

Fiscal Resources Committee

Via Zoom Video Conference Call

1:30 p.m. – 3:00 p.m.

Meeting Minutes for May 20, 2021

FRC Members Present: Adam O’Connor, Jacob Bereskin, Steven Deeley, Bart Hoffman, Cristina Morones, Thao Nguyen, William Nguyen, Enrique Perez, Craig Rutan, Arleen Satele and Roy Shahbazian

FRC Members Absent: Morrie Barembaum, Noemi Guzman, Vanessa Urbina

Alternates/Guests Present: Erika Almaraz, Jason Bui, Vaniethia Hubbard, Mark Reynoso and Barbie Yniguez

1. Welcome: Adam O’Connor called the meeting to order at 1:34 p.m. via zoom
2. State/District Budget Update – O’Connor
 - [Governor’s May Revise](#)
 - DOF – Finance Bulletin – April 2021
 - SSC – DOF Releases April Finance Bulletin
 - SSC – 2021-22 Statutory COLA is 1.70%
 - SSC – American Families Plan for K-14 Districts
 - SSC – Top Legislative Issues-April 30, 2021
 - SSC – PPIC Releases its 17th Annual Education Survey
 - SSC – CalSTRS Releases New Employer Directive
 - SSC – LAO Analyzes HEER III Funding
 - SSC – LAO Says State Could Hit Spending Wall
 - SSC – By the Way... ED Announces HEER III Allocations and Releases Updated FAQs
 - SSC – Top Legislatives issues-May 13, 2021
 - SSC – Initial Impression of the 2021-22 May Revision
 - SSC – An Overview of the 2021-22 Governor’s May Revision
 - Joint Analysis Governor’s 2021-22 May Revision
 - [LAO– Initial Comments on the Governor’s May Revision](#)

Adam O’Connor referenced the above articles for information and review. He previewed the Budget Presentation that will be shared with the Board of Trustees at their meeting on Monday, May 24, 2021. This presentation reflects impacts as a result of the Governor’s May Revise. The following is a summary of the presentation:

State Budget

The Governor’s [California Comeback Plan](#) was unveiled on May 14 and demonstrates a much stronger fiscal projection for the current year and the next fiscal year. This is a huge change of \$100 billion (including \$25 billion in Federal funds) in comparison to the \$54 billion deficit projected a year ago. This \$100 billion is allocated to over 400 new proposals. The GANN limit (the limitation of how much the State can spend in any one fiscal year) is estimated to exceed \$16 billion, over a two-year period. When that occurs, dollars are returned to taxpayers and education. That wouldn’t happen until 2022-23, but the Governor is proposing to pay the 50% back to the taxpayers calling it “tax rebates” to those making less than \$75,000/annually. If the funds materialize, K-14 will gain \$8 billion in 2022-23. If allocated by FTES, an estimated \$17 million one-time funds are projected for RSCCD. However, the LAO (Legislative Analyst’s Office) doesn’t believe it will materialize or exceed the GANN limit to that extent. Of course these are all proposals at this point with legislative hearings to occur through June.

O'Connor reviewed the LAO revenue outlook through 2024-25 noting it is very positive unless a major recession occurs. With both the LAO and the Governor's proposal projecting increased revenues, it means a positive few years ahead for RSCCD. The "lions share" of the proposed funds are designated to schools and community colleges with much of it fulfilling State requirements. The community college investment themes are proposed as follows:

- Restore Institutional Resources
- Diversity, Equity and Inclusion
- College Affordability and Basic Needs
- Pathways
- Workforce
- Pandemic Recovery

Community College Allocations and Impacts to RSCCD

Community Colleges allocations proposed for on-going funds include pay-off of all deferrals enacted in 2020-21 which means roughly \$47 million for RSCCD not in new money, but cash flow and receiving the funds earlier than previously projected. COLA previously estimated at 1.5% for community colleges has been increased to 4.05%. That brings \$7 million to RSCCD. However, COLA for categorical programs remains at 1.07% with expected advocacy for changes to the final budget. Growth was included in the Governor's proposal, but RSCCD will not benefit due to decline in enrollment and hold harmless status. Student Equity and Achievement (SEA) are projecting a 5% increase requiring a tie to equity goals to fully close gaps by 2027. Also projected is 5% increase to Strong Workforce Program of which RSCCD is the fiscal agent for the region at \$1.4 million; expanding vocational training for ESL students at \$50 million and establish Basic Needs Centers at \$30 million. Information is limited on the last two items until trailer bill language specifies how these funds will be distributed.

One-time allocations include \$4 billion (over a two-year program) for student housing projects (60% for community college districts) and \$1 billion (for a two-year program) for Learning-Aligned Employment Program. It is anticipated an institution would have to apply for participation in these programs. Deferred Maintenance is projected at \$11 million for RSCCD. It is unknown whether instructional equipment would be included in the State or Federal portions of these funds as discussed at the recent ACBO online conference. Other one-time funds include Guided Pathways, expansion of zero-textbook cost pathways, dual enrollment through college and career partnerships, and implementation of EEO best practices.

