

Fiscal Resources Committee

Via Zoom Video Conference Call

1:30 p.m. – 3:00 p.m.

Meeting Minutes for August 18, 2021

FRC Members Present: Iris Ingram, Morrie Barembaum, Steven Deeley, Yara Hernandez, Bart Hoffman, William Nguyen, Thao Nguyen, Adam O’Connor, Craig Rutan, Arleen Satele, and Vanessa Urbina

FRC Members Absent: Noemi Guzman, Safa Hamid, Jim Isbell, Cristina Morones, Enrique Perez,

Alternates/Guests Present: Erika Almaraz, Jason Bui, Jordan Clark, Kelvin Leeds, Mark Reynoso and Vaniethia Hubbard

1. Welcome: Ingram called the meeting to order at 1:35 p.m. via zoom and introductions followed.

2. State/District Budget Update

- 2021/22 Advance Apportionment:
 - Memo
 - Exhibit R – FY 2021-22 Advance Apportionment (July 2021)
 - Exhibit A – Payments by Program (July 2021)
 - SSC- Department of Finance Releases June Finance Bulletin
 - DOF- Finance Bulletin-June 2021
 - SSC-Top Legislative Issues for 2021-July 9, 2021
 - SSC- Governor Newsom Signs 2021-22 State Budget Deal
 - SSC- CalPERS 2020-21 Investment Return Will Improve Contribution Rates
 - SSC- By the Way... Governor Newsom Signs Bill to Reduce SEF Contribution Rate
 - SSC- Department of Finance Releases July Finance Bulletin
 - DOF- Finance Bulletin-July 2021
 - SSC- Top Legislative Issues for 2021-July 23, 2021
 - SSC- Governor Newsom Signs 2021-22 Postsecondary Education Trailer Bill
 - SSC- Dartboard for 2021-22 Adopted State Budget
 - SSC- Ask SSC... What’s Happening With Federal Funding?
 - SSC- Ask SSC... What Were Reserves for 2019-20?

Ingram commented on P1 Advance Apportionment and referenced the above articles for further information and review. The adopted budget will be reviewed today, then District Council and the Board of Trustees in September. There have been no real changes since the presentation of the budget assumptions at the last meeting.

Ingram announced upcoming “roadshow” presentation on the budget to District Council and governance committees at each of the colleges to reach the widest audiences possible. The focus will be on increasing general understanding of budget preparation, dispel myths and explain terms about how the budget works, how funds get from Sacramento to RSCCD and then dispersed to the colleges.

3. Proposed Adopted General Fund Budget - ACTION

O’Connor reviewed the budget assumptions (pages 88-90). He noted HEERF transfer of \$2.3 million for in-direct costs, increased revenue of \$342,000 making new ongoing revenue \$9.1 million. Expenditures are unchanged while additional costs of \$359,000 were necessary to reconcile employee step/column, benefits adjustments, and salary placement. The offset is just about \$12,000 so assumptions are basically as previously discussed. He then reviewed 2020/21 Recap of Major Changes Comparing Budget to Actuals (page 91), noting major categories of revenue and expenditures. The year closed with

\$199 million in revenue and \$191 million in expenditures which includes fund 13 (carryover funds). Revenues came in \$5.7 million greater than budget with an increase in apportionment, non-resident tuition and \$1.7 million in HEERF. Expenditures ended with a savings of \$15 million over budget. In conclusion the 1300 and 1400 accounts were overspent, significant savings in salaries and benefits related to SRP were gained, other expenditure savings of \$6.7 million offset by \$2.5 million transfer by SAC in excess of budgeted amount to the capital outlay fund. So \$199 million in revenue less \$191 million in expenditures, adds \$8.3 to fund balance. O'Connor continued review of 2020/21 beginning fund balance (page 73) noting addition of \$8.3 million and ending the year with \$46.3 million. The carryover for SAC is \$7 million and SCC \$3.7 million. He explained other carryover funds, ADA compliance settlement costs, election costs, one-time expenditures and budget stabilization fund and referenced graphic display of those components (page 74).

