

## Fiscal Resources Committee

Via Zoom Video Conference Call

1:30 p.m. – 3:00 p.m.

### Meeting Minutes for October 21, 2020

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

**FRC Members Absent:**

**Alternates/Guests Present:** Erika Almaraz, Jacob Bereskin, Jason Bui, Vaniethia Hubbard, James Kennedy, Syed Rizvi, George Walters (CWP) and Barbie Yniguez

1. Welcome: Mr. O'Connor called the meeting to order at 1:31 p.m. via zoom. Mr. O'Connor explained that Vice Chancellor Enrique Perez fills the vacant District Representative seat on the committee and retains voting privileges. This is while Mr. O'Connor is temporarily assigned to the Interim Vice Chancellor position through June 30, 2021. Unfortunately, Mr. Perez was unable to attend today's meeting.
2. State/District Budget Update
  - 2020-2021 Adopted Budget
  - 10/12/2020 Board PowerPoint presentation on the 2020-2021 Adopted Budget
  - 2020/21 Advance Apportionment:
    - Memo-September Revision
    - Exhibit R – FY 2020-21 Advance Apportionment (September Revision 2020)
    - Exhibit A – Payments by Program (September Revision 2020)
  - SSC – BOG Approves CCC 2021-22 Budget Request
  - SSC – DOF Releases September Finance Bulletin
  - SSC – Governor Newsom Signs Lottery Fund and CalSTRS Administrative Leave Bills
  - SSC – Recovery Not Cut and Dried According to UCLA Forecasters
  - SSC – Ask SSC .... Are the Deferrals Ongoing?
  - SSC – Proposition 98 – The Road Ahead

Mr. O'Connor provided a budget update noting the PowerPoint presentation given to the Board at their meeting on October 12 is available on the main District webpage. He referenced changes to the adopted budget approved by the Board of Trustees that were different than what was approved by FRC and District Council which included a portion of the SRP savings to support a balanced budget. However, the Board of Trustees sequestered those SRP savings and a different plan was used to present a balanced budget that included rebates from ASCIP (\$1.8 million), savings from health/welfare benefits and vacant positions (\$428,000).

Mr. O'Connor reviewed September revisions that included .95% deficit for 2019-20 whereas RSCCD factored in a 2% deficit being conservative. If the .95% holds, RSCCD could potentially receive \$1.7-\$1.8 million and that is good news. There is also a projected .85% deficit for 2020-21 and RSCCD again being conservative projected a 2% deficit. Questions were asked and clarifying answers provided. Because the economy is all over the board with no stimulus, it is still too early to make any predictions except that it will change. The LAO (Legislative Analyst Office) will send out fiscal outlook next month and perhaps provide a better picture. There was a follow-up discussion on the EPA allocation that is now caught up.

3. BAM with other estimated savings  
Mr. O'Connor shared his screen to review page 24 (previously page 42 of the last meeting materials) providing a before and after view of the balanced budget and noting the shift that occurred with SCC now owing SAC \$1 million. Mr. O'Connor has made the recommendation that the amount not be moved at this time because the model is based on 2019-20 calculations. The current year metrics will undoubtedly change therefore it is recommended to postpone this action until more information is available.
4. 2021-22 Draft Budget Calendar – Action  
It was moved by William Nguyen and seconded by Arleen Satele to approve the budget calendars as presented. With no objections, comments or opposition, the motion passed unanimously.
5. Salaries & Benefits - % of Total Expenditures (Instructional vs. Non-Instructional by Location)  
In response to a request from the last FRC meeting, the salaries and benefits percentage of total expenditures, instructional vs. non-instruction by location was distributed with the meeting materials. A general discussion ensued for clarification purposes and explanation of the 50% law calculations. It was suggested the finer details be reviewed at a future meeting. Mr. O'Connor agreed to provide a presentation at a future meeting. It was noted the expenditures presented reflected the instructional TOPS codes which means that administrators are not calculated into the expenditures even though they are academic administrators. Discussion also continued as it related to unrestricted and restricted lottery funds for instructional purposes. Mr. O'Connor agreed that more information will be brought back for continued discussion with a focus on individual employee groups' expenditures which would be helpful in controlling and managing the overall budget.
6. Multi-Year Projection  
Mr. O'Connor reviewed projections for the next few years with no or very small COLA, FTES remaining the same or with an increase, and the routine increase in expenditures such as step/column, STRS/PERS estimates, health and wellness increases, utilities, and ITS licensing increases. He also reviewed the calculated amount vs the hold harmless figures. Bottom line concerns are that multiyear deficit amounts progressively grow from year to year between \$10 million to \$28 million after hold harmless ends. Mr. O'Connor also reported savings from the SRP have been sequestered outside the budget process for this exact purpose to assist during the projected deficit years yet to come.  
  