COVID-19 transition back to in-person instruction at \$50 million allocation with \$1 million for RSCCD and previously RSCCD received \$2.8 million. Early Action would mean \$2 million for RSCCD students. O'Connor reviewed Higher Education Emergency Relief Funds previously distributed and yet to be spent.

2021/22 Tentative Budget Preview

Tentative Budget will be presented to the Board on June 21. It is now balanced based on Governor's Proposed Budget including increased COLA and additional HEER funds to off-set lost revenue and earned indirect cost. This is a placeholder, things will change, but is a requirement to fulfill fiscal obligations as of July 1. If Tentative Budget is approved by FRC today, it will be presented to District Council on June 7. The State budget is expected to be approved on June 15. RSCCD adopted budget will go to the Board on September 13. The budget presentation is posted on the Budget Updates webpage. As discussed at ACBO conference, hold harmless will not be extended through 2024-25, but there is a year of stability due to declined enrollment. The option was thought to have been lost under the Student Center Funding Formula, but is still an option, making the fiscal cliff one year later than previously thought.

Questions were asked, answers provided and discussion ensued.

3. 2021-22 Proposed Tentative Budget – Recommendation to District Council

O'Connor reviewed changes to proposed tentative budget based on the Governor's proposal and what was previously shared with FRC. COLA at 4.05% is approximately \$7 million for RSCCD. Salary increases for remaining employee groups have settled and are included. The 2% deficit goes up because of the increase in COLA. Changes to scheduled maintenance which was previously zero is now at approximately \$10-\$12 million. O'Connor reviewed expenditures noting changes to CalSTRS and CalPERS rates and new costs of FON penalty at \$82,754. HEERF monies were used to address unemployment rate changes at \$1.4 million and approximately \$4.1 million to balance the budget.

Roy Shahbazian requested options be considered to increase item M for SCC ADA Settlement Costs that would also contribute funds to other sites within the district to address ADA deficiencies above the current budgeted amount of \$2 million. O'Connor agreed to discuss matter further with Assistant Vice Chancellor Matsumoto for ideas regarding the request.

Discussion ensued regarding multi-year projections, use of HEERF to balance the budget, and SRP surplus of \$3.4 million. During 2021-22, there is a plan to finalize positions to be, eliminated, filled, reorganized, along with right sizing, which could provide additional one-time savings next year. The COLA will be low from the State over the next couple of years. If there were no salary increases, RSCCD could get through without making any other adjustments; that is if everything holds and no other large increases occur. It is a hold steady without much disruption budget for the next few years. The district needs to focus on increasing enrollment to come out of hold harmless.

It was moved by Craig Rutan to approve the 2021/22 tentative budget as presented. The motion was seconded by Arleen Satele. With no opposition, comments or questions the motion carried unanimously. The budget will now go to District Council for review and recommendation on June 7.

4. HEERF Funding Update

Erika Almaraz provided an in-depth review of the Higher Education Emergency Relief Funds (HEERF) including the three rounds of allocations, distributions, balances and important dates. The DOE (Department of Education) has instituted a new requirement that some of the institutional funds be designated to help fight the spread and transmission of COVID-19 which could include testing, reducing barriers to vaccinations and such. HEERF I funds have been spent, HEERF II funds are in the process and HEERF III have to be spent within a year of the award (this may change). There were no questions.

5. Standing Report from District Council - Craig Rutan

Craig Rutan provided a brief report on the actions of District Council that approved three reorganization requests and heard reports.

6. Informational Handouts

- 50% Law Calculation
- District-wide expenditure report link: <https://intranet.rscgd.edu>
- Vacant Funded Position List as of May 11, 2021
- Measure "Q" Project Cost Summary as of April 30, 2021
- Monthly Cash Flow Summary as of April 30, 2021
- [SAC Planning and Budget Committee Agendas and Minutes](#)
- [SCC Budget Committee Agendas and Minutes](#)
- Districtwide Enrollment Management Workgroup Minutes

Thao Nguyen provided a brief review of the 50% law calculations as of April 2021 with SAC at 63.80%, SCC at 59.96% and districtwide -0.12% based on actuals. Combined, RSCCD is at 52.38% as compared to 54% last year. It has decreased since last fiscal year, but still above 50%. With the colleges together it is 62.50%. This calculation determines the funding of instructional areas.

Additional handouts were referenced for information purposes.

7. Approval of FRC Minutes – April 21, 2021

A motion by Cristina Morones was seconded by Enrique Perez to approve the minutes of the April 21, 2021 meeting as presented. There were no questions, comments, corrections, or opposition and the motion passed unanimously.

8. Other

Internal Hold Harmless Language – Combined Workgroup Report

The workgroup was not ready to provide a recommendation to FRC and had not yet scheduled a second meeting to further discuss the subject matter. After much discussion, it was determined that a workgroup meeting would be scheduled by or before June 23 so that it could be considered at the July 1 FRC meeting as an action item on the agenda. It was asked that the SAC's proposal be sent to the workgroup ahead of the meeting for review.

Next FRC Committee Meeting:

The next FRC meeting is scheduled for Thursday, July 1, 2021.

It was moved by Bart Hoffman and seconded by Arleen Satele to adjourn the meeting at 3:02 p.m. The motion carried unanimously.