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

<u>Meeting Notes – April 13, 2011</u>
Members Present: Peter Hardash, Paul Foster, Norm Fujimoto, Steve Kawa, Jeff McMillan, Jose Vargas, Gina Huegli and Thao Nguyen

Guest Present: Morrie Barembaum, Steve Eastmond, Raymond Hicks, Jared Kubicka-Miller and John Zarske

Members Absent: Nga Pham

Peter Hardash opened the meeting at 2:30 p.m.

Topics Discussed:

<u>Budget Allocation Model and Other</u>

- Mr. Hardash suggested the college needs to have budget for adjunct faculty backfill for positions such as bank leave and sabbatical. With Mr. Hardash's past experience, he suggests that SAC needs approximately $250,000-$300,000 and SCC needs approximately $125,000-$150,000.

- Other budget costs the college level needs to have budgeted for are: maternity leave, long-term illness leave, comp-time, overtime and unexpected repairs and unplanned emergencies. Mr. Hardash suggests $250,000-$500,000 for these types of costs.

- Mr. Kawa provided questions about the Contra Costa Budget Allocation Model:

  - What has Contra Costa learned during the first year of the new budget model? What changes have they made or plan to make? (I'll be glad to pursue this if our workgroup wants to go in this direction.) - **Mr. Hardash will call to find out and will share the answers with BAPR workgroup by email.**

  - The introduction of the model closes with a statement that the colleges were not in full agreement with all the elements of the plan. We probably need to find out what were the elements that were not acceptable and has their view changed with one year almost completed**. – Mr. Hardash said, per Ms. Kindred, yes, there were people that were not in full agreement, primarily those who knew how to game the old system, how to work it and didn't want to change. That was the single most reason given. A smaller portion were concerned with the uncertainty of going to a new model. Mr. Hardash will follow up with more specifics.**

  - Part of their implementation included addressing all concerns prior to May 2010. We need to do the same and at least have those clearly stated. For example, John Didion's concern about the impact on bargaining. We need to hear from all those who have concerns about the transition and ask for specific concerns. If we end up deferring the implementation a year, we may find ourselves in the same situation because we haven't addressed specific concerns. – **We need to have specific issues from the Chancellor and BAPR Committee members. Specifically from those who know the old model and understand the new model so the BAPR workgroup be able to address those concerns. Mr. Hardash will survey a list of concerns and get feedback from the BAPR Committee, Chancellor and Cabinet and will follow up with BAPR workgroup.**

- The Contra Costa model states the revenue to the colleges will include "Part time Faculty Compensation Funding (parity) – Revenue shall be distributed as received and actually expended." I am uncertain how this is done. – **Mr. Hardash said it is not an issue for us. It is built in to the LHE rate (hourly rate for faculty) and it is part of our fixed cost. We started receiving a separate allocation approximately 9-10 years ago as an augmentation to our system of approximately $75 million. With all these budget reductions recently, it is now down to less than half of what it is used to be. Some districts build it into their salary schedule, other districts treat it as one time money. We treat this revenue as unrestricted and built into the model. Mr. Hardash believes that the Contra Costa treats this as one time money but will ask Ms. Kindred to verify.**

- In the Contra Costa model, centralized services includes utilities and facility services. I personally think these should be allocated to the centers, however, I would like to know why they went the way they did. – **They have some campuses that are very old and are inefficient. Newer ones are efficient and it was thought that it would not be fair and decide to centralize the services. We have decentralized services here except for the long term facilities planning and larger construction projects.**

- Under centralized services, Contra Costa included regulatory costs such as faculty sabbaticals and faculty senate expenses. I am not sure why that should not be the responsibility of the colleges. – **It is generally viewed as an AB1725 regulation and per collective bargaining, larger campuses will have more representations than smaller campuses. Some districts have minimum and maximum sabbaticals. We have maximum sabbaticals set but no minimum.**

- I also believe that the adjustments to budget allocation model can be made at any time and the Chancellor has the authority to make a revision if he/she perceives there's a situation that will result in an extreme hardship on one of the colleges, district operations or the district as a whole. **- We should have a statement to this affect. We need to respect shared governance process, the BAPR Committee should be making a recommendation to the Chancellor as to our current process.**

- I thought the key to budget allocation model was their transition plan. Not only would we have to be prepare a transition plan for the tentative budget but recognize that the transition plan has to be flexible enough to handle the uncertainty of adopted budget. – **Dr. McMillan suggested there should be an historical document (introduction/background) of the budget allocation model that tells how and why we are doing this. There should be a separate transition plan document to wean onto the model and describe the model. There should also be a separate operational document that tells people what the intentions are and how things work.**

