

Fiscal Resources Committee

Executive Conference Room – District Office
1:30 p.m. – 3:00 p.m.

Meeting Minutes for March 20, 2019

FRC Members Present: Peter Hardash, Bart Hoffman, Thao Nguyen, Adam O'Connor, Monica Zarske, Arleen Satele, Steven Deeley, Michael Taylor, Pilar Gutierrez-Lucero, Morrie Barembaum

Alternates/Guests Present: Jose Vargas, James Kennedy, Roy Shabazian, Tracie Green, George Walters and C.M. Brahmbhatt (Cambridge West Partnership Consultants)

1. Welcome: Mr. Hardash called the meeting to order at 1:31 p.m. Brief introductions were made.
2. State/District Budget Update - Hardash
Mr. Hardash provided brief comments as follows:
 - 2017/18 Apportionment Recalc Exhibit E
 - 2018/19 Apportionment P1 Report, Exhibit C – Mr. Hardash distributed and reviewed revised Exhibit C for RSCCD and State Wide totals. Revenue shortfall is projected at \$327,793,970 equating to a 5% deficit or could be more like \$4-\$5 million. RSCCD revenue shortfall has deficit factor of 5.06% and could be reduced by \$8.9 million. The state is trying to “value engineer” the budget by implementing a redistribution of funds within the established budget and cutting costs; it is unknown what the State will do to respond to the shortfall. Stay tuned as more adjustments, corrections and revisions are made.
 - February Surprise - A copy of a draft letter from the Chancellor’s Office was distributed and reviewed. Mr. Hardash explained how the letter attempts to reconcile the pending shortfall, noting it is a huge mess and extremely frightening news. There is no guarantee of TCR plus COLA. This matter has been discussed in cabinet and the college Presidents have been cautioned to slow spending due to this news. Campuses will be asked to use their own reserves before District reserves are considered. The final numbers may not be known until P2 which is June 28 when the fiscal year ends June 30.
 - SSC – State Revenues Fall Short \$2.3 Billion for December and January Combined
 - SSC – Legislative Analyst’s Office Warns of May Revision Risks
 - SSC – LAO Notes SCFF Shortfall
 - SSC – February Tax Collections Beat Estimates
3. Follow-up Regarding Tentative Budget Assumptions
Mr. O'Connor referred to page 13 of the meeting documents noting:
 - The only change is the addition of the recap page and a paragraph at the bottom of the page. At this time, none of the information shared by Mr. Hardash has been applied to the tentative budget assumptions. The tentative budget assumptions will be presented to the Board for approval at their regular meeting on Monday, March 25. The message is really that all is unknown at this time.
4. Distribution of One-time Election Expense Savings
Mr. O'Connor referred to page 14 of the meeting documents explaining that:
 - As a result of the reduced costs of the recent elections, a balance of \$118,395 is redistributed to the campuses with \$82,971 to SAC and \$35,424 to SCC in

accordance with the model. However, caution of spending was stated in light of the previous discussion related to State budget update.

5. Continued Discussion of SCFF and Review of BAM – Cambridge West Partnership Consultants (George Walters and C.M. Brahmhatt)

George Walters continued review and explanation as follows:

- Section 1a establishes the 3-year average; using credit, special admit credit, incarcerated credit, non-credit, and CDCP of which non-credit and CDCP still have stability and all other categories only have restoration available. In determining the 3-year average, credit, non-credit and CDCP were included in the figures for 2016-17, causing it to be overstated. RSCCD 3-year average should be in 20,010 range with potential revenue of \$178 million. Section 1b addresses restoration and growth (remember restoration must be accomplished before growth can be achieved). Questions were asked and answered for clarification. Mr. Hardash provided further explanation regarding growth rates that can only be captured once full restoration occurs. Because of prior year borrowing and shifting, RSCCD is down about 10% or more and must fully restore in order to capture growth. It is beneficial for the district to chase after restoration and growth. Mr. Hardash also discussed the potential of SAC moving from large to middle campus designation losing additional funds. That is based on actual FTES within three years and such strategy will be a future discussion item.
- Mr. Walters continued the review of Section II Supplemental Allocation and Section III Student Success Allocation noting the challenges of validating accurate data for Pell Grants, AB540 and Promise Grant recipients. This year RSCCD will only get paid for 18,915 headcount. It is anticipated a better validation process that accurately reflects the numbers will be developed over the summer. Audit requirements will be implemented confirming validation and alignment with goals. Data validation is super important and must be addressed. A discussion ensued related to transfers, living wage, and student success allocation rates. C.M. Brahmhatt commended Mr. Hardash as the best CBO in the state leading RSCCD and the importance of the colleges to work the formula to the best advantage, considering the first year as a learning opportunity (painful), the second year as an action year and the third year as the benefit year. Dr. Hoffman discussed the importance of maintaining the large college designation along with growth so the base is not drastically reduced and potentially unrecoverable.
- Data integrity. Other teams of Cambridge West have been scouring RSCCD data and have made much progress, identifying the challenges, and corrections.

6. 2019/20 Proposed Meeting Schedule

Mr. Hardash called for a motion to approve the FRC meeting schedule proposed for 2019/20. A motion made by Ms. Zarske, seconded by Ms. Satele was approved unanimously. The motion passed.

7. Standing Report from District Council

Ms. Zarske reported the following:

- The tentative budget assumptions were passed.
- The review of four (4) reorganizations from HR was completed.
- Some discussion on board policy for hiring chancellor will be continued for future consideration, though not affecting the current recruitment process.

8. Informational Handouts

The following handouts were distributed:

- District-Wide Expenditure Report via link
- Vacant Funded Position List as of March 13, 2019
- Measure “Q” Project Cost Summary as of February 28, 2019

- Monthly Cash Flow Summary as of February 28, 2019
- SAC Planning and Budget Committee Agendas and Minutes
- SCC Budget Committee Agendas and Minutes

Additional handouts provided at the meeting included:

- CCC 2018-19 First Principal Apportionment for RSCCD Exhibit C (dated 3/5/19)
- CCC 2018-19 First Principal Apportionment for State Wide Total Exhibit C (dated 3/5/19)
- Commentary Article by Dan Walters *Slowing economy could hit state budget*
- DRAFT Memo from CCCCO regarding 2018-19 First Principal Apportionment

9. Approval of FRC Minutes – February 20, 2019

Mr. Hardash called for a motion to approve the minutes of the February 20, 2019 meeting. A motion made by Mr. O'Connor, seconded by Ms. Gutierrez-Lucero and was approved unanimously. The motion passed.

10. Other

No other items were discussed.

Next meeting reminder: Wednesday, April 17, 2019, 1:30 – 3:00 in the Executive Conference Room #114, District Office

The meeting was adjourned at 3:05 p.m.