

Fiscal Resources Committee

Via Zoom Video Conference Call
1:31 p.m. – 2:21 p.m.

Meeting Minutes for July 3, 2024

FRC Members Present: Iris Ingram, Claire Coyne, Steven Deeley, Madeline Grant, Vaniethia Hubbard (for Hoffman), Veronica Munoz (arrived at 1:40 pm), Thao Nguyen (for Perez), Adam O’Connor, Craig Rutan, Chrissy Talarico, and Arleen Satele

FRC Members Absent: Morrie Barembaum, Noemi Guzman, Ethan Harlan, Bart Hoffman, Kevin Ortiz, and Enrique Perez

Alternates/Guests Present: Jason Bui, Chrissy Gascon, Gina Huegli, Tara Kubicka-Miller, Annabelle Nery, Tommy Strong, and Kennethia Vega

1. Welcome: Vice Chancellor Ingram called the meeting to order at 1:31 p.m. via zoom upon achieving quorum.
2. State/District Budget Update
 - 2023-24 Second Principal Apportionment and 2022-23 Recalculation Memo/posted June 25, 2024
 - 2023-24 Second Principal Apportionment Exhibit “C”-Statewide posted June 24, 2024
 - 2023-24 Second Principal Apportionment Exhibit “C”-RSCCD posted June 24, 2024
 - 2023-24 Second Principal Adjustment Report
 - Final State Budget 2024-25 report link: <http://www.ebudget.ca.gov>
 - SSC – CalSTRS Adopts 2024-25 Employer Contribution Rates
 - SSC – Proposition 98 Maneuver-What’s the Issue?
 - SSC – Reserve Cap Bill Held in Appropriations Committee
 - SSC – Appropriations Committee Take up Suspense Files
 - SSC – Top Legislative Issues-May 24, 2024
 - SSC – 2024-25 May Revision Dartboard
 - SSC – The Proposition 98 Deal-Local Impacts
 - SSC – Proposition 98 Breakdown: An Interview With the LAO
 - SSC – UCLA Economists: Slow but Steady Economy
 - SSC – Top Legislative Issues-June 7, 2024
 - SSC – California Supreme Court to Weigh in on Tax Ballot Measures
 - SSC – Legislature Approves 2024-25 State Budget
 - SSC – Top Legislative Issues-June 21, 2024
 - SSC – 2024-25 State Budget Agreement Reached
 - SSC – State Revenues Slightly Higher
 - [DOF – Finance Bulletin-June 2024](#)

Ingram announced the State budget was signed by the Governor over the weekend. The items above were referenced for additional information. While there is slight difference between tentative and proposed adopted budget, there is the deficit factor change. Traditionally, the district budgets a deficit at 2%, but for 2023-24, the state reported it as 3.55% at P1 and then to over 8% at P2. RSCCD is fortunate to have captured all restoration dollars, additional growth funds and leaving only a small amount of unfunded growth.

O’Connor reviewed and screenshared meeting materials related to P2, RSCCD Exhibit “C” and adjustment report. He stated EPA (Education Protection Account) is the culprit for the seemingly “temporary” 8.74% deficit factor and the State is optimistic that districts will be reimbursed these funds in the subsequent year. California Community Colleges do not have the same protections as K-12 which gives them automatic

backfill. O'Connor continued with review of Exhibit "C" pointing out the 8.7% deficit factor reduces funds to RSCCD by \$20 million at the close of this year. P3 will be submitted shortly and of course there is Recalc as well if we are to submit such. In 2023-24 we budgeted the typical 2% deficit factor, and it is recommended to close the year with that 2% deficit factor in place. Then we will be looking at a 3.55% deficit factor for 2024-25 rather than raising it if the additional EPA funds come through. So that is leaving 2023-24 at 2% and 2024-25 at 3.55%, which means distributing revenue not yet received. If, after the dust is settled, it is more than 2% for 2023-24, the budget model indicates it would be a requested allocation for each of the colleges to pay for that difference. There is no intent to disrupt the plans set by the colleges considering this late notice. Upon inquiry, O'Connor confirmed that funds from 2022-23 deficit factor, which did not happen, will be disbursed upon the adopted budget being finalized. Additionally, O'Connor explained further that if the deficit factor is less than 2%, the funds are distributed to the colleges, if it higher than 2%, the colleges would need to fund the difference.

O'Connor continued to discuss summer shift of FTES into 2023-24 about 1200 districtwide; reporting that at P2 there was unfunded FTES of 583, and a little less at P1. That unfunded 583 FTES may go north, but that will not be known for closing. For P3, a Chancellor's Cabinet discussion is necessary to determine how much of the unfunded FTES would be shifted back into 2024-25; it is a gamble not knowing what other districts will do and whether growth dollars will be available. Discussion continued with a focus on growth authority of .1%, COLA, and growth not being a moneymaker at this time for RSCCD. A total of 12 districts captured the system-wide growth of a half percent; meaning all received about 1.1% growth and that could happen again next year if districts continue to struggle to grow.

