

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

**Meeting Minutes for September 18, 2019**

**FRC Members Present:** Peter Hardash, Morrie Barembaum, Thao Nguyen, William Nguyen, Adam O'Connor, Arleen Satele, Roy Shahbazian, and Michael Taylor

**Alternates/Guests Present:** Justine Banal, James Kennedy, Mark Reynoso, and George Walters (CWP)

1. Welcome: Mr. Hardash called the meeting to order at 1:33 p.m.
2. State/District Budget Update
  - 2019-20 Adopted Budget  
Mr. Hardash briefly discussed the approved State budget whereby RSCCD is identified as “held harmless” district. The RSCCD Trustees approved the adopted budget on September 9, 2019. The State budget is unpredictable with funding being backed into at the new lower rates because there isn't enough money at P1.
  - 9/9/2019 Board PowerPoint Presentation on the 2019-20 Adopted Budget  
The PowerPoint presentation to the RSCCD Board of Trustees on September 9, 2019 is available on the Budget Update Webpage.
  - SSC – New Requirement to Record State On-Behalf Contribution to CalPERS  
Mr. Hardash recalled the fictitious revenue that was initiated for STRS and now a similar action is being initiated for PERS. This simply pushes the State-wide debt to district financials, but it doesn't hurt operating budget, because it is book entry on behalf of the State.
  - SSC – Deal Reached on Statewide School Bond  
The Statewide Bond will provide \$2 billion distribution for each of the higher education segments (UC, CSU and Community Colleges). All projects in the community colleges' queue include FPPs and IPPs which add up to \$5.7-\$5.9 billion. RSCCD has no projects in the queue for this bond. This particular bond is for 2022-23 projects; 2020-21 and 2021-22 approved projects will exhaust existing funds and bleed into the new authorizations. While new guidelines are being proposed, it has been tabled for now. Once guidelines become final and established such will be discussed in PRC on a broader basis.
3. Multi-year Projection
  - Mr. O'Connor referenced page 5 of the meeting packet and reviewed the budget assumptions of FTES holding flat and multi-year projections, including routine increases such as salary, step and column, and also COLA projections.
  - The calculated revenue in 2020-21 is \$175.6 million but held harmless at \$180 million.
  - Expenses are outpacing revenue with a \$1 million issue next year. In 2022-23 the held harmless goes away and “we fall off the cliff” at the rate of \$10 million.
  - A brief discussion followed about flat, borrowed or increased FTES for years out projections. While additional scenarios can be run to use actual FTES, it was determined not necessary at this time.
  - Multi-year projections are required by law and the one presented is based on the best information we know now.
  - The large college status was discussed of which SAC intends to maintain. Large college status is over a three year period of reduced FTES with funding reduced in the 4<sup>th</sup> year. In the case of Santa Ana College, as long as there is the ability to shift to meet the

status, it will be done. However, shifting may be taken away, it is unknown. If FTES is earned back above 20,000, funding is awarded the same year.

- Multiyear projections will not be used until the Governor's budget is known in January.

#### 4. Continued Discussion of SCFF and Review of BAM – Cambridge West Partnership Consultants

- Mr. Walters referenced and reviewed the current RSCCD BAM based on SB 361 with applicable updates for the Student Centered Funding Formula (SCFF) requesting clarification as follows:
- Should introduction with historical information be retained? It is inclusive of ACCJC visit and recommendation of 2008.
- All general language of SCFF has replaced the SB 361 language.
- Apportionment revenue adjustments, growth and stability, deficit factor, FON, SCFF terms will require more work as formula is refined.
- COLA, lottery revenue, salary, benefit costs will most likely remain the same.
- Summer FTES and ability to shift are part of the bigger conversation.
- Three-year average should be added, as well as held harmless and separately, a method for treating FTES differently; non-credit and CDCP have stabilization. Credit FTES is based on three-year average while non-credit, CDCP and Special Admit are based on current year FTES.
- Define and determine data metrics and how to use for multi-year projects. Some data elements will be determined by the college that earned it, while other data elements will fall within the 70/30 split.
- Page 4 of the existing model includes budget language for District Services.
- Add more clarifying language once funding formula is made clear.
- Campus budget committees, cabinets, senates, shared governance committees should review, discuss and submit perspectives as well.
- Questions/suggestions/comments are to be submitted to Adam O'Connor by October 2 to have draft review at the next meeting.

#### 5. 2020-21 Draft Budget Calendar

- Adam O'Connor briefly reviewed pages 24-25 of the meeting packet specifically budget calendars. It follows the same timeline from last year, but the dates reflect this year's board meetings and is about two days earlier in some circumstances.
- With no questions, it was determined the budget calendar would be brought back to the next meeting for action.

#### 6. Standing Report from District Council - Shabazian

Mr. Shabazian briefly discussed District Council activities including a reorganization needing clarification, and AR for Showers for Homeless Students that was referred to campuses for facility committee reviews. Mr. Shabazian recently attended the Board of Governors meeting and reported on recent activities including recognition of the State Academic Senate for 50 years of service.

#### 7. Informational Handouts

- District-wide expenditures report link: <https://intranet.rsccd.edu>
- Vacant Funded Position List as of September 12, 2019
- Measure "Q" Project Cost Summary as of August 31, 2019
- Monthly Cash Flow Summary as of August 31, 2019
- SAC Planning and Budget Committee Agendas and Minutes
- SCC Budget Committee Agendas and Minutes

Additionally Mr. Hardash discussed the recent issuance of the last series of Measure Q funds at \$56.5 million for construction projects at SAC. A brief discussion followed about

scaling a project or finding additional funds to support construction projects when costs exceed available bond funds. For example, the central plant project had leftover funds that were reallocated to the Science Building project. RSCCD Board is considering another district-wide bond measure for 2020.

8. Approval of FRC Minutes – August 21, 2019

A motion was made by Morrie Barembaum, seconded by Arleen Satele to approve the minutes of August 21, 2019 as presented. With no questions, comments or corrections the motion passed unanimously.

9. Other

Adam O'Connor recalled the 50% law discussed at the last meeting being 55.06 for 2018-19; that included an original STRS on-behalf calculation. With the additional STRS and PERS on-behalf payments made by the state, the final calculation for 2018-19 is 55.11. As our books were already closed, these entries will be included in the audit report and the 311 report.

Next meeting reminder: Wednesday, October 16, 2019, 1:30 – 3:00 in the Executive Conference Room #114, District Office

This meeting adjourned at 2:57 p.m.