

Fiscal Resources Committee

Via Zoom Video Conference Call

1:33 p.m. – 2:20 p.m.

Meeting Minutes for April 20, 2022

FRC Members Present: Iris Ingram, Morrie Barembaum, Steven Deeley, Noemi Guzman, Bart Hoffman, William Nguyen, Adam O'Connor, Craig Rutan, Arleen Satele, and Vanessa Urbina

FRC Members Absent: Safa Hamid, Yara Hernandez, Jim Isbell, and Enrique Perez

Alternates/Guests Present: Erika Almaraz, Jason Bui, Melba Castro, Vaniethia Hubbard, Kelvin Leeds, Cristina Morones, Thao Nguyen, Kennethia Vega and Barbie Yniguez

1. Welcome: Ingram called the meeting to order at 1:33 p.m. via zoom and welcome remarks were made.
2. State/District Budget Update
 - DOF – Finance Bulletin – March 2022
 - SSC – President Biden Signs the Fiscal Year 2022 Budget
 - SSC – Top Legislative Issues – March 18, 2022
 - SSC – A Robust Economy Isn't Always a Good Thing
 - SSC – Top Legislative Issues-April 1, 2022
 - SSC – Inverted Yield Curve Signals Looming Economic Downturn
 - SSC – Assembly Discusses 2022-23 State Budget Proposals for California Community Colleges
 - SSC – Second Quarterly Lottery Apportionment for 2021-22
 - SSC – CalPERS Set to Adopt 2022-23 Employer Contribution Rate
 - SSC – LAO Offers Assessment of Student Housing Grant

Ingram referenced the above handouts and briefly discussed the various updates, analysis, and information as it relates to federal and state budgets and other fiscal matters. Current projections predict a potential downturn that could lead to a recession. In reference to student housing grant, RSCCD applied and received recommendation for a planning grant, but it still needs to process through legislature phase. The amount of the grant may not be known until June. As information is available, it will be posted on the FRC webpage and shared through regular channels of communication. A question was asked and response provided regarding eligibility for federal grants with discussion that ensued.

O'Connor shared that P2 (320 report) was just certified today and reviewed the report onscreen. Unfortunately, enrollment for both colleges is down with SAC down .2% and SCC down 5.8%. While noncredit has increased, credit has not and overall combined FTES for RSCCD is down by 2% compared to last year. Report will be posted on FRC webpage for further reference and review following the conclusion of this meeting.

3. 2022/23 Proposed Meeting Schedule - **Action**
Discussion ensued regarding the proposed meeting schedule for 2022/23 with an inquiry regarding May Revise release date. Ingram explained that May Revise release date is not known but is typically prior to mid-month. She also announced Budget Town Hall meetings are scheduled at both campuses following this year's May revise to provide clarity and understanding. She also anticipates holding fall and spring Budget Town meetings on an annual basis. The proposed Thursday meeting on May 18, 2023 follows the ACBO conference and most likely will follow May Revise in 2023.

It was moved by Bart Hoffman, seconded by William Nguyen to approve the 2022/23 proposed meeting schedule as presented. The motion passed unanimously.

4. BAM Review Taskforce Recommendations – **Action**

O'Connor thanked the BAM Review Taskforce members (Deeley, Hoffman, Isbell, Morones, W. Nguyen, Rutan, and Satele) for the excellence in efficiency and cooperation in completing the review of the BAM. They were able to complete the review and make recommendations within two meetings.

O'Connor continued his review of the four recommendations (page 26 of meeting materials) and language edits to the BAM (pages 27-52 of the meeting materials). Recommendations were discussed in depth as follows:

- Vice Chancellor Ingram to remind District Council of their responsibilities as stated in the BAM or delegation to POE, as well as the annual review in the fall of District Services and Institutional Costs. Currently, neither of those tasks are happening.
- The recommendation that the use of general funds for the purchase of food under 4710 expenditures should more appropriately be added to board policy 6015 rather than BAM. That the funds are non-apportionment funds when used through the general fund.
- POE weigh in on how the BAM should address contraction. It is something that is related to planning and therefore referred to POE.
- It is understood the State Chancellor's Office has recommended the adoption of a formal policy aligning Best Practices published by Government Finance Officers Association (GFOA) to maintain sufficient unrestricted reserves with a suggested minimum of two months of total general fund operating expenditures. That is considerably more than the current 12.5% unrestricted that equals approximately \$26.5 million and two-months of total general fund would equal \$64.5 million. That would be an increase to RSCCD's current reserves by approximately \$38 million and would require time to accomplish it. This will be discussed respectively with the Board Fiscal Audit Committee and the Board of Trustees. Such a project would be progressive in nature, will be audited against this standard in the future, and added to the BAM accordingly. The presentation to the Board has not yet been developed but will include a progressive implementation plan. It was also confirmed that other districts are pursuing compliance as well.