O'Connor continued to discuss the 2019-20 adjustment, of which RSCCD received almost \$147,000 from that and it will be part of the carryover that is distributed at the time of the adopted budget.

3. **Approval of Committee Co-Chair – Action Item**

A motion by Coyne was seconded by Grant to approve the appointment of Tara Kubicka-Miller as FRC Co-Chair, as the SCC Academic Senate President. By roll call vote the motion passed unanimously.

Kubicka-Miller arrived at this time, and she was congratulated as Co-chair.

4. **2024-25 Proposed Adopted Budget Assumptions – Action Item**

O'Connor screenshared and reviewed the 2024-25 proposed adopted budget assumptions that included a handful of changes since tentative budget including: P2 number of FTES, CalPERS rate increase went down from what was anticipated, corrected item E faculty salary vacancy at class 6, step 11, rather than 12, and increase to insurance premium to \$400,000 which is an increase to \$2.9 million. Overall, that is \$300,000 savings and \$400,000 in costs leaving a bottom line of \$8 million to be distributed through the model. O'Connor will review, confirm, or update the FON as needed. O'Connor also confirmed that 2024-25 is year eight of ten of the Blaser ADA Settlement, leaving two more years after 2024-25.

A motion by Satele to approve the 2024-25 proposed adopted budget assumptions and forward a recommendation to District Council was seconded by Hubbard (Hoffman). By roll call vote the motion passed unanimously.

5. **Discussion of ASCIP Rebates**

Ingram briefly discussed a follow-up inquiry regarding ASCIP rebates. The rebates have been in existence since RSCCD became a member of ASCIP, over a decade ago. The rebates are primarily from workers' compensation coverage and recently health insurance has been given rebates within the last 4-5 years when we joined that pool. These are not guaranteed. Rebates are determined by the ASCIP board, it is not known when or how much will be awarded, nor is it guaranteed every year. A choice is given to provide a rebate in the form of a check or hold in an account at ASCIP to address other expenses. That is where these dollars have been held. In June, the Board requested all those dollars be placed in institutional reserves, and that has now been accomplished. These funds have been used, as needed, for things like legal settlements, purchase and install "blue phones" throughout the district. O'Connor further explained RSCCD has been part of the ASCIP workers' compensation program for over 15 years and the rebates

have always been held (from the historical evidence he reviewed), in a Risk Management Deposit Fund at ASCIP. Recently, within the last 4-5 years, RSCCD has been part of the health insurance program. When there is a settlement, RSCCD has ASCIP send the funds that are then deposited into the self-insurance fund to pay out the settlement, or such items as the “blue” phones. It was never that funds were received automatically at the district and then stopped. It had always gone into the Risk Management Deposit Fund like an escrow account. A total of \$8 million was brought into reserve from this account as of June 30, 2024. It goes into the reserve and is not accessible to pay towards employees’ benefits. Discussion ensued regarding benefits and Keenan being the current broker for the last three years for health benefits. O’Connor stated that eligibility for a rebate through ASCIP for health benefits will need to be confirmed through Don Maus. This is also a discussion for the JBC. There were no other questions.

6. Standing Report from District Council – (Coyne)

Coyne reported on the activities of the June 3, 2024, District Council meeting. She reported District Council approving minor languages changes to the BAM, tentative budget, the Rancho Santiago Comprehensive Plan and the District Services and Operations Plan that have now been approved by the Board of Trustees. Additionally, District Council approved change in job description for Human Resources along with Administrative Regulations that were approved except for one on enrollment priorities that was postponed allowing Santa Ana College to review the proposed changes. The next District Council meeting is July 15, 2024. There were no other questions.

7. Informational Handouts

- District-wide expenditure report link: <https://intranet.rscsd.edu>
- Vacant Funded Position List as of June 27, 2024
- Monthly Cash Flow Summary as of May 31, 2024
- [SAC Planning and Budget Committee Agendas and Minutes](#)
- [SCC Budget Committee Agendas and Minutes](#)

General informational handouts above were referenced for further review.

8. Approval of FRC Minutes – May 15, 2024

A motion by Coyne was seconded by Satele to approve the minutes of the May 15, 2024, meeting as presented. By roll call vote, the motion passed with two abstentions by Grant and Talarico.

9. Other

O’Connor confirmed hearing from Don Maus, that if RSCCD stays within the ASCIP pool, we are subject to rebates, if we went to Anthem direct or Aetna or anything else, we would no longer be eligible for the rebates.

Discussion ensued regarding committee retirements, replacements as follows:

- Jose Vargas is retiring next month; SCC President’s cabinet will discuss further and advise of replacement.
- Tommy Strong will replace Madeline Grant as SAC faculty representative.
- Madeline Grant will replace Morrie Barembaum as FARSCCD President.

There were no further comments, questions, or discussion.

Next FRC Committee Meeting:

The next FRC meeting is August 21, 2024, at 1:30-3:00 p.m. This meeting adjourned at 2:21 p.m. with a motion by Coyne that was seconded by Hubbard.