

**Fiscal Resources Committee**  
Executive Conference Room – District Office  
1:30 p.m. – 3:00 p.m.

**Meeting Minutes for July 3, 2019**

**FRC Members Present:** Maria Gil, Bart Hoffman, Thao Nguyen, William Nguyen, Adam O'Connor, Arleen Satele, Monica Zarske

**Alternates/Guests Present:** C.M. Brahmbhatt, CWP, Tracie Green, James Kennedy, Jose Vargas

1. **Welcome:** Mr. O'Connor called the meeting to order at 1:36 p.m. Brief introductions were made.
2. **State/District Budget Update** – O'Connor  
Mr. O'Connor provided significant comments below:
  - 2018-19 Second Principal Apportionment Background Memo/Information posted June 26, 2019
  - 2018-19 Second Principal Apportionment Background Exhibit "C" posted June 26, 2019 – Mr. O'Connor pointed out that P2 shows RSCCD at \$5.7 million over COLA for 2018-19. This will not be the final number. The new formula has been a "roller coaster ride" and a volatile model for RSCCD, for instance, advanced apportionment of \$8.9 million above COLA for 2018/19; 5% deficit factor for P1 March version; and a revised P1 April version with \$345K over. Actual funding will be based on the February 2020 recal which is considered the true earnings. The supplemental sections showed no change. The recent change of the data elements being used to count for transfer has caused a decrease of about a \$1 million, shown in Section 3. Transfer funding is based on the UC and CSU credits.
  - 2019-20 Change to SCFF – Mr. O'Connor provided an overview of the State Budget (additional handout) from the California Community Colleges. This is a joint analysis developed by ACCCA, ACBO, Chancellor's Office and the League. Major policy changes:
    - Student Centered Funding Formula (SCFF) – Counts only the awards are the highest of all the awards we give; definition of transfers student; and calculates the student success allocation based on three-year averages. Mr. O'Connor expressed concern that this will definitely reduce our count. It also added an additional year of hold harmless to 2021-22. We will make an attempt to model a multi-year projection that will get us through 2021-22. Updates will be provided as they become available. Nothing seems to be "set in stone" as the Chancellor's Office is in process of consulting with various workgroups in determining the final funding for 2019-20.
    - California College Promise is being expanded for a second year.
    - Relief on Pension Costs – add-in funds and buy down rates to both CalPERS and CalSTRS for 2019-20 & 2020-21. 2019-20 reduced district contributions for CalSTRS from 18.1% to 17.1% and for CalPERS from 20.7% to 19.7%. These are still increases from 2018-19. Things will start to stabilize, and we shouldn't anticipate any huge increases.
    - Mr. Brahmbhatt shared his analysis of the enacted 2019-20 budget and made some clarifications regarding the funding formula.
      - A decision from the Governor's office that beginning 2020-21, 70-20-10 (base allocation, supplemental allocation & student success allocation respectively) funding distribution will be utilized.
      - Major change in the student success allocation – a potential challenge ahead to produce three-year averages. We are to use the funding rate for 2017-18 COLA (hold harmless

- provision) twice which is stable number to use. Uncertainty continuous. The change(s) in rate will be based on the actual matrix, high or low.
- Mr. O'Connor commented briefly that there was a talk of a deficit projection of 1.5% in 2018-19. The final state budget included an estimate of property tax in excess of what is likely to materialize. Another reason why we shouldn't spend those dollars that we are unsure will be received. It's to be seen how the deficit will get distributed.
  - Mr. Brahmhatt advised to utilize those funding cautiously as we will benefit on a short-term rather than long-term commitment until things settle down. The data elements are still a moving target.
  - All we can count on is 2017-18 TCR + COLA + COLA budget formula and that is how will we move forward with the 2019-20 Adopted Budget.
- Final State Budget 2019-20 report link: <http://www.ebudget.ca.gov>
    - Mr. O'Connor briefly keyed on the changes/updates in the 2019-20 Adopted Budget Assumptions updated June 26, 2019.
      - 2018-19 COLA for P2 was updated to 3.26 % based on submitted P3, thus reducing the amount funding from \$6 million to \$5.7 million.
      - FTES growth number changed, however not relevant.
      - EPA funding, serves merely as a component and do not play a role in our budget but will get updated.
      - Projection for unrestricted lottery will slightly increase.
      - Part-Time Faculty compensation will update to P2, numbers did not change.
      - Interest earnings increased to \$1.4 million.
      - Additional expenses of \$535 thousand is needed to support SCC apprenticeship courses.
      - Scheduled Maintenance is expected to receive a small allocation of \$13.5 million. Distribution is still unknown.
      - COLA increase 3.26% on the expense side. An estimated 1% salary increase is \$1.78 million which will be added to the budget.
      - Step and column for Part-Time faculty is budgeted at the college level, therefore, will need additional budget allocation accordingly.
      - Health and Welfare increased and decreased costs for CalSTRS & CalPERS rates were updated.
      - Budget projection for of faculty being filled at the colleges but figures still has yet to be reconciled.
      - Annual Required Contribution (ARC) – at the end of the fiscal year the District was able to move \$40 million into an irrevocable trust, which is anticipated to reduce our district liability. This provided us with a couple of benefits in the OPEB actuarial reports such as ability to include assumptions at a higher interest rate earned on our funds, and funds in trust are considered plan assets. The current actuarial report takes into consideration the higher interest rate assumption and the next report will also consider our plan assets to reduce the liability.
      - Chancellor's cabinet approved the hiring of 2 P/T District Safety Officers.
      - Ms. Green reported on H/R requests for One-Time (OT) and On-going (OG) recruitment in an effort to improve their processes and assess their needs with a total cost of \$497,054.
        - l. Neogov – is an H/R software used for recruitment, onboarding, position control, performance management. H/R is currently working with the hiring managers for feedback on our current H/R software, iGreentree which has proven to be not a “user friendly” software. H/R is looking for a system that can integrate H/R and Payroll functions with Colleague (financial system) to improve process efficiency and

