

Fiscal Resources Committee
Via Zoom Video Conference Call
1:30 p.m. – 3:00 p.m.

Meeting Minutes for July 8, 2021

FRC Members Present: Iris Ingram, Morrie Barembaum, Steven Deeley, Safa Hamid, Yara Hernandez, Bart Hoffman, Cristina Morones, William Nguyen, Adam O'Connor, Enrique Perez, Craig Rutan, Arleen Satele, Roy Shahbazian and Vanessa Urbina

FRC Members Absent: Noemi Guzman,

Alternates/Guests Present: Erika Almaraz, Jason Bui, Kelvin Leeds, Vaniethia Hubbard, Jonathan Medina, Thao Nguyen, and Barbie Yniguez

1. Welcome: Adam O'Connor called the meeting to order at 1:32 p.m. via zoom and introduced new Vice Chancellor, Iris Ingram. Introductions followed.
2. State/District Budget Update
 - 2020-21 Second Principal Apportionment Background Memo/Information posted June 28, 2021
 - 2020-21 Second Principal Apportionment Exhibit "C"-Statewide posted June 28, 2021
 - 2020-21 Second Principal Apportionment Exhibit "C"-RSCCD posted June 28, 2021
 - 2019-20 Recalculation Apportionment Exhibit "C"-Statewide posted June 28, 2021
 - 2019-20 Recalculation Apportionment Exhibit "C"-RSCCD posted June 28, 2021
 - Final State Budget 2021-22 report link: <http://www.ebudget.ca.gov>
 - [SSC – Financial Projection Dartboard – 2021-22 May Revision Budget](#)
 - [SSC – Top Legislative Issues-May 28, 2021](#)
 - [SSC – State Revenues Continue to outpace Projections](#)
 - [SSC – Legislative Budget Committees Pass Major Budget Pieces](#)
 - [SSC – Ask SSC...Does the Legislature's 2021-22 State Budget Agreement Reduce The School Employees Fund Contribution Rate?](#)
 - [SSC – 2021-22 CalSTRS Employer Rate Set at 16.92%](#)
 - [SSC – Top Legislative Issues for 2021-June 11, 2021](#)
 - [SSC – Ask SSC... What's the Revenue Difference Between the Governor and the Legislature?](#)
 - [SSC – Legislature Passes 2021-22 State Budget](#)
 - [SSC – Chancellor's Office Releases Phase II of the SCFF Dashboard](#)
 - [SSC – Top Legislative Issues for 2021-June 24, 2021](#)
 - [SSC – Partial 2021-22 State Budget Deal Unveiled](#)
 - [SSC – By the Way Governor Newsom Signs State Budget Bill](#)
 - [CCCCO – 2021-22 Budget Agreement: At-A-Glance Summary](#)

O'Connor noted the final State budget is not yet complete. While the above link will connect to the correct webpage, the final State budget is not yet uploaded. It will hopefully follow soon.

Ingram discussed the P2 report noting little changes from P1. The total compensational revenue (TCR) is projected at \$174 million. The good news is the increased COLA at 5.07% which increases the internal deficit factor with respect to budget expenses. Also half-percent growth was maintained. All other increases are one-time funds and difficult to plan. Ingram shared that hold harmless (HH) will be extended by one year while the State develops a plan for addressing the "fiscal cliff" once HH ends. This will create a soft landing for community colleges due to declining enrollments, college resizing, stability and restoration. The State will repay all deferrals from last year; which doesn't affect the budget but vital to cash flow. There are additional one-time increases to various programs such as

Student Equity and Achievement Program (SEAP) received COLA at 1.7% and an increase to base allocation which began last fiscal year and continues. One time augmentation for faculty to increase part-time faculty hours and number of full-time faculty. However, the FON still needs to be worked out by the Board of Governors and what the potential impact will be to the colleges. A lot of money is being distributed in terms of one-time grants for basic needs and affordability to encourage students to return to the campus through the Emergency Financial Aid Process and ongoing food and housing insecurity matters. Additional funding to Strong Workforce Program, Adult Education and deferred maintenance. The budget projections are bright, but they are one-time. Calbright College continues implementation as an online college; however, there is a policy bill requesting the repeal of that campus. The final adopted budget will be presented to the Board of Trustees in September with firm numbers. However, caution was expressed that community colleges in general do not know their complete budget until late in the fall. Ingram clarified the importance of the tentative budget that was previously approved to allow for expenditures on July 1.

The above articles were referenced for further information and review. Discussion ensued about reduction of the 2% deficit factor to .764% which translates to additional revenue. Budget Assumptions for 2021-22 still include a 2% deficit factor, however, the P2 as noted on page 10 of meeting materials related to the year that just ended 2020-21. That deficit has gone down to .76% and therefore a booking of \$2.1 million additional one-time revenue will be included at the close of books for 2020-21. On the 2019-20 recal, the deficit came down along with additional corrections to FTES that will account for a booking of an additional \$4.5 million in revenue. All total \$6.6 million of one-time funds will be booked at year-end. That could change again with final recal for 2020-21. These will be booked according to the model, unless the Chancellor chooses to do anything else. The expectation is the Governor will sign budget within the next two weeks. There are still trailer bills that could affect the budget, these numbers can be updated all through the process prior to final submission of the adopted budget.

Details related to the FON and number of faculty required to hire has not yet been resolved. Following a brief discussion, it was determined that future planning for faculty hires would be best considered by the POE (Planning and Organizational Effectiveness) committee. FRC would determine funding if the number of faculty is set. The colleges could consider vacated faculty positions as a result of the SRPs to be ready for faculty hires if a number is presented to support FON. With both SRP I and II, RSCCD is over FON for the next year. The district is hold harmless and therefore does not need the emergency conditions waiver which props up FTES and FON. Perez suggested Co-Chair Shahbazian could make a request to discuss the FON/faculty hires at the next POE meeting.

