

## **Fiscal Resources Committee**

Via Zoom Video Conference Call

1:30 p.m. – 3:00 p.m.

### **Meeting Minutes for April 21, 2021**

**FRC Members Present:** Adam O'Connor, Morrie Barembaum, Jacob Bereskin, Steven Deeley, Noemi Guzman, Bart Hoffman, Cristina Morones, Thao Nguyen, William Nguyen, Enrique Perez, Craig Rutan, Arleen Satele and Roy Shahbazian

**FRC Members Absent:** Vanessa Urbina

**Alternates/Guests Present:** Erika Almaraz, Vaniethia Hubbard, Mark Reynoso and Barbie Yniguez

1. Welcome: Adam O'Connor called the meeting to order at 1:33 p.m. via zoom
2. State/District Budget Update – O'Connor
  - DOF – Finance Bulletin – March 2021
  - SSC – DOF Releases March Finance Bulletin
  - SSC – U.S. Department of Education Releases New HEER Guidance
  - SSC – FAQs: Expansion of COVID-19 Supplemental Paid Sick Leave
  - SSC – The American Jobs Plan for K-14 Districts
  - SSC – Unemployment Insurance Rates on the Rise
  - SSC – President Biden Releases 2022 Discretionary Budget Request
  - SSC – ED Funding Opportunity for Community Colleges
  - SSC – Projected 2021-22 CalPERS Contribution Rate Released

Adam O'Connor referenced the above handouts and also discussed email update sent out last month. The 2019/20 R1 shows a deficit factor reduction of .4243% and should bring in about \$2.7 million in one-time funds to RSCCD. It is not finalized yet by the CCC Chancellor's Office but the expectation is to have an updated recalc in June. For 2020/21 P1 however, the deficit factor was greater than the RSCCD budget assumption showing at 2.3826% with an expectation that it will go down. Unfortunately, the 2% deficit factor that was included in the 21/22 tentative budget assumptions will need to continue due to the high deficit factor showing as of now for the current year.

Other articles of interest were referenced including the unemployment insurance rates. Currently RSCCD pays 0.05% of payroll and that will increase to 1.23% of payroll. While it doesn't sound like much it is approximately \$1.8 million in increased costs (\$1.3 to unrestricted general fund). The reason for this is due to pandemic and the number of individuals claiming unemployment. O'Connor recommends that HEERF funds be used to pay for the increase. As a reminder, RSCCD is expecting the third round of HEERF funds (HEERF III) from the \$1.9 trillion Federal package in March with large allocations of \$28.8 million for SAC and \$12.2 million for SCC (both with a 50/50 split for student aid/institutional costs). In response to question about how the determination is made for the amount a college would receive, O'Connor commented nationwide it is based on a combination of FTES and headcount, but the exact calculation is not known.

For clarity purposes O'Connor was asked to provide in-depth explanation of the deficit factor. As part of the total compensational revenue (TCR), it is determined that if there isn't enough funding to pay full amounts, then the allocation will be reduced by a "deficit factor". For example, if there was 2% deficit factor, there would only be 98 cents for each dollar available to fund the colleges. The deficit factor is

the computational amount of revenue when there isn't enough funds to pay it all. It could be a whole year later before a determination is made to fund the deficit factor or not. Estimates are made throughout the year.

An in-depth discussion ensued regarding the CARES Act funding (HEERF I) as well as HEERF II and HEERF III. A concern was expressed about the requirements, timeline and possibility of having to return unused funds. O'Connor confirmed confidence in the work of the colleges to spend the funds by the required timelines. He further noted that SCC has spent/designated all their HEERF I funds. SAC is working on the remainder of funds of approximately \$850,000 to be determined and potentially considering loss revenue. Therefore, progress has been accomplished for HEERF II including a portion designated for unemployment insurance increased costs at approximately \$1.8 million. HEERF III spending extends through September 2023. It is unknown at this time when the HEERF III funds will be received but the CCCCCO is looking into the matter.

O'Connor pointed out article regarding CalPERS contribution rate decrease which is positive to the budget. However, there was a third article posted on the FRC website regarding CalSTRS estimating increased costs for next year and O'Connor commented these two agencies might counteract one another for our budget assumptions.

O'Connor continued review of additional handouts specifically P2 Final (320) report which documents FTES. This information has been shared with the colleges. He focused on 2020/21 FTES of 24,599.75 total for RSCCD in comparison to P1 that reported 24,590 FTES; so a slight increase. At P2 SAC has 16,451 FTES and SCC 8,149 which is actually a shift of about 300 FTES between P1 and P2, and the two colleges. Overall the district is down 9% in comparison to last year (SAC declined by 11% and SCC by 4%). O'Connor noted that on CBO call earlier today, every single SoCal district confirmed decline over the last year ranging from 4.5% for Long Beach and SOCCCD with many other districts in the 8-10% range, CCCD reported 15% decline and Southwestern down 16%. RSCCD is mid-range. With all districts in decline, the push is going to be to increase the amount of revenue per student so as not to take decline in revenue. Hold harmless is set to expire in 2023/24. While it is hopeful that it might be extended, it is not expected to occur. The CCCCCO is not in favor of extending hold harmless, but instead looking for alternatives. RSCCD must do everything possible to grow back student population or there will be a severe decline in revenue in the future.

