

Fiscal Resources Committee

Via Zoom Video Conference Call
1:33 p.m. – 2:05 p.m.

Meeting Minutes for August 16, 2023

FRC Members Present: Iris Ingram, Susana Cardenas, Claire Coyne, Steven Deeley, Noemi Guzman, Bart Hoffman (arrived at 1:34 p.m.), Jorge Lopez (arrive at 1:36 p.m.), Adam O'Connor, Craig Rutan and Arleen Satele

FRC Members Absent: Morrie Barembaum, Karly Dinh, Ethan Harlan, Veronica Munoz, and Enrique Perez

Alternates/Guests Present: Jason Bui, Vaniethia Hubbard (arrived at 1:36 p.m.), Gina Huegli, Annebelle Nery (arrived at 2:03 p.m.), Kennethia Vega, and Barbie Yniguez

1. Welcome: Vice Chancellor Ingram called the meeting to order at 1:33 p.m. via zoom upon achieving quorum. Co-Chair Claire Coyne, Academic Senate President from Santa Ana College, was introduced and provided a brief welcome.
2. State/District Budget Update – Ingram
 - 2023/24 Advance Apportionment:
 - Memo
 - Exhibit R – FY 2023/24 Advance Apportionment (July 2023)
 - Exhibit A – Payments by Program (July 2023)
 - SSC – Governor Newsom Signs 2023-24 State Budget Package
 - SSC – Top Legislative Issues-July 14, 2023
 - SSC – Governor Newsom Signs Two Community College bills
 - SSC – CalPERS Reports Investment Gains Below Target
 - SSC – GOP Proposes Drastic Cuts to Federal Education Funding
 - SSC – Dartboard for 2023-24 Now Available
 - SSC – State Revenues Tracking with Revised Estimates
 - SSC – Fed Raises Rate Once Again
 - SSC – Governor Newsom Signs CCC Bills
 - SSC – CalSTRS 2022-23 Investment Returns Below Target
 - DOF – Finance Bulletin-July 2023

Ingram referenced the above resources as information stating the State Budget was passed and signed by the Governor. The latest 320 report was submitted which resulted in Exhibit R (advanced apportionment for the current fiscal year) and Exhibit A (official record of revenue throughout the next fiscal year) that are attached to the meetings materials, while exhibit C can be accessed through the State Chancellor's Office website. All other updates were acknowledged from School Services of California which includes various advisories for education. There were no questions.

3. Proposed Adopted General Fund Budget - Action
Ingram shared that the updated budget assumptions were presented for approval to the Board of Trustees at their meeting on Monday, August 14, 2023, which is then used to build the final adopted budget to be approved in September.

A motion by Hoffman to approve the 2023-2024 proposed adopted general fund budget was seconded by Rutan.

Rutan inquired about the amounts of revenue in account 5900 as compared to expenditures last year. O'Connor explained that 5900 is a holding account for unallocated funds which will be redistributed to the colleges once the budget is adopted.

O'Connor provided a brief overview and answered questions. He screened shared and referenced pages 30-67 of the meeting materials that support budget information for fund 11, 12, and 13 along with other details. Budget assumptions begin on page 68-70 and O'Connor reviewed changes since the last review that are in red text. At closeout it was confirmed that RSCCD earned revenue above hold harmless and began the budget process with fully calculated revenue. FTES assumptions were updated based on P3 that included a shift of FTES to earn additional growth/restoration dollars. Lottery projection is higher, and Mandated Block Grant is slightly higher. Under other revenue Item II.N. the Scheduled Maintenance/Instructional Equipment allocation that does not affect the general fund budget but experienced a significant reduction that dropped by \$11.2 million (including prior year) and was reallocated \$128,753 for this year.

Expenditure assumptions include a netted savings of \$2.9 million due to health and welfare benefits due to the requirement for retirees to move to Medicare. However, negotiations are pending with CEFA and FARSCCD for part-time faculty benefits. Two additional faculty have been added to SCC, which brings the total to 28 new faculty: 18 at SAC and 10 at SCC. O'Connor continued to review and discuss Retiree Health Benefit Fund II.G which requires a charge of .75% of payroll for a cost to the unrestricted general fund of \$944,709 and the need to also increase Property and Liability Insurance transfer by \$530,000. While there is \$1.5 million in costs, overall, there is \$2.9 million in savings that is a positive for the budget. An inquiry was made about the one-time contribution to the ADA Settlement, and O'Connor explained the contribution is the 7th of 10 one-time annual contributions.

