

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

Meeting Minutes for February 19, 2020

FRC Members Present: Peter Hardash, Adam O'Connor, Morrie Barembaum, Steven Deeley, Noemi Guzman, Bart Hoffman, Cristina Morones, Thao Nguyen, William Nguyen, Arleen Satele, Roy Shahbazian, Michael Taylor and Vanessa Urbina

FRC Members Absent:

Alternates/Guests Present: Jean Estevez, James Kennedy, Mark Reynoso, Jose Vargas and George Walters (CWP)

1. Welcome: Mr. Hardash called the meeting to order at 1:31 p.m. with introductions made.
2. State/District Budget Update
 - SSC-Additional 2020-21 State Budget Details
 - SSC-Themes for the 2020-21 Governor's Budget
 - SSC-The Financial Impact of Step and Column Advancement
 - SSC-2020-21 State Budget Trailer Bill-California Community College System Support Program
 - SSC-What Do I Need to Know About Cost-of-Living Adjustment Salary Formulas?

Mr. Hardash referenced handouts which provide some details and available trailer bill language related to the Governor's Budget Proposal. Preliminary discussions have begun with a suggestion that the additional funds should be used to support PERS/STRS increased costs. Various hearings have begun with one recently criticizing Calbright College. Some feel the money should be taken away from Calbright, with hopes of funds being redistributed equally to all districts; still others are lining up to take Calbright College on as a part of their own district. Nothing will be known for sure until May revise.

RSCCD is building the budget based on best available information at this time; changes could occur with the May revise. Final touches will be made in June for approval by the Board of Trustees. There were no questions regarding the State/District budget updates.

3. 2020/21 RSCCD Tentative Budget Assumptions

Mr. O'Connor reviewed line by line the draft 2020/21 tentative budget assumptions dated February 10, 2020. A preliminary review was previously provided and changes are noted in red. He explained the various components including revenue, COLA, Lottery funds, expenditures, health and welfare increases, decreases and revisions, FON, institutional costs expenses, and round one of budget reductions totaling \$3 million due on February 28. Mr. O'Connor further reviewed the summary of the tentative budget assumptions with a correction to Misc. Income which is applicable to item EGK not H. That is a total of \$4.4 million in new revenue. Item E/F are the biggest changes to the new expenditures with a footnote that the colleges need to appropriately fund adjunct faculty costs tied to the class schedules. Previously it was \$5 million and it is now estimated at \$6.5 million. The Presidents were directed to address the issue at the campus level. If not addressed or partially addressed, the difference will add to the bottom line and there is no room for adjustments in the new model; no apportionment adjustment or washout savings. At the direction of the Chancellor adjunct faculty calculation was removed from the budget assumption summary. Mr. O'Connor completed the review of the budget assumptions

summary noting potential savings from faculty replacement of positions and potentially more saving through management and classified hires.

Mr. Hardash restated the unknown elements of the 2018-19, 2019-20 and the 2020-21 budgets; specifically that promises of 2018-19 recalc would be available in January and P-1 in February of which neither has occurred and is not a good sign of things to come. The funding is being redistributed upon certification of the data. It is very unclear what the funding will be for this year. RSCCD budgeted at hold-harmless knowing the advanced apportionment was wrong and money would be taken away. The potential revenue is one-time money and could assist to buy some time before the cliff is reached.

Discussion ensued and questions were answered. Of specific concern was item L other additional DS/ institutional cost expenses for the proposed Data Integrity Specialist and the Contracts Specialist positions of which the colleges requested. The purpose of the Data Integrity Specialist is to support the accurate submission of MIS data for both campuses. The position is unique with knowledge of curriculum, scheduling of classes, MIS and FTES data as well as working with the various divisional staff at both campuses to submit accurate MIS report which affects funding for the colleges. The position would report to Educational Services. It is not an ITS position. The purpose of the Contract Specialist position is to support campuses with the related review and negotiation of instructional, clinical and affiliation agreements and relieve workload for staff. The model for such a position is to be in the procurement area. Both college presidents requested this position in September/ October of last year and it was thoroughly discussed in the Chancellor's Cabinet confirming the need for the position. These costs along with the increased costs to Ellucian have been vetted through the Chancellor's Cabinet. In a more recent Chancellor's Cabinet meeting of which Mr. O'Connor attended on behalf of Mr. Hardash, the Presidents again requested the position and that is the reason it is on the budget assumptions for action now.

A more lengthy discussion ensued related to the proposed positions and salary placements, increased fees to Ellucian, removal of previously proposed items, the reduction plan, data clean-up, hold harmless and the funding formula, and FON. Mr. Hardash explained the process for the tentative budget assumptions being the foundation for building the tentative budget. Once approved by FRC, such is forwarded to District Council and then Board of Trustees in March. The Board may or may not be fine with the tentative budget assumptions which includes the latest information and the adjustment plan. The May Revise information will be added to the tentative budget when it becomes available.

An initial motion was made by Mr. Shahbazian to recommend the Tentative Budget Assumptions withholding the Data Integrity Specialist and Contract Specialist until there is better information on revenue. There was no second to this motion.

Mr. Hardash reiterated the positions had been vetted at the Chancellor's Cabinet level, it is the campuses that requested these positions and he would respectfully vote against the motion for the purposes stated. Upon further discussion, it was suggested FRC could recommend the Tentative Budget Assumptions without the two positions and present recommendation to Chancellor. The Chancellor could then take the Tentative Budget Assumptions along with the positions to District Council as his recommendation to move it forward as is his prerogative.