Discussion ensued regarding SRP effective dates, costs and savings. Once the budget is approved there will be a net savings from the SRP and that will be added to what the Board has already set aside. In response to a question asking if we are done making budget reductions, O'Connor stated the goal is to have ongoing savings by reducing positions; however expenses continue to grow each year. Without growth, revenue is only increased when there is COLA, but expenses continue to rise so it doesn't mean there couldn't be reductions in future years. O'Connor explained further that SRP positions are currently in the budget, but will be stripped once the budget is approved.

It was moved by Bart Hoffman to recommend the 2021/22 Proposed Adopted Budget as presented. The motion was seconded by Craig Rutan. Brief discussion ensued regarding (page 75) district services expenses and associated increases. It was explained there are no major increases in administrative positions at the district, but an agreement with the colleges for services transferred to the District including Safety and Security, the development of DEI, and operating costs of DMC as noted in the budget assumptions. It was further noted that additional cost increases may be forthcoming for ITS and Safety and Security operation costs moving to the district services. A large portion of the Campus Safety Budget was supported by parking fees and that has been reduced to the point that coverage of salaries out of those restricted funds, will return later as a request for additional funds to keep that department whole. A roll-call vote was taken and the motion passed unanimously as follows:

Yes - 10	No - 0	Abstain - 0	Not Present - 1
Bart Hoffman William Nguyen Vanessa Urbina Arleen Satele Steven Deeley Craig Rutan Iris Ingram Adam O'Connor Morrie Barembaum Thao Nguyen (Perez)			Yara Hernandez

O'Connor reviewed the SRP savings reconciliation estimates including costs, savings, and reductions. The total savings for SRP1 with right-sizing project are estimated at \$4.1 million for 2021/22. That estimate increases for out years as the windows for retirement of faculty was extended to December 2021 and June 2022. That estimate is \$5.6 million for 2022/23. It was anticipated that \$6.5 million per year would be accomplished so we are short of that goal. The Presidents and Vice Chancellors have agreed to meet mid-year to determine if additional savings can be made. Faculty positions to be filled are projected at the part-time rate, but some unique positions have been requested for full-year/full-time replacements. The colleges confirmed additional funding was not necessary at this time in the 1300 accounts.

A discussion ensued regarding FON which is good for this year, and may be adjusted up or down in future years based on three-year averages whether colleges are growing, shrinking or maintaining. A determination has not yet been made about the number of faculty that will be needed for fall 2022. Chancellor's Cabinet will consider strategies for addressing FON in the future. The allocation provided by the State Legislature is not nearly enough to cover the expenses for hiring full-time faculty.

4. Closeout of 2020/21 Budget

Recap of 2020/21 SCF Metrics

Thao Nguyen reviewed the college level SCFF data splits (page 92 of meeting materials) explaining how the three-year averages are calculated including the non-credit portion for the base allocation. Based on the dollar amount of FTES reported, the calculation SAC receives is \$85 million and SCC receives \$42 million in funding for FTES portion. Thao Nguyen then reviewed the supplemental allocation based on headcount of which SAC receives 74.47% and SCC 25.53%. Student Success allocations are based on three-year average and the split between the colleges that includes three sections: all students, Pell grant and California Promise. With the variances in the funding components, the dollar split is different for the three-year average. The total split for the colleges is SAC at 72.01% and SCC at 27.99% but as a result of the funding variances for the different components, SAC receives 67.82% and SCC receives 32.18% in the dollar amount. The total funds for RSCCD is \$170 million with SAC at 71.41% and SCC 28.59%, but the dollar split based on the calculation puts SAC at 67.82% and SCC at 32.14%. Based on hold harmless amount of \$174,838,125 the calculation split for SAC is 67.86% (\$118 million) and SCC is 32.14% (\$56 million) even though the earnings were less, those percentages were used to determine the hold harmless protection split with SAC at \$2.6 million and SCC at \$1.2 million. This information was used to close the books for fiscal year 2020/2021.