Discussion ensued regarding Prop 98 guarantee, low enrollment and State revenues and the creation of new categorical programs that receive the guaranteed Prop 98 funding instead of general unrestricted funds. Further discussion ensued related to DataMart inaccuracies, LA Times article and response of CCCCCO to correct the article. Vice Chancellor Perez commented on the various reasons why the data was inaccurate including some colleges' having not submitted data, headcount not accounting for increase in independent study (due to pandemic and remote learning) and many other variables. O'Connor responded to inquiry about current revenue vs loss of revenue when hold harmless ends which equates to approximately \$14.6 million in 2024/25 in addition to whatever structural deficit there may be at that time.

O'Connor continued review of College level SCFF Data for 2020/21 P1 with RSCCD earning revenue of \$167.3 million and hold harmless level at \$174.8 million which excludes any deficit; meaning into hold harmless at \$7.5 million. Based on current model that gives SAC \$118.1 million and SCC \$56.6 million. However, with P2 the bottom line computation earned is up at \$168.9 million and hold harmless at \$174.8 making a difference of \$5.9 million into hold harmless and a bit of improvement. With the

approximate 300 FTES shift between SAC and SCC that equals \$350,000 shift to SAC at \$118.5 million and SCC at \$56.3 million. This confirms a positive increase for SAC at 67.8% vs the 67.6%.

### 3. 2021/22 Proposed Meeting Schedule

The proposed meeting schedule for 2021/22 was reviewed and discussed. The Thursday meetings were confirmed as a result of ACBO annual meetings being a conflict and the July meeting confirmed to follow budget calendar for submission to the Board of Trustees allowing approval by FRC and District Council.

It was moved by Bart Hoffman to approve the 2021/22 meeting schedule as presented. The motion was seconded by Arleen Satele. With no opposition the motion carried unanimously.

### 4. Continued Discussion of [SCFF](#) and Review of BAM - Cambridge West Partnership Consultants

- **Internal Hold Harmless Provision Language - Action**

O'Connor reported that earlier in the week he met with Vice Presidents Hoffman and Satele. While the workgroup is not ready to discuss this matter today, Vice Presidents Hoffman and Satele provided a brief update. Hoffman discussed the composition of the workgroup of four voting members from each college and the opposing views for distribution of hold harmless funding language. He credited Craig Rutan for suggestion of Option 3 that allows the shifting of funds but up to a threshold level so that one college could be rewarded for its efforts, while the other is not devastated for shortfalls. Satele continued by reporting the workgroup is positively collaborative with a focus on funding shortfalls. Additionally, the workgroup discussed distribution of funds from other sources such as HEERF to cover shortfalls. Another meeting is being scheduled for next week to focus on maximizing the losses/shortfalls by off-setting these funds so that no one college is devastated. The goal is to keep the language fair and consistent, to incentivize both colleges to move forward serving more students. It is anticipated that a joint recommendation will be brought to the May meeting. If a joint recommendation is not brought forward, this may require the topic be discussed at a special meeting in June.

O'Connor reminded everyone the purpose of the May meeting is to focus on updating budget assumptions and approving tentative budget. Unfortunately, the timing for distribution of meeting materials could be delayed due to release of May Revise announcement.

### 5. Standing Report from District Council - Craig Rutan

Craig Rutan provided a brief report on the actions of District Council including a newly revised job description for the Chief Advisor on Academic and Diversity Programs and the expectation that hiring process to begin soon. Other items of review include the Student Survey results for online vs. in-person instruction as preparations are made for summer and fall semesters. Finally, there was a reorganization that was discussed, withdrawn from the agenda and to be brought back to the next meeting.

### 6. Informational Handouts

- District-wide expenditure report link: <https://intranet.rscsd.edu>
- Vacant Funded Position List as of April 13, 2021
- Measure "Q" Project Cost Summary as of March 31, 2021
- Monthly Cash Flow Summary as of March 31, 2021
- [SAC Planning and Budget Committee Agendas and Minutes](#)
- [SCC Budget Committee Agendas and Minutes](#)

- Districtwide Enrollment Management Workgroup Minutes
- [FTES Actuals 2017-18, 2018-19, 2019-20, 2020-21 @P2Final as of 4-12-2021](#)
- [SCFF with Updated Supplemental and Student Services Data 3-10-21](#)
- [SSC CalSTRS Contribution Rate Increase Expected for 2021-21](#)

Additional handouts were referenced for information purposes.

7. Approval of FRC Minutes – February 17, 2021

A motion by Craig Rutan was seconded by Bart Hoffman to approve the minutes of February 17, 2021 meeting as presented. There were no questions, comments, corrections, or opposition, and the motion passed with one abstention by Craig Rutan.

8. Other

In response to an inquiry, O'Connor provided additional commentary on CARES Act funds (round 1), HEERF II and HEERF III funding. There are two ways to get money to assist unrestricted general funds 1) indirect costs at 28% federally approved rate to offset costs in the general fund and 2) lost revenue. For example, if non-residents did not come which caused enrollment to drop from \$2 million revenue last year to \$1 million this year, the difference of \$1 million could be designated to cover the lost revenue.

As a follow-up to an inquiry about May Revise announcement date, a discussion ensued about FRC meetings in May/June/July to avoid days prior to holiday weekend but also accommodate budget calendar and approval processes as necessary. It was further agreed that meeting materials for the May meeting would be distributed on Monday prior to the meeting to ensure the most up-to-date information from the May Revise is included rather than being sent on the Friday prior.

**Next FRC Committee Meeting:**

The next FRC meeting is scheduled for Thursday, May 20, 2021.

It was moved by Bart Hoffman and seconded by Morrie Barembaum to adjourn the meeting at 2:19 p.m. The motion carried unanimously.