the colleges that are budgets in economic development?
 - Discussion on a breakdown of district services and district-wide budgets, for example a review of grants. General fund or categorical, what services are provided, who is charged to these accounts, how do the colleges benefit? Mr. DeCarbo will begin work on the parameters for the data.

4. Committee Assignment and Workload Taskforce Survey

Faculty members are asked to complete and return the survey to Mr. DeCarbo.

5. Informational Handouts were distributed as information.

- District-wide expenditure report link: <https://intranet.rscgd.edu>
- Vacant Funded Position List as of October 14, 2014
- Measure "E" Project Cost Summary as of September 20, 2014
- Monthly Cash Flow Statement as of September 30, 2014

Mr. Hardash informed the committee that \$71 million of Measure Q bonds were sold this week, as the market crashed we got very good rates at 3.55%, we did very well on this sale. Simple interest, for every \$1 borrowed, taxpayers pay \$1.70, no capital appreciation bonds. Closing will happen on October 29th. There will be a Measure "Q" Project Cost Summary once funds have been received.

The Standard & Poor's credit rating document was distributed as information. This document includes the disclosure of the \$6 million deficit in the 1300's. Standard & Poor's kept us at the same credit level, however, the \$6 million plus the already \$5 million structural deficit pushed Moody's to downgrade our credit rating and put us on watch.

The committee requested a list, from Human Resources, detailing all new positions, general fund or categorical which has, in part, contributed to the deficit. Mr. Hardash will request the information for distribution to this committee at a future meeting.

6. Approval of FRC Minutes – August 13, 2014 and September 24, 2014
Meeting Minutes for the August 13, 2014 and September 24, 2014 meetings were distributed for review. Mr. Hardash asked for a motion to approve, it was motioned by Mr. DeCarbo, seconded by Mr. Rutan and passed unanimously by the committee.

Adjournment

Mr. Hardash adjourned the meeting at 3:10 p.m.

Meeting Schedule – Next Meeting:

Next regular meeting: Wednesday, December 10, 2014 – 1:30 p.m. – Executive Conference Room, DO. This meeting was originally scheduled for November 19, 2014, however, there was a conflict with a college function.