Revenue increased with savings and additional costs, but the bottom line is that \$5.7 million unallocated is up \$700,000 since the last review and netted a positive of unallocated balance, plus by ending ongoing SRP accumulated saving another \$6 million is added in ongoing which is about \$11.6 million which addresses the question as to the increase in the 5900 account. Lastly, what is accumulated through SRP is \$22.3 million and has been added to the Board Policy Contingency. Discussion ensued related to the Board Policy Contingency fund.

O'Connor continued review of various components of general fund balance, board policy contingency, budget stabilization, SAC/SCC carryovers, and SRP savings and pointing out the net beginning balance of \$59 million as compared to actual revenue of \$69 million that is almost \$10.6 million increase to the budget. He also reviewed recap of actuals at \$229 million and expenditures at \$219 million for a total \$10.5 million difference.

O'Connor continued review of 1300s and 1400s by college for funds 11 and 13 stating overall expenditures in total of \$6.8 million overspent at SAC and \$3.3 million overspent at SCC.

With no further questions, the motion passed unanimously.

4. Closeout of 2022/2023 Budget

O'Connor screen shared and reviewed the following:

- Recap of 2022/23 SCFF Metrics
These metrics have been updated with the supplemental and student success allocations, includes the annual reported P3 (with the shift), and increased the overall FTES. The end of the year split puts SAC at 68.32% and SCC at 31.68%.
- Final Budget Allocation Model Distribution of Carryover
O'Connor also reviewed the close-out of funds that continues through the model with updates based on actuals beginning on page 79 of meeting materials. The one-time general fund 13 is then added and the bottom line is just over \$7 million for SAC and \$3.5 million for SCC. SAC

budgeted \$6 million, and SCC budgeted \$3.4 million so this is a reconciliation to what has been added to the adopted budget. Though there may be one additional small adjustment to make, this is the final latest version.

- 50% Law Compliance Update
O'Connor continued review of the 50% law accomplishments for 2022-23 with SAC spending 64.28%, with SCC just shy of 64%, and overall district-wide at 53.41%, which is a little short in comparison to last year at 54.1%. With the hiring of new full-time faculty, RSCCD is moving in a positive direction. Ingram explained further the 50% law for which at least 50% of funds must be spent on instruction and the classroom. Not all expenditures count for the 50%, it is a rather specific calculation and a real exercise for accounting to ensure the threshold is met. If compliance is not met, then penalties are issued.

5. Poll Committee for Future Discussion Topics – Claire Coyne
Coyne shared interest of sending a poll to the FRC committee to dive into specific topics as a committee for further understanding of processes, policies, etc. She will initiate a poll to the committee seeking feedback, topics, and ideas for future meetings.
6. Standing Report from District Council – Claire Coyne
Coyne briefly commented on the actions of District Council which met in July to approve 2023-24 adopted budget assumptions. The next meeting is Monday, August 28.
7. Informational Handouts
 - District-wide expenditure report link: <https://intranet.rscsd.edu>
 - Vacant Funded Position List as of July 31, 2023
 - Monthly Cash Flow Summary as of July 31, 2023
 - [SAC Planning and Budget Committee Agendas and Minutes](#)
 - [SCC Budget Committee Agendas and Minutes](#)
 - Districtwide Enrollment Management Workgroup Minutes – *No Materials*

Informational handouts above were referenced for further review.

8. Approval of FRC Minutes – July 5, 2023
A motion by Hoffman was seconded by Satele to approve the minutes of the July 5, 2023, meeting as presented. The motion passed with abstentions by Coyne and Lopez.
9. Other
There were no other items discussed.

A motion by Coyne was seconded by O'Connor to adjourn the meeting. The motion passed unanimously.

Next FRC Committee Meeting:

The next FRC meeting is September 20, 2023, at 1:30-3:00 p.m. This meeting adjourned at 2:05 p.m.