

## Fiscal Resources Committee

Executive Conference Room – District Office  
1:30 p.m. – 3:00 p.m.

### Meeting Minutes for November 20, 2019

**FRC Members Present:** Adam O'Connor, Morrie Barembaum, Steven Deeley, Noemi Guzman, Bart Hoffman, Thao Nguyen, Arleen Satele, Roy Shahbazian, Michael Taylor, and Vanessa Urbina

**Alternates/Guests Present:** Erika Almaraz, James Kennedy, Mark Reynoso, Jose Vargas and George Walters (CWP)

1. Welcome: Mr. O'Connor called the meeting to order at 1:32 p.m. He shared that Vice Chancellor Hardash was in Sacramento at the Advisory Workgroup for Fiscal Affairs meeting regarding the SCFF.
2. State/District Budget Update
  - ACBO Fall Conference Chancellor's Office Update – Mr. O'Connor briefly referenced updates from the Fall ACBO conference.
  - ACBO Fall Conference Economic Update – Mr. O'Connor briefly referenced economic update shared at the Fall ACBO conference.
  - LAO 2019/20 Spending Plan and Education Specifics
  - LAO 2020/21 Fiscal Outlook – Mr. O'Connor briefly discussed the Fiscal Outlook (published 1 hour and 15 minutes prior to this meeting) and referenced associated links. Additionally, he discussed highlights as follows:
    - Are there sufficient resources to pay commitments for the upcoming year? Yes, assuming no recession on the horizon. A \$7 billion surplus is built into 2020/21 budget that could be used for new commitments, on-going, one-time expenditures, paying down debts and building up reserves. The State is in good shape to endure a typical recession.
    - Recommendation to legislature is not to allocate more than \$1 billion for on-going funds.
    - Current year revenues are estimated at \$1.6 billion for both 18/19, 19/20 combo. Of that, \$250 million is required to be spent on schools and community colleges.
    - Prop 98 minimum guarantee includes increase of \$2 billion for schools and community colleges for 20/21. However, big change is COLA estimates. Estimates for 19/20 were at 3.26%, 20/21 at 3% and 21/22 at 2.8%. The new estimate for 20/21 is at 1.79%. This is a much bigger change and will affect district as result of recent salary settlements at 4%, 4%, and 4% over the next three years.
    - The link to report for specifics on schools and community colleges digs into COLA issue saying legislature could provide additional funds to support higher COLA; State could allocate funds to support a higher COLA.
    - Economic slowdown continues to get higher with each year making a recession potential.
    - With estimated COLA for 20/21 at 1.79%, there may not be enough funds which will cause potential budget cuts state-wide.
    - Declining enrollments are a bigger challenge for districts and economic risks are higher than normal.
  - SSC – State Revenue on Target for September
  - SSC – Legislative Analyst Releases 2019 Budget Overview

- SSC – Does A Statewide Bond Help or Hurt a Local Bond Election?
  - CCCCO Chancellor Oakley-SCFF Development Memo – Mr. O’Connor referred to the memo from Chancellor Oakley on SCFF. Jim Austin has been appointed to manage funding formula and transition related matters following the resignation of Christian Osmena. Chancellor states that final apportionment for 2018/19 will be made in December. This apportionment will account for final report on enrollment and revenues. An additional \$103 million for 2018/19 is needed to fully fund all districts. CCCCCO will apportion additional funds to districts to the greater extent possible given the final revenues. However, reading the Metune memo it is stated a little differently. It is unknown what this means and whether there are additional funds – it is believed it may be a typo. Come February the allocation will be known after corrections are made in January.
  - RSCCD submitted a recalculation for FTES that captured approximately 42 FTES and is fairly evenly split between the colleges. That will be beneficial in meeting minimum guarantee, it won’t have much affect if hold harmless. Other districts have also submitted recalculations and that will affect the distribution as well.
  - Additional handout – BOG Update on the Student Centered Funding Formula – Metune Memo – Mr. O’Connor referred to interesting differences in Metune memo that demonstrated an understanding of the various factors that affect districts differently.
3. Continued Discussion of SCFF and Review of BAM – Cambridge West Partnership Consultants
- Section 1 – Introductory. Additional feedback was received by SAC after the agenda was prepared and therefore Mr. O’Connor and Mr. Walters reviewed and discussed those recommendations as well as the feedback included in the meeting materials. SAC suggested the introductory be rewritten into an abbreviated version that includes the historical progress of budget models and removes language related to ACCJC visit. It was also suggested the history language be moved to an appendix. It was determined the introductory would remain very simple and the historical language move to an appendix with an additional review via email for feedback would be sufficient for action at the next meeting in January.
  - Section 6 – Definition of Terms. Definition of Center was discussed and while it is not necessary to list off-site centers, clarifying language is needed to specify “State approved centers receiving funding”. Definition of Categorical Funds was discussed and determined to remove “Matriculation or Vocational Education” and replaced with “Student Equity and Achievement or Career Education.” Following a discussion, the definition of defund was revised to read “eliminating the cost of a position from the budget.” Other additions to definitions include CDCP, noncredit, and the words “first academic year” to the Student Success Allocation. LHE definition was discussed and determined that if there is no further reference to it in the BAM, it would be removed from the list of definitions. SB361 definition was discussed and determined to edit in past tense since it is no longer new or applicable. SCFF is revised to include the “State’s” new model. In conclusion of the definition of terms, it was determined the adoption date of the SCFF model would be included, and pending final elements of funding formula the definition of hold harmless will be added.
  - Section 3 – College and District Services Budgets and Expenditures Responsibilities. Mr. Walters reviewed proposed edits and following a lengthy discussion, it was determined tables 1 and 2 require extensive review to confirm the revenue, expenditures and roles be defined for colleges, district services and institutional (overall). It was also suggested that table 2 be moved ahead of table 1. Mr. O’Connor will prepare a draft for review by FRC members and requested early feedback so that action can be taken at the meeting in January. It was understood that all edits to the above sections will be provided prior to SAC’s Budget and Planning meeting of December 3 so that feedback could be incorporated into meeting materials and action at the January 22 FRC meeting.

4. Standing Report from District Council - Shahbazian  
Mr. Shahbazian briefly discussed two reorganizations approved by District Council one in Educational Services and another in Fiscal Services.
5. Informational Handouts
  - Districtwide expenditures report link: <https://intranet.rscsd.edu>
  - Vacant Funded Position List as of November 6, 2019 with changes as a result of last meeting feedback.
  - Measure "Q" Project Cost Summary as of October 31, 2019
  - Monthly Cash Flow Summary as of October 31, 2019
  - SAC Planning and Budget Committee Agendas and Minutes
  - SCC Budget Committee Agendas and Minutes
6. Approval of FRC Minutes – October 16, 2019  
A motion was made by Arleen Satele, seconded by Bart Hoffman to approve the minutes of October 16, 2019 as presented. With no questions, comments or corrections the motion passed unanimously.
7. Other  
Next meeting reminder: Wednesday, January 22, 2020, 1:30 – 3:00 in the Executive Conference Room #114, District Office

This meeting adjourned at 2:36 p.m.