

Fiscal Resources Committee

Via Zoom Video Conference Call
1:30 p.m. – 3:00 p.m.

Meeting Minutes for April 15, 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, and Vanessa Urbina

FRC Members Absent: Michael Taylor

Alternates/Guests Present: Erika Almaraz, Jason Bui, James Kennedy, Linda Melendez, Enrique Perez, Mark Reynoso, Jose Vargas, George Walters (CWP), and Barbie Yniguez

1. Welcome: Mr. Hardash called the meeting to order at 1:34 p.m. via zoom noting that patience is needed to enable participation via this meeting platform.
2. State/District Budget Update
 - SSC Article – Legislature Passes Emergency Legislation Related to COVID-19
 - SSC Article – COVID-19 Emergency Legislation Has Potential Impact on Community Colleges
 - SSC Article – LAO Issues Cautious Fiscal Outlook Amidst COVID-19 Outbreak
 - SSC Article – Status of the 2020-21 Statutory Cost-of-Living Adjustment
 - SSC Article – DOF Planning for Workload Budget in 2020-21
 - DOF-2020 Budget Change Letter and May Revision
 - LAO-Update on State and School District Reserve
 - LAO-State Budget Effects of Recent Federal Actions to Address COVID-19
 - Budget Update from Assembly California Legislature – posted April 6, 2020

Mr. Hardash referenced handouts which provide detailed information on various topics including the budget, impacts of COVID-19, State and Federal assistance programs. The Coronavirus pandemic has pushed us into a recession, and the State is spending billions of the reserves to address various emergency needs. This along with the shortfall of revenues will affect RSCCD. The Federal Government assistance programs will be helpful. The first installment of 50% is to arrive by wire soon and can only be used for students. Both college VPs of administrative services are facilitating discussions for how the money will be used to support students. It is unknown when the other 50% to be used by the colleges for additional expenses due to the pandemic will arrive. All emergency expenses incurred at the district level including the purchase of computers, laptops, and video cameras and also recently requested 125,000 masks for students and staff as we prepare for face to face environments, exceed \$1 million in the last few weeks. It is hopeful the District will be reimbursed for these additional expenses.

For the purposes of the current year, P1 will be used for P2. The May Revise will be abbreviated with an August Revise due to the delay of filing taxes to July 15, 2020. Funding for last year, this year and 2020-21 are unknown and may not be determined until August, September or October. P1 of current year will be used to continue funding, with the 3.6% apportionment deficit which took away \$6.4 million in TCR, and will be carried forward. As more information becomes available, it will be posted on the FRC webpage. FEMA reimbursement will help and everything possible will be submitted, however, a large percentage of the requested monies are not typically approved. The reserve is available and

will assist in moving forward with these fiscal challenges. Mr. Hardash further discussed the approval of the tentative budget and the adopted budget which will continue to take place.

A brief discussion ensued regarding the hiring “hold” for all personnel recruitments and processes, with the exception of offers already completed. While the District is unable to control State revenue, it can control expenditures. Roy Shahbazian inquired about the hiring “hold” and whether committees could continue their work so that when the “hold” was released offers could be made. Mr. Hardash explained that Chancellor’s Cabinet determined these processes would not occur due to complexities of selection committees, online meetings and confidentially. It was also suggested the issue might be better discussed at District Council.

3. FON Suspension

Mr. Hardash explained the State is considering the suspension of the Faculty Obligation Number (FON), and the CCCCO Consultation Committee lists this item on the agenda for tomorrow; including the need and ramifications for suspending the FON and/or modifications to the 50% law. The BOG can suspend these if there isn’t appropriate funding. The request is to be effective Fall 2020. Mr. Hardash further explained the FON doesn’t go away, but a formula with a percentage is developed for addressing progressively. The meeting is open to district faculty and staff to participate.

4. Follow up regarding Tentative Budget Assumptions/Phase One Budget Reductions

Mr. Hardash reported the tentative budget assumptions were presented to the Board of Trustees for approval which coincided with the Coronavirus pandemic and makes the assumptions very fluid at this time. The phase 1 budget reductions were shared and are to be used for the development of the tentative budget. Many of the reductions will change campus budgets so that they are more reliant on campus reserves for those costs.

Mr. O’Connor added that previously at FRC, approval of the budget assumptions included two positions that were taken out; however, one position, Data Integrity Specialist, was added back in by action of District Council and approved by the Board of Trustees.

5. 2020/21 Proposed Meeting Schedule

Mr. O’Connor reviewed and presented for action the proposed meeting schedule. One change includes meeting in May 2021 to be on Thursday instead of Wednesday to accommodate attendance at ACBO Conference.

It was moved by Dr. Hoffman and seconded by Arlene Satele to approve the 2020/21 meeting scheduled as presented. With no questions, comments, or opposition the motion passed.