3. 2021-22 Proposed Adopted Budget Assumptions – Action Item

O'Connor reviewed the adopted budget assumptions which include changes from the previous tentative budget assumptions as follows:

- Increased COLA at 5.07% and bringing \$8.8 million in new ongoing revenue to RSCCD. It was previously at \$7 million.
- Deficit Factor at 2% changes slightly with an increase of \$1.7 million.
- Scheduled Maintenance now estimated at \$11 million.
- No other expenditures other than 5.07% COLA.
- Unemployment rate is now at .50% which equates to \$528,937
- HEERF Lost Revenue/Indirect is used to balance the budget on a one-time basis. The need for these funds is now at \$2.3 million.

There was brief discussion with confirmation that there is no language in the collective bargaining agreements that tie salary to COLA. Both FARSCCD and CSEA have three-year agreements with annual salary increases through 2021-22. Future negotiations are pending.

It was moved by Bart Hoffman to approve the 2021/22 Proposed Adopted Budget Assumptions as presented. The motion was seconded by Arleen Satele. Brief discussion ensued focusing on the deficit

factor and O’Connor clarified once the State budget is confirmed, a joint statement from the Chancellor’s Office as well as the LAO will be distributed with the projected deficit factor guidance. The motion carried unanimously. The assumptions will now go to District Council for review and recommendation on July 19, 2021.

4. Continued Discussion of SCFF and Review of BAM

- BAM Simulation Review Based on SAC Proposed Language Change – Action Item

The workgroup met but was unable to agree to a joint recommendation, so instead both SAC and SCC reviewed and discussed opposing proposals.

Hoffman reviewed SAC’s proposal to add a \$600,000 cap to the District’s BAM language concerning the shifting of revenue from one college to the other during periods when the District is held harmless. The intent of the proposal is to not decimate a college when enrollment is down, reward a college that has grown, and continue to hold colleges accountable to their enrollment targets.

Satele reviewed the workgroup discussion focus points, the original language and the recommendation to keep the current BAM language. Each college will offset any shortfall by utilizing their ending balance or other available sources of funding. In addition, the workgroup recommends the entire allocation model be reviewed next fiscal year. This model has been effective since 2012 and it really needs to be reviewed again. SCC does not support change to the language at this time.

O’Connor restated his opinion that the BAM language remain as is and not take any incentive away from a college for generating as much FTES as possible. Additionally, he pointed out that FRC has spent well over a year reviewing the entire BAM so it is unclear what the workgroup means to review the entire BAM next fiscal year. The BAM is already reviewed annually. Discussion ensued regarding workgroup’s focus on BAM, specific to the distribution of other additional district services/institutional costs to ensure the process is working as intended for projects such as right sizing of the district. Meaning if the colleges shrink and the District stays the same. In the current model, planning for increasing expenditures is clearly laid out, but the planning of decreasing of such entities is less understood. O’Connor confirmed the specific topic for future discussion of the BAM annual review cycle. It is not about the allocations to the campuses, but really about how the money gets distributed and if there are savings at the end of year and how it gets redistributed. O’Connor confirmed that is reflected in the current BAM language.

It was moved by Bart Hoffman to approve the SAC proposed changes to the BAM language. It was seconded by Cristina Morones. A roll-call vote was taken and the motion failed as follows:

| Yes - 4 | No - 8 | Abstain – 1 | Not Present |
|----------------|------------------|-------------|----------------|
| Bart Hoffman | Arleen Satele | Iris Ingram | Yara Hernandez |
| William Nguyen | Steven Deeley | | |
| Roy Shahbazian | Craig Rutan | | |
| Vanessa Urbina | Cristina Morones | | |
| | Safa Hamid | | |
| | Adam O’Connor | | |
| | Enrique Perez | | |
| | Morrie Barembaum | | |

O’Connor confirmed that updated P2 data will be shared with FRC as requested by W. Nguyen. T. Nguyen confirmed final FTES data will be available for the next FRC meeting.

5. Standing Report from District Council - Craig Rutan
Craig Rutan provided a brief report on the actions of District Council that included approving the tentative budget that has since been approved by the Board of Trustees. Additionally, District Council approved revised job description for the Vice Chancellor of Educational Services and reorganization request for Human Resources. Next District Council meeting is July 19.
6. Informational Handouts
 - District-wide expenditure report link: <https://intranet.rscsd.edu>
 - Vacant Funded Position List as of June 29, 2021
 - Measure “Q” Project Cost Summary May 31, 2021
 - Monthly Cash Flow Summary as of May 31, 2021
 - [SAC Planning and Budget Committee Agendas and Minutes](#)
 - [SCC Budget Committee Agendas and Minutes](#)
 - [Districtwide Enrollment Management Workgroup Minutes](#)

Additional handouts were referenced for information purposes.

7. Approval of FRC Minutes – May 20, 2021
A motion by Arleen Satele was seconded by Vanessa Urbina to approve the minutes of the May 20, 2021 meeting as presented. There were no questions, comments, corrections, or opposition and the motion passed unanimously.
8. Other
O’Connor confirmed discussion with Assistant Vice Chancellor Matsumoto regarding request from Shahbazian related to increasing additional funding for ADA compliance. A recommendation will be presented at a future meeting.

Next FRC Committee Meeting:

The next FRC meeting is scheduled for Wednesday, August 18, 2021, 1:30-3:00 p.m. and will include the full adopted budget for review and approval based on assumption approved today and any additional updates.

It was moved by Morrie Barembaum and seconded by Bart Hoffman to adjourn the meeting at 2:31p.m. The motion carried unanimously.