

## **Fiscal Resources Committee**

Via Zoom Video Conference Call

1:32 p.m. – 1:53 p.m.

### **Meeting Minutes for January 24, 2024**

**FRC Members Present:** Adam O’Connor, Susana Cardenas, Claire Coyne, Steven Deeley, Madeline Grant, Noemi Guzman, Bart Hoffman, Veronica Munoz, Enrique Perez, Craig Rutan and Arleen Satele

**FRC Members Absent:** Morrie Barembaum, Iris Ingram, Ethan Harlan, and Kevin Ortiz

**Alternates/Guests Present:** Erika Almaraz, Jason Bui (arrived at 1:34 pm), Gina Huegli, Jeannie Kim (arrived at 1:41 pm), Tara Kubicka-Miller, Annabelle Nery (arrived at 1:34 pm), Thao Nguyen, Kennethia Vega, and Barbie Yniguez

1. Welcome: Assistant Vice Chancellor O’Connor called the meeting to order at 1:32 p.m. via zoom upon achieving quorum and in the absence of Vice Chancellor Ingram who was unable to attend today’s meeting.
2. State/District Budget Update
  - 2024-25 Proposed State Budget report link: <http://www.ebudget.ca.gov>
  - LAO 2024-25 Overview of Governor's Budget link: <https://lao.ca.gov/Budget>
  - Joint Analysis-Governor’s January Budget 2024-2025
  - SSC – COLA is What?
  - SSC – BOG Adopt 2024 FON and Reelects Leadership for 2024
  - SSC – Statewide Facilities Bond 2024 Prospects
  - SSC – The COLA in Context
  - SSC – 2022 Tax Receipts Down \$26 Billion
  - SSC – CalPERS Employer Contribution Rate Estimates
  - SSC – LAO Issues Fiscal Outlook
  - SSC – UCLA Economists Continue to Predict Slow Growth Economy
  - SSC – Inflation Continues to Cool
  - SSC – 2023 Legislative Year Wrap-Up
  - SSC – PPIC Survey Finds Economic Anxiety Among Californians
  - SSC – DOF Reports on Projected Revenue Shortfall
  - SSC – New Laws for 2024
  - SSC – Legislature Gavels in the 2024 Legislative Year
  - SSC – Initial Impressions from Governor Newsom’s 2024-25 State Budget Proposal
  - SSC – An Overview of the 2024-25 Governor’s Budget Proposal
  - DOF – Finance Bulletin-December 2023
  - [Budget Presentation to Board of Trustees January 16, 2024](#)

O’Connor referenced resources above and stated the governor proposed his 2024/25 budget on January 10<sup>th</sup>. He is projecting a \$38 billion deficit as opposed to the \$68 billion deficit previously announced by the LAO. About half of the difference is expenditure related and the other half revenue related. LAO seems to buy into the expenditure differences but thinks the revenue projections are optimistic. The governor is also using withdrawals from both the state reserves and from the school-specific reserves to help bridge the gap as well as cost shifts between fiscal years. Those are one-time solutions. So far (and

remember the January proposal is just the starting point of the creation of the budget) schools and Community College Districts are not facing any budget reductions (no mid-year cuts this year or reductions next year) where other parts of the budget are. The proposal includes a meager 0.76% COLA for apportionments and some categorical programs and 0.5% funding for growth. Resources were referenced for further review. The LAO is now beginning to release its analysis of the proposal. Between now and April the governor will fine tune the budget with the legislature and submit final revenue estimates by May 14. The May Revise will look quite different than the January proposal. The LAO has already recommended that they plan for lower revenues, maximize reductions in one-time spending and develop a plan for reducing school and Community College Districts funding. The expectation is the State will face significant structural shortfalls over the next few years – around \$30 billion each year – through 2027/28. This means that the State will face more tough decisions in future years if they use up a lot of one-time gimmicks this year.

