

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

**Meeting Minutes for August 21, 2019**

**FRC Members Present:** Steven Deeley, Peter Hardash, Bart Hoffman, Thao Nguyen, William Nguyen, Adam O'Connor, Arleen Satele, Roy Shabazian, Jose Vargas

**Alternates/Guests Present:** George Walters, CWP, Justine Banal, Mark Reynoso

**1. Welcome:** Mr. Hardash called the meeting to order at 1:34 p.m.

**2. Committee Faculty Co-Chair Appointment**

Mr. Hardash solicited a motion to approve the appointment of Roy Shabazian as the committee faculty co-chair from SAC. A motion was made by Mr. Hoffman, seconded by Mr. Nguyen and approved unanimously.

**3. State/District Budget Update**

- 2019/20 Advance Apportionment: Mr. Hardash provided an overview of the advance apportionment memo.
  - 2018-19 P2 funding as the advance apportionment for 2019-20; does not apply to held harmless districts. The formula will continue to change for the “winner” districts, however will not receive any additional funding.
  - The term “constraint” instead of “deficit” now being used as part of their marketing tactics.
  - State Budget Act talks about recalculation of funding rates once again. However, none of the rates are applied in the advance apportionment. Forever frozen at 70-20-10 (base allocation, supplemental allocation & student success allocation respectively).
  - Student Success metrics will be calculated and funded based on a 3-year average. Final adjustments will be available until March 2020 P1 which will contain last year and this year’s figure.
  - Mr. Hardash predicts that by the following year, more than three quarters of our system will be held harmless districts since there’s no new funding source for the new formula. Our continuous decline of enrollment may put us in a held harmless category. We will take a conservative view and expect COLA as a basic level of funding.
  - Our COLA is not being funded with the State dollars but with our 6.5 million above the line from P2 (calculated, not the constraint number; 1M less).

**4. Closeout of 2018/19 Budget**

- Recap of 2018/19 SCFF Metrics
  - Mr. Walters walked the committee through the SCFF Metrics.
    - Funding is distributed on a district level
    - 3-year average is the basis of funding and not what was produced
    - Budget stabilization mechanism kept us above the line for 18/19
    - Mr. Hardash plans to treat any additional funding received over hold-harmless (whole or part of \$4.6M) as one-time funding. Funding will not be allocated until March 1, 2020

- \$4.6 million is not factored in our ending balance
  - Discrepancy between RSCCD MIS data reported oppose to what the State shows. Our ITS team currently evaluating different variables that may address this issue.
- Final Budget Allocation Model Distribution of Carryover – Mr. O'Connor briefly discussed key areas:
  - Total carryover for Fund 11 and 13: \$6.7 million for SAC and \$2.3 million for SCC.
  - Corrections will be made between colleges and centers figures as discussed which will not affect bottom line.
- 50% Law Compliance Update
  - 67% for SAC and 59% for SCC; 55% combined, this includes additional 1% effect for STRS on-behalf.

## 5. Proposed Adopted General Fund Budget

- Budget Assumptions Update
  - Mr. O'Connor went through the updated items that either increased or decreased.
    - Item 1.b. projected COLA from \$5.7 million to \$5.5 million
    - Item 1.d. went down to \$4 million due to last FTES calculations
    - Item 2.i. actual 2018/19 figure for Apprenticeship is \$3.1 million
    - Item M. we will be funded \$329,000 for scheduled maintenance
    - Item 3.d. adjustments with STRS and PERS calculations
    - Item G. actual calculation for ARC savings is \$764,000
    - 1.8 million (difference between New Revenues and New Expenditures) will remain unallocated and set aside

Mr. Hardash reminded the committee that the \$2 million expenses related to ADA compliance lawsuit will be funded by 2018/19 ending balance and not our on-going budget. RSCCD would have been in a greater disadvantage had one-time funds not been available. He strongly recommended to always take a cautious approach on our structural budget.

- Mr. O'Connor reported on the 2018/19 Ending Balance and Carryover:
  - Increase of \$855,000 which brought up our total ending balance to \$38.8 million
  - Unrestricted/Unallocated balance of \$1.8 million
  - As previously mentioned, total carryover for Fund 11 and 13: \$6.7 million for SAC and \$2.3 million for SCC
  - Board Policy Contingency fund of \$24.9 million. Based on 12.5% of district expenditures
  - Budget Stabilization fund of \$1.3 million
  - \$1.8 budget to be distributed through the model between SAC & SCC following the 2018/19 close out formula, if funds are confirmed earned available
- **2018/19 Recap of Unrestricted General Fund** – Mr. O'Connor discussed the major Changes Comparing Adopted Budget to Actuals
  - Additional \$5.5 million in revenue, including additional interest, full-time faculty allocation, apportionment, lottery, apprenticeship, and other sources
  - Expenditures went up to \$4.7 million, the vast majority (\$4.5) from additional expenditures over the adopted budget in 13XX/14XX (\$3 million SAC, \$1.5 million SCC)

Mr. Hardash called for a motion to approve the Proposed Adopted General Fund Budget.

A motion was made by Mr. Hoffman, seconded by Mr. Vargas, and approved unanimously.

**6. Continued Discussion of SCFF and Review of BAM – Cambridge West Partnership Consultants**

- Mr. Walters went over the College Level data projections using 2018/19 Certified P3 FTES, Headcount, and Outcome Data including new 3-year credit average & 3.26% COLA (19/20).
- Total SCFF of 2018/19 of \$174 million projection will put us as hold harmless district.
- 2020/21 Projections; if total FTES stays the same, we still lose traditional FTES credit.
- Formula shows we will end up \$4.1 million in the hole if we follow 3-year average FTES.
- Mr. Hardash commented that this model creates more dependency on FTES instead of moving away from it. There are so many unknowns in the budget formula. This poses challenges when modeling 3 years to 5 years budget simulations. Mr. Hardash expressed his displeasure towards the Chancellor's Office officers' bias outlook and lack of knowledge in instituting formula and how district funding works.

**7. Standing Report from District Council**

Mr. Shahbazian stated there was no update from District Council.

**8. Informational Handouts**

- District-wide expenditure report link: <https://intranet.rscgd.edu>
- Vacant Funded Position List as of August 14, 2019
- Measure "Q" Project Cost Summary July 31, 2019
- Monthly Cash Flow Summary as of July 31, 2019
- [SAC Planning and Budget Committee Agendas and Minutes](#)
- [SCC Budget Committee Agendas and Minutes](#)

**9. Approval of FRC Minutes – July 3, 2019**

Mr. Hardash called for a motion to approve the Fiscal Resources Committee Minutes of the July 3, 2019 meeting. A motion to approve the minutes was made by Ms. Satele, seconded by Mr. Hoffman, and approved unanimously.

**10. Other**

No other items were discussed

**Next FRC Committee Meeting:** Executive Conference Room #114, 1:30 – 3:00 pm  
Wednesday, September 18, 2019

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