Mr. Shahbazian restated the motion to recommend the tentative budget assumptions but with the change that the data integrity specialist and the contract specialist would be postponed until we have a state budget. The motion was seconded by Mr. Barembaum. The motion passed with one dissenting vote by Mr. Hardash. The recommendation will be moved forward to the Chancellor.

4. Review Planning Design Manual (request from District Council)
Mr. O'Connor briefly reviewed the excerpted pages from the Planning Design Manual that were provided by Michael DeCarbo. A discussion ensued suggesting the planning manual identifies a formal process be initiated for requests for money by district services through POE, that a budget modification recommendation form be developed with a rubric for consideration. It was also recalled that POE was asked to develop the rubric and form and chose not to do so. If such is done, FRC will comply. Additionally, another budget center is created within the planning document that isn't needed, the calendar is incorrect with timelines that are not followed and missing elements, and the current planning model does not allow for redirection of issues to other participatory governance committees, but only an upward action to District Council. In conclusion, it was determined representatives would seek input from respective constituency groups, and the item would be brought back to the next meeting for discussion and consideration.

5. College Projected 2019-20 Year-End Balances – Satele and Hoffman
 - SCC projects \$2.3 million ending balance with \$700,000 to cover adjunct faculty leaving a year-end balance of \$1.6 million.
 - SAC projects \$1.584 million ending balance in fund 11 and \$2.706 million in fund 13. Additionally, \$2.5 million is being held for the Health Science Center and the hope of savings from the Science Center and the Johnson Center.

6. Continued Discussion of SCFF and Review of BAM – Cambridge West Partnership Consultants
 - Section 4 – Revenue Modifications
Mr. Walters reviewed edits to section 4. Changes from the previous iteration include the various scenarios broken up into application sections for apportionment for supplemental and student success allocations, growth, stability for noncredit and CDCP and hold harmless. He explained hold harmless is the most difficult to understand and is a moving target; therefore a note was added that updates are needed as provisions continually change. With RSCCD having stabilization for noncredit and CDCP that is good, but such could change in the future. A discussion continued related to supplemental and student success data elements, inaccurate data, shifting funds to the college that earned it, the 70/30 split and tying together data elements for funding.

A motion was made by Ms. Satele to approve section 4 as presented. The motion was seconded by Dr. Hoffman and passed unanimously.

 - Section 5 – Allocation of New State Revenues and Other Modifications
Mr. Walters presented and reviewed changes to section 5 regarding Allocation of New State Revenue and Other Modifications. The edits are presented as a first read. A discussion followed with Mr. O'Connor confirming that once all sections of the entire BAM are complete, it will be compared to the planning design manual to determine inconsistencies and any other corrections that may be identified and needed. The reference to "district enrollment management committee" was removed.

Ms. Satele inquired of grants/special projects indirect cost earned by Educational Services. It was explained that the prior year carryovers will be used to support DMC operating expenses in 2020/21 and if that allocation is taken away, the costs will then be requested from the colleges. After the discussion, the committee asked for a history of the earned indirect cost in Educational Services along with what additional services were provided to the colleges with these funds.

Ms. Satele also inquired about position control noted on page 25 under Budget Input section. I was explained there is no automated system, it is manually done by Thao Nguyen and the statement remains accurate.

Dr. Vargas submitted written language to change Other Modifications under basic allocation. A discussion continued regarding allocation, total computational revenue (TCR), and bottom line. The district currently distributes according to TCR and the bottom line revenues pay for district services and operations expenses. The language would change the distribution. As a district it doesn't make a difference, however, this language change would shift approximately \$300,000 from Santa Ana College to Santiago Canyon College. The concern is TCR vs. dedicated revenue with no control over how it comes from the Chancellor's Office with no mechanism to apply deficit to the 20 and 10 making it more dependent on FTES and more volatile. Additional discussion focused on shifting of FTES, the benefit to SAC this language could present if the large college designation is lost. It was determined that Fiscal Services would prepare model simulations to be shared and reviewed at the next meeting.

Upon review of section 5 by constituency representatives, feedback is to be provided to Mr. O'Connor within two weeks to be considered at the next FRC meeting.

7. Standing Report from District Council - Shahbazian
Mr. Shahbazian reported that District Council met without quorum present and therefore only had discussion. The reorganization for district safety and security was presented with more information requested and to be continued at the next meeting.
8. Informational Handouts
 - Districtwide expenditures report link: <https://intranet.rsccd.edu>
 - Vacant Funded Position List as of February 11, 2020
 - Measure "Q" Project Cost Summary as of January 31, 2020
 - Monthly Cash Flow Summary as of January 31, 2020
 - SAC Planning and Budget Committee Agendas and Minutes
 - SCC Budget Committee Agendas and Minutes
9. Additional Handouts
 - BAM Language Change Proposal SCC – distributed and posted on [FRC Webpage](#)
 - BAM Simulations – posted on [FRC webpage](#)
10. Approval of FRC Minutes – January 22, 2020
A motion was made by Mr. Barembaum, seconded by Adam O'Connor, to approve the minutes of January 22, 2020 as presented. With no questions, comments or corrections the motion passed unanimously.
11. Other
Next meeting reminder: Wednesday, March 18, 2020, 1:30 – 3:00 in the Executive Conference Room #114, District Office

This meeting adjourned at 3:20 p.m.