

## Fiscal Resources Committee

Via Zoom Video Conference Call

1:34 p.m. – 2:19 p.m.

### Meeting Minutes for August 17, 2022

**FRC Members Present:** Iris Ingram, Morrie Barembaum, Adriene “Alex” Davis, Steven Deeley, Noemi Guzman, Bart Hoffman, Jim Isbell, Adam O’Connor, Craig Rutan and Arleen Satele

**FRC Members Absent:** Safa Hamid, Yara Hernandez, William Nguyen, Veronica Munoz and Vanessa Urbina

**Alternates/Guests Present:** Erika Almaraz, Jason Bui, Melba Castro, Elvia Garcia, Gina Huegli, Kelvin Leeds, Annebelle Nery, Thao Nguyen, Jose Vargas, Kennethia Vega and Barbie Yniguez

1. Welcome: Ingram called the meeting to order at 1:34 p.m. via zoom.
2. State/District Budget Update
  - [2022/23 Advance Apportionment:](#)
    - Memo
    - [Exhibit R – FY 2022-23 Advance Apportionment \(July 2022\)](#)
    - [Exhibit A – Payments by Program \(July 2022\)](#)
  - SSC – CCCCCO Releases Lottery Rate Accruals and Revenue Projections
  - SSC – Minimum Wage-Future Forecast
  - SSC – Dartboard for 2022-23 Enacted Budget Now Available
  - SSC – Inflation Beginning to Affect State Revenues
  - SSC – Economy Gets Bad Signal
  - SSC – End of Session Preview
  - SSC – Pension Funds Report Investment Losses

Ingram referenced the above documents as information and resources for further understanding including advance apportionment, exhibits R and A, lottery rate accruals and revenue projections, minimum wage forecasting, dartboard and economic changes ahead including projected losses for STRS and PERS pension plans.

3. Proposed Adopted General Fund Budget – **Action Item**  
 O’Connor screen shared and reviewed pages 26-62 of the meeting materials related to general fund budget beginning with Fund 11 (ongoing unrestricted general fund), Fund 13 (one-time unrestricted general fund), and combination of the two funds, followed by Fund 12 (restricted general fund). He referenced and reviewed close out documents for 2021-22 that becomes the groundwork for building the proposed adopted budget for 2022-23 as follows:
  - Budget Assumptions Update  
 Changes include P3 at just shy of 25,000 FTES, hopefully recal will demonstrate additional growth. With new rate increases, RSCCD is projected to be out of hold harmless and will add in \$816,000 in new additional revenue. That raised deficit factor slightly over \$3.9 million. Increases to EPA, lottery, part-time faculty compensation, college promise, and mandates block grant were updated using the advance apportionment FTES numbers. Interest rates are going up and now there is an estimated decrease of only \$100,000 (instead of \$200,000) for interest earnings. Apprenticeship revenue is updated with corresponding expenditures at 80%. Scheduled maintenance is now estimated a little lower at \$18.9 million. There were no changes to the expenditure side. Recap of all changes was reviewed to “almost break even” for the fiscal year with small deficit of \$27,000 added to the structural deficit bringing it to a total deficit of \$2.4 million and would be covered through the SRP

right sizing fund. SRP savings of \$5.5 million for 2022/23, one-time faculty allocation and FON penalty will net additional overall savings.

Lastly, the starting place for 2022/23 is based on 2021/22 annual which demonstrates a shift of about a half million between the colleges, however, that isn't shifted, but demonstrates only how the model would work because the numbers will change at recal, P1, P2, and final P3. This is always included in the budget book as information.

- 2021/22 Recap of Unrestricted General Fund – Major Changes Comparing Adopted Budget to Actuals  
O'Connor reviewed 2021-22 recap (page 66) and provided explanation of the differences between actual and adopted budget, noting apportionment received was actually \$3.6 million more than budgeted due to no deficit for the year and therefore RSCCD was able to take in one-time funds for the current year. Another \$2.5 million was added for prior year apportionment that was also due to reduction in deficit for the prior year. That made a huge difference in the budget. Also had Intrafund transfer that was anticipated using HEER Funds that wasn't actually needed, and \$1.1 million was booked for lost revenue. There was also \$2 million for full-time faculty funds that were received, but not budgeted because it was a new allocation that arrived after the adopted budget and is for faculty that were hired for this fall semester. Because the funds arrived in 2021-22, but the faculty didn't begin until 2022-23 there were not expenditures against this fund. All totaled, the budget was increased by approximately \$6.7 million on the revenue side. On the expenditure side, the 1300, 1400 hourly accounts were overspent by \$2.9 million. Other salaries and benefits had a big savings because of SRP and not filling all of the positions for those vacancies (approximately \$9 million). This recap is for all the unrestricted fund 11 and fund 13. Adopted budget was at \$205 million (revenue) and adopted budget (expenditures) at \$219 million. However, the difference for actual revenue at \$212 million and actual expenditures at \$199 million is an additional \$13 million added to the ending fund balance.

O'Connor then reviewed details for the 1300 and 1400 accounts with SAC overspent by \$1.9 million and SCC overspent at just over \$1 million. He cautioned that with growth in enrollment, the colleges need to ensure that budget is covered appropriately for these categories.