Final Budget Allocation Model Distribution of Carryover

Thao Nguyen reviewed 2020/21 Revenue Allocation Simulation for Unrestricted General Fund based on student centered funding formula and hold harmless calculation using 2019/20 TCR (total compensation revenue) + COLA (page 93 of meeting materials). She noted deficit factor, prior year adjustments, and other state revenue including lottery, full-time and part-time allocation and compensation. She then reviewed expenditures for the 2020/2021 fiscal year and additional income received beyond apportionments and allocations as well as HEERF (Intrafund transfer) which created ending balance of \$4.8 million for SAC and \$4.0 million for SCC for ongoing fund 11 only.

Fund 13 carryover was also reviewed noting from fiscal year 2019/20 SAC began with \$6.1 million and SCC with \$962,780. After changes were made, SAC ended with \$3.6 million and SCC with \$359,564. However, final calculations of Fund 11 and Fund 13 carryover funds with SAC at \$8.4 million and SCC at \$4.4 million were reduced by \$2 million for ADA compliance matter and one-time DMC costs split leaving the total carryover balance at \$7 million for SAC and \$3.7 million for SCC with adjustments of \$1.7 million for SAC and \$2.7 million for SCC to be added to the budget. Discussion ensued specific to the costs associated with the DMC including ongoing costs of \$96,682 and additional \$71,500 one-time that was approved at tentative budget.

50% Law Compliance Update

Thao Nguyen reviewed the closeout of 2020/2021 for 50% law compliance update (pages 95-99) with SAC at 64.95% for the cost of instruction and SCC at 62.43%. The DO/districtwide expense, the cost of instruction is 15.63% and combined for this fiscal year 54.16% an increase of .16% compared to last fiscal year. The combined costs for instruction at both SAC and SCC is 64.09%. When asked what costs the district had for instruction, Thao Nguyen explained it is related to benefits, health and welfare for retirees.

5. Standing Report from District Council - Craig Rutan

Craig Rutan provided a brief report on the actions of District Council that has met twice since the last FRC meeting. Most importantly, District Council approved the budget assumptions, reviewed and

approved and will continue to receive several reorganization requests related to district level right-sizing. Recently, the job description for the Chief Communications Officer was approved and will replace the “old” PIO position that was at the district level. Also, the job description of the Vice Chancellor of Educational Services was revised and includes additional duties.

6. Informational Handouts

- District-wide expenditure report link: <https://intranet.rscsd.edu>
- Vacant Funded Position List as of August 9, 2021
- Measure “Q” Project Cost Summary July 31, 2021
- Monthly Cash Flow Summary as of July 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 including [SRP savings reconciliation estimates FY 2021-22 and FY 22-23](#).

7. Approval of FRC Minutes – July 8, 2021

A motion by Bart Hoffman was seconded by Arleen Satele to approve the minutes of the July 8, 2021 meeting as presented. There were no questions, comments, corrections, or opposition and the motion passed unanimously.

8. Other

It was suggested that strategies be considered to strengthen the earning of SCFF funds so that full capacity of 70/20/10 funds are captured. It was further suggested that District Resource Office could provide support and data to lead this effort. Discussion ensued and it was determined that such topic would be appropriate for the enrollment management workgroup as the increases are needed in areas such as Pell Grant recipients, AB540 students and promise grant recipients that is tied directly to tracking and completion rates. It all ties into the work the enrollment management workgroup is trying to accomplish.

Next FRC Committee Meeting:

The next FRC meeting is scheduled for Wednesday, September 15, 2021, 1:30-3:00 p.m.

It was moved by Adam O’Connor and seconded by Bart Hoffman to adjourn the meeting at 2:37 p.m. The motion carried unanimously.