### 3. 2024-25 – Budget Calendar Revision

O'Connor screenshared pages 62-63, referencing the Budget Calendar that includes a revision for submitting Updated Budget Assumptions to the Board for approval. The date has changed to August 12, 2024, because the July Board Meeting is too early in the month. This is information only and no action is necessary. There were no questions.

### 4. Mid-Year Updates

- Unrestricted General Fund Expenditure Update

O'Connor screenshared page 64 and reviewed the mid-year expenditures for fund 11 & 13 with comparisons for same to 2022-23 and current FY 2023-24 for each site. The data is positive, consistent with last year and near the 54% availability, which demonstrates we are not overspending the budget midway through the year. There were no questions.

- Final FTES Update for (P1)

O'Connor screenshared page 65 noting submission of P1. This is 2023-24 and includes SAC reporting 20,132 FTES and SCC 9,063 FTES with a borrow of 1400 (800 for SAC and 600 for SCC). This is comparable to 2022-23 summer shift of 1691 with 1200 from SAC and 488 from SCC. Additionally, OEC has implemented a different schedule that moves certain courses to end prior to June 30 in order to capture additional non-credit FTES in 2023-24. It is a technical shift rather than the estimated shift that will add 200 FTES on top. Vargas further clarified that OEC will implement two summer sessions with one ending on June 30 and the other beginning on July 1. That will help increase the FTES in 2023-24.

P1 is information known at this time with estimations for spring and summer. This could change with P2 and Recal. The district overall is looking at almost 7% growth over 2022-23 with 5% at SAC and over 10% at SCC. There were no questions.

- SCFF Simulation FY 2023-24

O'Connor screenshared page 66 and discussed using the P1 estimations to simulate earning projections of calculated revenue to be more than TCR adjusted by COLA and even hold harmless levels. Once P1 is released there will be a better picture of these earnings. In addition to the FTES, SAC is going to be reporting over 20,000 FTES bringing them back to a large college status, while SCC will increase FTES to be within 1000 of a medium college status within the year or so. This is all positive news. Questions were asked and clarification provided. Though it is unknown if budget reductions or potential deferrals would be used, the preference is deferrals. It is early and the LAO is pressing the Governor saying this is not going to happen and he needs to look at potential deferrals to education. LAO predicts fiscal challenges through 2027-28 as it may take years to work through this deficit.

## 5. Annual External Audit

O'Connor referenced the Annual External Audit that was accepted by the Board of Trustees in December with no financial findings and clean audit. The link information was provided as well as announcing the availability of the external audit on the fiscal services website. The only finding was related to SCFF not properly reporting some FTES that was a system error and is being fixed. This occurred to many districts using the same system. RSCCD did pay back \$135,000, but there were no other financial or compliance findings and a clean audit otherwise. There were no questions.

## 6. Standing Report from District Council – Claire Coyne

Coyne reported the District Council meeting in December was cancelled and the next meeting is scheduled for January 29, 2024.

## 7. Informational Handouts

- District-wide expenditure report link: <https://intranet.rscsd.edu>
- Vacant Funded Position List as of January 16, 2024
- Monthly Cash Flow Summary as of December 31, 2023
- [SAC Planning and Budget Committee Agendas and Minutes](#)
- [SCC Budget Committee Agendas and Minutes](#)

Informational handouts above were referenced for further review. Discussion ensued regarding SCC budget committee links and lack of access to documents or empty folders. SCC Budget Committee Co-Chair Deeley, will review and remedy the webpage issues.

## 8. Approval of FRC Minutes – November 15, 2023

A motion by Hoffman was seconded by Guzman to approve the minutes of the November 15, 2023, meeting as presented. The motion passed unanimously.

## 9. Other

There were no further comments, questions, or discussion.

**Next FRC Committee Meeting:**

The next FRC meeting is February 21, 2024, at 1:30-3:00 p.m. This meeting adjourned at 1:53 p.m.