PERS/STRS increases began in 2013-14 that added \$15 million in ongoing costs to budgeted expenses. These are actual percentages not compounding percentages. It was suggested that enrollment management be discussed at a future FRC meeting to determine best ways to address more revenue. It is necessary to increase revenue and decrease costs. When asked if layoffs would be a consideration, Mr. O'Connor explained he has been asked to discuss a strategy for reducing costs and layoffs would be the last item of consideration but it is not off the table. It is scary about how much is needed to cut in the future before hold harmless goes away and a cliff develops.  
  
A discussion continued on the college size designation status and what it means for RSCCD. It is approximately \$700,000 that SAC could lose in base budget because of the large college designation. Both colleges are below where they need to be and 2% isn't sufficient to bring SAC into alignment. Growth estimate of 1% each year over the next four years would put the college back into alignment. While there is time to work on it, the challenge is doing such during COVID-19 restrictions. It is time to come up with a strategy.
7. Continued Discussion of SCFF and Review of BAM – Cambridge West Partnership Consultants  
Members began the final review of the SCFF Budget Allocation Model (BAM) which reflected all changes that were presented over the last year. The BAM is reviewed annually and it is necessary to finalize the document, complete the process so that the next annual review can begin in March 2021. Mr. O'Connor suggested action to approve the BAM as presented; however, after lengthy discussions it

was determined the item be considered as a first read of the complete draft and any edits would be sent to Vice Chancellor O'Connor within two weeks so that such can be shared with all members for consideration and approval at the next FRC meeting. Do not wait to bring edits to the meeting for consideration. Approving the BAM, reflects in writing the process that is already in place for this year. The annual review will begin again in March 2021. This BAM confirms funds are distributed in a manner for which it was earned by each college. To increase the budget, each college needs to serve more students and earn more enrollment and other metrics in the SCFF.

George Walters specifically reviewed all edits with discussion that ensued at length.

8. January 20, 2021 meeting date change to 14 or 28, or email information only? – Action  
Mr. O'Connor proposed the meeting date of January 20 be changed or it could be an email information only meeting if the committee preferred. It was moved by Craig Rutan and seconded by Arleen Satele to move the meeting day to January 13, 2021. There was no opposition or abstentions. The motion passed unanimously.
9. Standing Report from District Council - Rutan  
Mr. Rutan briefly reported on the actions of District Council including a budget discussion that confirmed the use of SRP (Supplemental Retirement Plan) savings to balance the budget. However, that changed after District Council and before it was presented to the Board of Trustees. District Council is reviewing goals and membership that will be discussed at the November meeting as there was no October meeting.
10. Informational/Additional Handouts
  - District-wide expenditure report link: <https://intranet.rscsd.edu>
  - Vacant Funded Position List as of October 13, 2020
  - Measure "Q" Project Cost Summary September 30, 2020
  - Monthly Cash Flow Summary as of September 30, 2020
  - [SAC Planning and Budget Committee Agendas and Minutes](#)
  - [SCC Budget Committee Agendas and Minutes](#)
11. Approval of FRC Minutes – September 16, 2020  
A motion was made by Morrie Barembaum and seconded by Craig Rutan, to approve the minutes of September 16, 2020 meeting. A correction was presented to correct the spelling of Arleen's first name on page 1 (attendance) and page 4 (second to motion) respectively. With no other questions, comments, corrections, abstentions, or opposition, the motion passed unanimously to approve the minutes as corrected.
12. Other  
A request was made by Bart Hoffman that the meeting invite be sent as an outlook calendar invitation of which Mr. O'Connor agreed to do for future meetings.

This meeting adjourned at 3:10 p.m.