accuracy. This software has a one-time cost of \$47K and an additional \$5,582 on-going cost. Neogov seems to be the software that will be able to provide what iGreentree currently provides plus additional modules as it offers performance management tracking capabilities.

- II. Ferrilli – consulting services for a six-month period to assist in staff recruitment with a knowledge in both H/R and Colleague. One-time cost of \$150 thousand (offset saving against John Birk's salary).
  - III. Ferrilli – consulting services to evaluate H/R and Payroll functional and technical systems to aid in maximizing the use of Colleague to alleviate costly and unnecessary software purchases. One-time cost of \$15 thousand.
  - IV. Staff augmentation – increase part-time Intermediate Clerk to full time position to support additional clerical responsibilities and tasks. One-time cost of \$53,169 as well as on-going cost of the same amount.
  - V. District classification study (tentative) – as part of District's negotiated contract, H/R is responsible for keeping job descriptions current. Several of them are due for classification study and current market analysis. An RFP is being generated for the study. The study outcome will also enable the district to perform these tasks in-house. Tentative cost is \$100 thousand.
  - VI. District Professional Development – H/R has been tasked of creating another umbrella of professional development. Looking into expanding the Faculty Institute and developing emerging leaders to provide professional growth opportunities for classified, managers & confidential positions.
  - VII. Legal – Current Budget \$50,000. Current need is \$225,000 – request to augment the legal budget by \$175,000 thousand. Over the course of three years, the need has been consistently over \$200,000. The goal is to lessen our legal services needs as years progress. Therefore, unused balance will go back to general funds.
  - VIII. Mr. Hoffman noted the rising increase of district contracts and legal complexities that associated with it and highly recommended to consider a budget line item for Contracts Coordinator position in a future budget.
- Discussions ensued as to where ADA settlements are being funded through, one-time funds or on-going allocations. Mr. O'Connor will make some adjustments on the assumptions.

### 3. 2019-20 Proposed Adopted Budget Assumptions – **Action Item**

Mr. O'Connor called for a motion to approve the 2019-20 Proposed Adopted Budget Assumptions. A motion to approve the minutes was made by Ms. Satele, seconded by Mr. Hoffman, and approved unanimously.

4. Employee Health Benefits Irrevocable Trust – Mr. O'Connor reported that this has been funded in the amount of \$40 million.
5. Bond Measure Feasibility Study – O'Connor shared that the district hired a firm called True North to conduct polling for potential new Bond measure. Report was prepared and submitted in May 2019 and to be discussed by the Board of Trustees at their next meeting. District-wide Bond measure in the amount of \$450 million polled at overall 59% support.
6. Continued Discussion of SCFF and Review of BAM – Cambridge West Partnership Consultants Tabled for next meeting

7. Standing Report from District Council – Ms. Zarske reported that the Tentative Budget had been approved at their June 2019 meeting.
  
8. Informational Handouts
  - District-wide expenditure report link: <https://intranet.rscgd.edu>
  - Vacant Funded Position List as of June 27, 2019
  - Measure “Q” Project Cost Summary May 31, 2019
  - Monthly Cash Flow Summary as of May 31, 2019
  - SAC Planning and Budget Committee Agendas and Minutes
  - SCC Budget Committee Agendas and Minutes
  
9. Approval of FRC Minutes – May 23, 2019  
Mr. O’Connor called for a motion to approve the Fiscal Resources Committee Minutes of the May 23, 2019 meeting. A motion to approve the minutes was made by Mr. Hoffman, seconded by Ms.Satele, and approved unanimously.
  
10. Other  
No other items were discussed

**Next FRC Committee Meeting:** Executive Conference Room #114, 1:30 pm – 3:00 pm, August 21, 2019.

The meeting was adjourned at 3:05 p.m.