

Fiscal Resources Committee

Via Zoom Video Conference Call

1:31 p.m. – 2:32 p.m.

Meeting Minutes for May 15, 2024

FRC Members Present: Iris Ingram, Claire Coyne, Morrie Barembaum, Steven Deeley, Noemi Guzman, Bart Hoffman, Veronica Munoz, Thao Nguyen (for Perez), Adam O’Connor, Kevin Ortiz, Craig Rutan, and Arleen Satele

FRC Members Absent: Madeline Grant, Ethan Harlan, and Enrique Perez

Alternates/Guests Present: Jason Bui, Gina Huegli, Vaniethia Hubbard, Tara Kubicka-Miller, Kelvin Leeds, Mark Reynoso, Tommy Strong, Jose Vargas, Kennethia Vega, and Barbie Yniguez

1. Welcome: Vice Chancellor Ingram called the meeting to order at 1:32 p.m. via zoom upon achieving quorum.
2. State/District Budget Update
 - [Governor’s May Revise](#)
 - Joint Analysis Governor’s 2024-25 May Revision *additional handout*
 - [LAO– Initial Comments on the Governor’s May Revision](#) *additional handout*
 - SSC – Top Legislative Issues-April 12, 2024
 - SSC – Inflation Outpaces Predictions Again
 - SSC – Governor Newsom Signs Early Action Budget Bill
 - SSC – CalPERS Approves 2024-25 Employer Contribution Rate
 - SSC – 2023-24 State Revenues Continue to Underperform
 - SSC – Statutory COLA for 2024-25 Now Available
 - SSC – Top Legislative Issues-April 26, 2024
 - SSC – LAO: Revenue Shortfall to Grow by \$19 Billion
 - SSC – The 2024-25 May Revision
 - [DOF – Finance Bulletin-April 2024](#)

Ingram announced the Joint Analysis of the Governor’s May Revise was released just an hour prior to the start of this meeting. It is still being reviewed, but as mentioned at the Board meeting on Monday, there are few surprises and few concrete decisions at this point. A COLA of 1.07% is proposed but there is no guarantee it will be funded. All is still pending negotiations between the Governor and the Legislature. The flexibility of the mandated block grant will be maintained due to the scheduled maintenance dollars that were cut last year and will not be restored this upcoming year. Therefore, maintaining the flexibility to use dollars left over from COVID and student support services grant funds the colleges received, is positive. The deficit factor is unknown, but it is projected in the tentative budget. While anticipated to be slightly lower, it will not be known until after P2 in June. Overall, community colleges have come out well in comparison to other State agencies. As more details become available, they will be shared appropriately. Ingram discussed a budget town hall scheduled for later this month where she will share information on the revised budget for 2023-24 as well as the tentative budget for 2024-25.

Ingram referenced the above documents and links for information and review.

O’Connor added that the Joint Analysis is now available and posted as additional handout on the FRC webpage. The LAO Analysis has not been received but will be distributed as soon as it is available.

3. 2023-24 FTES (P2) Estimated Actuals Comparison to 2022-23 (RECAL) Actuals
O'Connor screenshared and reviewed 2023-24 FTES (P2) estimated actuals comparison to 2022-23 (RECAL) actuals reporting overall slightly better than P1, a total 29,372 FTES, which is a slight increase for SAC of 327 FTES and decrease for SCC of 150 FTES at this reporting period. These are not final numbers. No questions were asked.
4. 2024-25 Proposed Tentative Budget – **Recommendation to District Council**
O'Connor screenshared and reviewed the 2024-25 proposed tentative budget starting with minor revisions to the tentative budget assumptions (pages 21-44 of the meeting materials). The colleges will receive \$7.7 million allocated through the BAM with \$1.4 million to be budgeted by the colleges for COLA for hourly positions (classified and adjunct faculty). Colleges were advised to budget carefully for the adjunct faculty positions as there was overspending this year. O'Connor noted the 0.76% COLA is part of the tentative budget assumptions and will be updated to the proposed 1.07% COLA that will add about \$670,000 net to the bottom line at \$8.3 million to be allocated through the BAM. Of course, things can still change.

O'Connor reviewed the estimated 2024/25 revenue allocation simulation for unrestricted fund 11 based on Student Centered Funding Formula and the college splits based on P2 estimates (with 0.76% COLA) brings total to \$7.6 million with SAC at just under \$5.5 million and SCC at just under \$2.2 million. That will be increased by \$670,000 when the COLA is updated.

Questions were asked and answers provided for clarification of the information received.

A motion by Coyne to approve the 2024-25 proposed tentative budget with a recommendation to the District Council was seconded by Satele. By roll call vote, the motion passed with one abstention (Barenbaum) and one member (Guzman) not present for vote.

5. Budget Allocation Model Updated Language – **Recommendation to District Council**
O'Connor reviewed redlined edits to the Budget Allocation Model with updated language (pages 45-66 of the meeting materials). He highlighted and discussed references to District Council annual reviews and assessments that were discussed in Chancellor's Cabinet. On page 46, it states "*District Council should conduct a review(s) during each fiscal year to assess if the operation of the budget allocation model is meeting the goal.*" O'Connor noted this interpretation aligns with FRC reviewing the language of the model each year, and if it is determined that clarification is needed or that the model is not meeting the goal, then a recommendation is presented to District Council to update the language in the model, which is done every year. Therefore, he suggested the sentence be removed.