O'Connor also reviewed the breakdown of the fund balance to include 2021-22 beginning fund balance (\$46 million), 2021/22 change in in fund balance (\$13 million) and ending balance for fiscal year 2021/22 and beginning balance for fiscal year 2023/23 at \$59 million. He reviewed carryover funds and other contingency funds and demonstrated it graphically. Biggest change is the SRP savings. The commitment to the Board of Trustees was to save over \$32 million in five years.

Questions were asked and answers provided including the inquiry regarding 5900 account that increased by 1000%. T. Nguyen explained that many times, the 5999 account is used as a holding account until the budget is distributed to other lines. As of recent, the current fund 12, 5900 account, is just over \$15 million and includes carryover budget, deletions, and set-up for any new budgets. It was confirmed that actuals for this account at the end of the year may not be here but distributed to other places within the budget. It was further explained that fund 12 is built all year long as new grants are received and changes made throughout the year. Most allocations aren't received until the fall and therefore approximately 85% of the prior level is used to develop the next budget. When asked about the projected SCFF Base Increase (\$816,202), O'Connor explained it is the difference beyond hold harmless. Though the district received several million more in the calculation, it represents the actual amount which passes hold harmless that can be booked as additional revenue.

For clarification purposes, it was stated the purpose of today's action is to approve the proposed adopted general fund budget as presented knowing there will be changes in the future. There will be opportunity to continue dialog as changes are made.

It was moved by Hoffman and seconded by Isbell to approve the proposed adopted general fund budget 2022-23 as presented. The motion passed unanimously.

#### 4. Closeout of 2021/22 Budget

- Recap of 2021/22 SCFF Metrics

O'Connor reviewed the metrics for SCFF with final annual total at 67.73% SAC and 32.27% SCC and into hold harmless for \$8.1 million for 2021-22. Based on new rate increases, RSCCD is projected to be out of hold harmless for 2022-23. Ingram further explained being out of hold harmless makes RSCCD eligible for COLA next year and any eligible state-wide growth money – next year would be additional revenue for the district. While this is good news, and technically, RSCCD will be out of the hold harmless and must maintain growth, the fiscal cliff still exists but may not be as steep. Potentially the fiscal cliff looms in the background and staff remains mindful of potential affects. It was stated that RSCCD is out of hold harmless due to funding rate increases not growth. For 2022-23 all new rates will be included in the RSCCD model as well. The colleges still need to grow and maintain a large college status. A recal for 2021-22 may change the FTES to maintain the large college status.

- Final Budget Allocation Model Distribution of Carryover

O'Connor reviewed the closeout of 2021-22 using the earned rates as of annual and a couple of additions, including the additional handout that was included on the website. It was noted that institutional costs had increased significantly because of the Less SRP Carryover and Less One Time Faculty Hiring that doesn't change the bottom line, but they aren't actually costs but unspent funds due to SRP and one-time faculty hiring funds; both are added to the SRP right sizing contingency account and are not shown as an expense. That left \$138 million of revenue to flow to the colleges. The end result of carryover for fund 11 of \$8 million for SAC and \$3.8 million for SCC. This adds to carryover funds in fund 13 for a total of \$6.5 million for SAC and just over \$5 million for SCC.

- 50% Law Compliance Update

O'Connor reviewed how the district ended the year for the 50% law compliance with SAC at 65.45%, SCC at 61.94% the district is low at 15.65% and the combined total is 54.10% as compared to 54.16% last year. The district overall is very close and well above the 50% law. There was a question about the trend line for expenditures for the 50% over the last five (5) years...slowly increasing or remaining steady. Prior year combined totals include 54.16% for last year, 54% prior to that, 55.11% for 2018-19 and 55.08% for 2017-18. So it has trended down slightly in the last few years. It was agreed that prior year information would be distributed to all FRC members and posted as an additional handout which includes the college specific data as well for the last five (5) as it was stated the faculty want to know how much was spent on instruction.

#### 5. Standing Report from District Council – Jim Isbell

Through a collaborative effort of Rutan and Isbell a brief report on the actions of the July 18, 2022, District Council were noted with approval of three new positions in P&C and revised Administrative Regulations 7125 – Reclassification and Special Pay, 7250 – Educational Administration – Workweek and 7260 – Classified Supervisors and Managers – Workweek (that outlines the 40-hour workweek) and prohibits managers from teaching classes in the district.

#### 6. Informational Handouts

- District-wide expenditure report link: <https://intranet.rsccd.edu>
- Vacant Funded Position List as of August 10, 2022
- FINAL** Measure “Q” Project Cost Summary as of June 30, 2022
- Monthly Cash Flow Summary as of July 31, 2022
- [SAC Planning and Budget Committee Agendas and Minutes](#)
- [SCC Budget Committee Agendas and Minutes](#)
- Districtwide Enrollment Management Workgroup Minutes

Information handouts above were referenced for further review. O'Connor further explained the Measure Q project cost summary is the final report and all funds have been spent.

7. Approval of FRC Minutes – July 6, 2022

A motion by O'Connor was seconded by Satele to approve the minutes of the July 6, 2022 meeting as presented. There were no questions, comments or corrections and the motion passed with two abstentions by Hoffman and Davis.

8. Other

**Next FRC Committee Meeting:**

The next FRC meeting is scheduled for Wednesday, September 21, 2022, 1:30-3:00 p.m.

It was moved by Hoffman and seconded by Davis to adjourn the meeting at 2:19 p.m. The motion passed unanimously.