- **Mr. Hardash will redo the document and will email it to the BAPR workgroup members.**

- Mr. Hardash continued going through the handout “SB361 Implementation Guidelines.” The group identified the expenditure and budget responsibilities for:

Expenditure and Budget Responsibilities		Santa Ana College & CEC ☑	Santiago Canyon College & OEC ☑	District Office ☑	Districtwide ☑
Employee Benefits-(3XXX)					
1	STRS Employer Contribution Rates, Increase/(Decrease)	✓	✓	✓	
2	PERS Employer Contribution Rates, Increase/(Decrease)	✓	✓	✓	
3	OASDI Employer Rates, Increase/(Decrease)	✓	✓	✓	
4	Medicare Employer Rates, Increase/(Decrease)	✓	✓	✓	
5	Health and Welfare Benefits, Increases/(Decrease)	✓	✓	✓	
6	SUI Rates, Increase/(Decrease)	✓	✓	✓	
7	Workers' Comp. Rates, Increase/(Decrease)	✓	✓	✓	
8	Retiree Health Benefit Cost				
	-OPEB Liability vs. "Pay-as-you-go"				✓
9	Waiver of Cash Benefits	✓	✓	✓	
10	Cash Benefit Fluctuation, Increase/(Decrease)	✓	✓	✓	

The District will be responsible for the budgeting and management of Employee Benefits. The colleges will not have access to the benefits accounts throughout the year, but at the end of the year any savings/over expenditures (actual balances) in the Employee Benefits (3XXX) will end up at the cost center. The college also needs to have a reserve set aside of approximately 1-2% to cover any overspent category.

	Expenditure and Budget Responsibilities	**Santa Ana College & CEC ☑**	**Santiago Canyon College & OEC ☑**	**District Office ☑**	**Districtwide ☑**
Other Operating Exp & Services-(5XXX)					
1	Property and Liability Insurance Cost				✓ and will have chargeback to site
2	Utilities				
	-Gas	✓	✓	✓	
	-Water	✓	✓	✓	
	-Electricity	✓	✓	✓	
	-Waste Management	✓	✓	✓	
	-Water District, Sewer Fees	✓	✓	✓	
3	Audit				✓ and will have chargeback to site
4	Board of Trustee Elections				✓
5	Scheduled Maintenance				✓ and will have chargeback to site proportionally
6	Copyrights/Royalties Expenses				
Capital Outlay-(6XXX)					
1	Equipment Budget				
	-Instructional	✓	✓	✓	
	-Non-Instructional	✓	✓	✓	
2	Improvement to Buildings	✓	✓	✓	
3	Improvement to Sites	✓	✓	✓	

The colleges need to have replacement equipment schedules and budget accordingly from year to year. Our bond money will be going out in a couple of years, colleges need to build in a budget for carpet replacement, painting classrooms, additional faculty offices for new hires, replace fixtures, asbestos issues, chair and desk replacements, etc. We have been depending on Measure E since 2002. With the current economy, we will not have a new bond measure for a while.

Mr. Hardash will take a shot at the revenue part and will get feedback from the BAPR workgroup. Misc. income will be sorted out on a case by case basis.

Revenue and Budget Responsibilities		Santa Ana College & CEC ☑	Santiago Canyon College & OEC ☑	District Office ☑	Districtwide ☑
Federal Revenue- (81XX)					
1	Grants Agreements				
2	General Fund Matching Requirement				
3	In-Kind Contribution				
4	Indirect Cost				
State Revenue- (86XX)					
1	COLA or Negative COLA				
2	Growth, Work Load Measure Reduction, ***Negative Growth***				
3	Categorical Augmentation/Reduction				
4	General Fund Matching Requirement				
5	Apprenticeship		✓		
6	In-Kind Contribution				
7	Indirect Cost				
8	Lottery				
	-Unrestricted				
	- Restricted-Proposition 20				
8	Non-Resident Tuition				
9	Instructional Equipment Matches				
10	Scheduled Maintenance matches				
11	Part time Faculty Compensation Funding				
12	State Mandated Cost				
Local Revenue- (88XX)					
1	Contributions				
2	Fundraising				
3	Proceed of Sales				
4	Health Services Fees				
5	Rents and Leases				
6	Enrollment Fees				
7	Parking Fees				
8	Student ID and ASB Fees				

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

Upcoming BAPRC Meeting:
May 4, 2011, 1:30 – 3:00 p.m. Board Room, DO #107

Upcoming Work Group Meeting:
May 11, 2011, 2:30 – 4:00 p.m. SCC-B-103 Classroom Building