Further, on page 51, the BAM states "*An annual review of District Services and Institutional Costs will be conducted by the District Council each fall in order to give time to complete the evaluation in time to prepare for the following fiscal year budget cycle...*", the Chancellor's inclination is not to bring this to District Council, unless FRC had a specific recommendation to act upon. O'Connor suggested that POE may be the appropriate governance body to review the services provided and if there was a change requested in the allocation it would be requested of FRC noting that on page 58 the BAM states "*POE will evaluate budget augmentation requests and forward a recommendation to District Council. District Council may then refer such requests to FRC for funding implementation.*" O'Connor suggested the later paragraph may take care of what the previous paragraph was trying to say with the starting point being POE, then moving requests to District Council and FRC for funding implementation. The effectiveness of services is not an FRC charge and noted the districtwide survey results are presented to POE for review each year. It was further suggested the discussion occur at POE instead of District Council. O'Connor completed the review of the redline edits. Discussion ensued and clarification provided.

A motion by Hoffman to approve the Budget Allocation Model updated language as presented and with edits as discussed was seconded by Satele. By roll call vote, the motion passed with one member (Munoz) not present for vote.

6. Discussion of Budget Surplus (Reserves)

This item is in response to Co-Chair Coyne's survey conducted earlier in the year with information provided for clarification purposes of District Reserves. O'Connor provided an extensive review of the response (page 67 of the meeting materials) and explained the Board of Trustees increased the Board Policy Contingency from 5% to 12.5% in February 2019. Then in May 2023, increased the Board Policy contingency again to two months of total general fund (unrestricted and restricted) expenditures amounting to 16.67% to align with Chancellor's Office recommendation to follow advice of Government Finance Officers Association (GOFA). This goal was set to be achieved over time with various one-time funds. At adopted budget of 2023-24, the reserve amounted to \$54.4 million (an increase from \$26.8 million the year before). No ongoing cuts were made to increase the reserve. With the Supplemental Retirement Program (SRP), there was a build up of savings and when the separate accounting of the SRP funds ended, ongoing portion would go to the colleges and the one-time portion would be moved from the SRP bucket to the Reserves bucket increasing the reserve to 83% of the calculation for a two-month reserve. For 2024/25 we will add an additional \$8.2 million to the reserve from accumulated State revenues that had been set as payable that is no longer anticipated. This increases the reserve to 96% of the two months expenditures based on the 2023/24 adopted budget at \$62.6 million. The percentage is recalculated each year. The funds are necessary for unanticipated emergencies such as increasing volatility and uncertainty, precarious State budget, recessions, disasters, and other unforeseen circumstances.

Ingram clarified that the reserve increase was accomplished through one-time funds and did not necessitate any cuts by the colleges to build the reserve. This is simply moving money from one pot to another. The Board of Trustees chose to act on this matter, prior to the directive from the Chancellor's Office.

Questions were asked and answers provided giving clarification to the information received. Coyne commended staff for diligently addressing inquiries thoroughly.

7. Categorical Programs through Apportionment (College allocation vs. District allocation)

O'Connor reviewed information for clarification purposes in response to inquiries from the last FRC meeting, with a list of what categorical programs are allocated to the colleges and what categorical programs are allocated to the District (page 68 of the meeting materials). The percentages are allocated in the same manner as earned, which could include a variety of methods such as headcount, FTES or assigned square footage or as determined by the two Presidents. No further questions were asked.

8. Standing Report from District Council – (Coyne)

Coyne reported on the activities of the May 6, 2024, District Council meeting. She noted approval of several ARs that were previously postponed allowing the colleges to review the proposed changes:

- AR 3502 Networked Video Cameras (NEW) (with edits)
- AR 3505 Emergency Response Plan
- AR 3515 Reporting of Crimes
- AR 3516 Registered Sex Offender Information
- AR 6100 Delegation of Authority, Business and Fiscal Affairs
- AR 6200 Budget Preparation (with edits)
- AR 6250 Budget Management will be brought back to the June 3 District Council meeting allowing for further research and revision if necessary.
- AR 6300 Fiscal Management
- AR 6303 Fiscal Accountability
- AR 6305 Reserves (with edits)
- AR 6320 Investments
- AR 6400 Financial Audits
- AR 6450 Wireless or Cellular Telephone Use
- AR 6750 Vehicle Operation and Parking

- AR 6700 Campus Security Officers (NEW)

District Council also reviewed and approved the RSCCD Comprehensive Master Plan 2024-2032 as well as the first ever RSCCD District Services & Operations (DSO) Plan 2024-2028. Additionally, committee and representative reports were provided to the District Council. There were no questions.

9. Informational Handouts

- 50% Law Calculation
- District-wide expenditure report link: <https://intranet.rsccd.edu>
- Vacant Funded Position List as of May 7, 2024
- Monthly Cash Flow Summary as of April 30, 2024
- [SAC Planning and Budget Committee Agendas and Minutes](#)
- [SCC Budget Committee Agendas and Minutes](#)

Informational handouts above were referenced for further review. RSCCD remains within the zone of compliance of the 50% law calculation.

10. Approval of FRC Minutes – April 17, 2024

A motion by Hoffman was seconded by O'Connor to approve the minutes of the April 17, 2024, meeting as presented. By roll call vote, the motion passed unanimously.

11. Other

An inquiry was made regarding a statement made at the Joint Benefits Committee meeting referring to the rebate from ASCIP. Ingram noted the rebate was received in the fall though she did not recall the amount.

There were no further comments, questions, or discussion.

Next FRC Committee Meeting:

The next FRC meeting is July 3, 2024, at 1:30-3:00 p.m. This meeting adjourned at 2:27 p.m. with a motion by Coyne that was seconded by Hoffman.