O'Connor continued review of language edits to BAM noting the majority of red-lining is to clean up language. Clarifying language was added for transfer to/from departments within district services noting funds are not permanent increases to the overall budget; it decreases funds one department and increases funds to the other by the same amount. There is no carryover of district services funds with the exception of the publications department that works on a charge-back system. Such funds are carried over to support the enterprise. It is recommended that an annual report of economic development activities be presented along with associated costs to FRC. It is not known what the appropriate month would be for this annual review; O'Connor will follow-up with Vice Chancellor Perez and add to the monthly calendar of activities. FON language was moved to one section and clarifying text added. Stability language had been taken out but is now added back in following Hold Harmless which has been extended to 2024/25. Growth funding was supposed to be discussed at POE and that isn't happening so it is being removed. Reference to ninth place ranking was removed; though it is still that same class and step that is noted to budget vacancies. District grants that earn in-direct funds are split three ways (25% to roll into institutional ending fund balance, 5% are offset expenditures and 50% carried over to Educational Services for one-time expenses to support the colleges). That 50% of carryover will change to be used at the discretion of the Chancellor to support the colleges and other emergency needs. This is not a "Chancellor's slush fund" but instead an opportunity for the Chancellor to determine the use of funds by the colleges in cases of need and emergency. In concluding his review, O'Connor noted the movement of the previous historical information and committee that was moved to the end of the document.

Satele commended O'Connor for his excellence in reviewing the BAM and having it ready for the Taskforce's review and ease of edits; O'Connor made the meeting exceptionally efficient with great leadership.

Ingram reminded FRC members of their responsibility as a representative of their respective constituent groups to train and inform their constituency of these updates.

A motion by Bart Hoffman was seconded by Steve Deeley to approve the four recommendations and language updates to the BAM as presented and forward to District Council for approval. The motion passed with one abstention by Vanessa Urbina.

5. Standing Report from District Council - Craig Rutan
Craig Rutan provided a brief report on the actions of District Council including the reorganization of two positions and new job description for the Assistant Vice Chancellor, People and Culture/Chief of Diversity and Social Impact Officer (formerly the Chief Advisor for Academic and Diversity Programs). This position previously reported to the Chancellor and with the new reorganization reports to the Vice Chancellor of People and Culture (formerly HR). The revised job description was also approved by the Board of Trustees and has since been posted for recruitment. In conclusion, District Council also approved AR regarding vacation for managers. Brief discussion ensued regarding number of positions and additions to People and Culture department (formerly HR) that were basically reorganized from previous positions.
6. Informational Handouts
 - District-wide expenditure report link: <https://intranet.rscsd.edu>
 - Vacant Funded Position List as of April 11, 2022
 - Measure "Q" Project Cost Summary as of March 31, 2022
 - Monthly Cash Flow Summary as of March 31, 2022
 - [SAC Planning and Budget Committee Agendas and Minutes](#)
 - [SCC Budget Committee Agendas and Minutes](#)
 - Districtwide Enrollment Management Workgroup Minutes

Information handouts above were referenced for further review.

7. Approval of FRC Minutes – February 16, 2022
A motion by Noemi Guzman was seconded by Bart Hoffman to approve the minutes of the February 16, 2022 meeting as corrected on page 2, second paragraph, and third sentence "\$8" should read \$8 million. There were no other questions, comments or corrections and the motion passed unanimously.
8. Other
A brief discussion ensued regarding deficit percentage decrease by the State and how it affected year-end balances and carryover. O'Connor explained that at year-end the number is reconciled with the best projections at that time and the difference of the \$1.5 million was added to the budget along with the already factored in projection at year end. Revenue and expenses are changed throughout the year as opposed to the 2% that is prepared at budget development.

Next FRC Committee Meeting:

The next FRC meeting is scheduled for **Thursday**, May 19, 2022, 1:30-3:00 p.m.

It was moved by William Nguyen and seconded by Bart Hoffman to adjourn the meeting at 2:20 p.m. The motion passed unanimously.