6. District Services Indirect Cost Expenditure History – Enrique Perez

Mr. Perez provided a brief report on the indirect cost expenditure history. He explained how indirect allocations are earned through grants with the District acting as the fiscal agent. These one-time monies placed in Fund 13 of the Educational Services Division have been earning since 2016/17. The earning comes from and supports the various grant programs as presented in the document. Additionally, it was noted the reason for the expanded discussion regarding indirect costs came from a previous FRC meeting on the budget assumptions and new district positions. There are no employees hired under this portion of the indirect funds, but there could be employees hired as part of a specific grant accordingly. It was confirmed that grants have nothing to do with TCR (Total Computational Revenue). The monies proposed for advertising are with a focus of increasing FTES, through targeted marketing and resources directed to potential students. Without having these indirect funds, there wouldn’t be any money to support such marketing efforts and make an impact. A discussion ensued with questions asked and answers provided with a concluding reminder that grants are fund 12 and not subject to the 70/30 split.

7. Continued Discussion of SCFF and Review of BAM – Cambridge West Partnership Consultants

- BAM Simulation Review Based on SCC Proposed Language Change – Jose Vargas reviewed and discussed SCC proposed language change to basic allocation with simulations (which are posted on the FRC webpage). Mr. Hardash explained the basic allocation was never intended to be part of the 70/30 split because of the size of the colleges, the additional funds received for those designations, which “skews” the percentages as well as noncredit CDCP that are earned by the campuses. Discussion ensued in support of and opposed to the proposed language change.

It was moved by Morrie Barembaum and seconded by Jose Vargas to approve the proposed language change as presented, however a vote was not taken. Dr. Hoffman noted concerns from SAC Senate President Shahbazian and Budget and Planning Co-Chair Nguyen. He stated SAC is not in a position to make a decision at this time and requested more time for the campus to consider the language change as proposed.

It was moved by Dr. Hoffman that the item be tabled for vote at the next meeting therefore providing ample time for SAC colleagues to further develop analysis and digestion of the information presented today. Jose Vargas seconded the motion. Hearing no further comments, questions and no opposition the motion passed and the item will be brought back to the next meeting for action.

- Section 5 – Other Modifications - Action
Mr. Walters reviewed edits to section 5 and discussion followed on District Services section that states POE will evaluate budget augmentation requests and forward a recommendation to District Council. Additionally, it was determined the last two paragraphs that reference the District Enrollment Management Committee as it relates to FON would be stricken from the document (page 51 of the meeting materials). FRC does not manage the task of FON and language should remain open until further determination is made in the Planning Design Manual discussions. It was determined no further action would be taken on this item since the BAM language change proposed by SCC is tabled for the next meeting, therefore, this item will be brought back as well.
- Section 2 – Implementation
Mr. Walters presented and reviewed changes to implementation section (pages 47-48 of meeting materials) including a proposed template.

After each section is approved, is it being reorganized for a final pass through of the FRC and will be posted as a red-line, track-changes document on the FRC website.

8. Review Planning Design Manual (request from District Council)
Enrique Perez suggested he would resubmit this item, making it clear, less clunky and also conduct follow-up discussions with Adam O'Connor prior to the next meeting.
9. Standing Report from District Council - Shahbazian
Mr. Shahbazian reported that District Council had made decision to continue TRI through Spring and Summer. Surveys were conducted at both colleges.
10. Informational Handouts
- Districtwide expenditures report link: <https://intranet.rscdd.edu>
 - Vacant Funded Position List as of April 6, 2020
 - Measure “Q” Project Cost Summary as of March 31, 2020
 - Monthly Cash Flow Summary as of March 31, 2020
 - SAC Planning and Budget Committee Agendas and Minutes
 - SCC Budget Committee Agendas and Minutes

11. Additional Handouts

- BAM Percentage Analysis (3-4-20) – posted on [FRC webpage](#)
- Interim Fiscal Update JLBC (4-10-20) – posted on [FRC webpage](#)
- SSC Article – It's Time to Batten Down the Hatches (4-13-20) – posted on [FRC webpage](#)
- LAO: State Budget Effects of Recent Federal Actions to Address COVID-19 – posted on the [FRC webpage](#)

12. Approval of FRC Minutes – February 19, 2020

A motion was made by Arlene Satele, seconded by Steven Deeley, to approve the minutes of February 19, 2020 meeting as presented. With no questions, comments, corrections or abstentions, the motion passed unanimously.

13. Other

A question was asked if the State would suspend the college size issues due to COVID-19 and the impact of TRI if students do not remain in classes. Dr. Kennedy provided further explanation that SAC will be unable to maintain the large size college designation as a result of TRI as it applies to CJA/Fire Academies and noncredit instruction. However, there is one more year to get to 20,000 and at the same time advocate for suspension of the rule from the State. In theory that is correct, there was a huge deficit and the hold harmless isn't what it was projected to be. Walters stated that when a district is in hold harmless structure and if the college was above the threshold, they are retaining that as well.

Next meeting reminder: Thursday, May 21, 2020, 1:30 – 3:00 in the Executive Conference Room #114, District Office or via zoom as necessary.

As moved by Morrie Barembaum and seconded by Arlene Satele, this meeting adjourned at 3:06 p.m. by unanimous vote.