

Fiscal Resources Committee

Via Zoom Video Conference Call

1:30 p.m. – 3:00 p.m.

Meeting Minutes for August 19, 2020

FRC Members Present: Peter Hardash, Adam O'Connor, Steven Deeley, Noemi Guzman, Bart Hoffman, Cristina Morones, Thao Nguyen, William Nguyen, Craig Rutan, Arleen Satele, and Roy Shahbazian,

FRC Members Absent: Morrie Barembaum, and Vanessa Urbina

Alternates/Guests Present: James Kennedy, Enrique Perez, Syed Rizvi, and Barbie Yniguez

1. Welcome: Mr. Hardash called the meeting to order at 1:32 p.m. via zoom.
2. Committee Faculty Co-Chair Appointment
Mr. Hardash explained the appointment of the Faculty Co-Chair that is rotated on an annual basis between the two colleges. This year SCC has the opportunity to fill that position. It was moved by Dr. Hoffman and seconded by Ms. Satele to appoint SCC Academic Senate President, Craig Rutan, to the Faculty Co-Chair position. With no abstentions or opposition, the motion passed unanimously.
3. State/District Budget Update
 - 2020/21 Advance apportionment
 - Memo
 - Exhibit R – FY 2020-21 Advance Apportionment (July 2020)
 - Exhibit A – Payments by Program (July 2020)
 - DOF – Finance Bulletin – June 2020
 - DOF – Finance Bulletin – July 2020
 - SSC – Governor Newsome Sign 2020-21 State Budget Package into Law
 - SSC – Ask SSC...What were Reserves for 2018-19?
 - SSC – Ask SSC...Should We Consider an Early Retirement Incentive?
 - SSC – Bill Amended to Provide Colleges COVID-19 Liability Protections
 - SSC – California Continues Minimum Wage Increase in 2021
 - SSC – Community College Financial Projection Dartboard – 2020-21 Adopted Budget
 - SSC – Current Tax Collections Beating (Lowered) Budget Expectations
 - SSC – Two November Initiatives Would Affect Education Funding
 - SSC – Tax Receipts Exceed Lowered Expectations, So Far
 - SSC – U.S. Faces Historic Economic Contraction While Federal Help Remains Uncertain
 - SSC – Senate Democrats Introduce \$430 Billion COVID-19 Education Relief Bill
 - SSC – Updated CalPERS Estimated Employer Contribution Rates

Mr. Hardash reviewed and discussed at great length the advance apportionment memo, Exhibit R, Exhibit A and provided clarification of the deferral. RSCCD deferral is certified at \$47 million to start in February, March, April, May and June with payments to be received later in the year. Mr. Hardash explained how funds were distributed to RSCCD. The initial advance apportionment is very small and shorts RSCCD by \$5.1 million out of \$47 million apportionment and now deferral is over \$43 million. Further analysis will be needed. This isn't a budget problem, it's a cash flow issue. The funds will be provided eventually. Therefore, RSCCD must figure out cash flow model for moving forward month to month. Some months will be more difficult than others, such as when property tax payments are received. For example at the end of December, RSCCD will receive half of the property tax allocation and therefore January, February and March may not require as much borrowing. Now that the formula is known, RSCCD will have to model it. There is potential for monthly changes to the apportionment but deferral should not change. RSCCD will not need to borrow from outside market, but can borrow internally from other categorical programs in fund 12 whereby entitlement has been received. Adam and

staff are working on cash flow simulation to determine shortfalls. The \$42 million will not hit in one month. RSCCD does not have a cash flow problem; there are real reserves and because RSCCD is a large enough district, there is the opportunity to borrow from other funds if necessary. The Board can authorize such borrowing; however, no bond funds can be used for these purposes. Questions were asked, answers provided and discussion ensued.

4. Closeout of 2019/20 Budget

- Recap of 2019/20 SCFF Metrics
- Final Budget Allocation Model Distribution of Carryover
- 50% Law Compliance Update

Mr. O'Connor reviewed and discussed the recap of FTES/SCFF metrics. The year-end close out split is 69.11% for SAC and 30.89% for SCC. That is the combination of all FTES/SCFF metrics. Mr. O'Connor then reviewed the BAM format noting dollar amounts to the model. This includes \$7.5 million hold harmless funding and deducting a 2% deficit factor to bring the model TCR to \$171.9 million.

After taking into consideration other revenue and expenses, that leaves the two colleges at closeout (fund 11 ongoing unrestricted general funds) with carryover funds of \$3.9 million for SAC and \$120,247 for SCC. Fund 13 (one-time unrestricted general funds) with carryover from last year and the difference between revenue and expenses for SAC a total of \$6.2 million and SCC with \$835,550. There were two out of the ordinary deductions from carryover that included \$500,000 for PPE purchases (that will come back once allocated to other funds such as CARES and other grant funds) and a little over \$500,000 at the Chancellor's request for Leadership and Diversity Initiative for this year.

Mr. O'Connor also discussed discrepancies in the amounts received from property taxes that requires more follow-up. There appears to be a big disconnect between what is reported as received and what is actually received. Typically this would be final, but with the potential for more changes, this version will be used for the adopted budget and updated if necessary.

Ms. Satele expressed real concern for SCC budget, the drastic deductions and the potential outcome. Mr. O'Connor agreed to meet separately to assist. Mr. Shahbazian inquired about Chancellor's leadership initiative and where the funds came from. Mr. Hardash explained the one-time funds were taken from District savings. It is understood that if the program continues beyond 2020-21, more one-time funds will be needed or the program institutionalized at the District level through the standard POE and FRC processes. The specific budget supports the administrator (Dr. Rabii-Rakin), specialized training for employees, supplies and consultants. A copy of the program budget will be shared with FRC. Mr. Hardash confirmed the information presented is shared as a report and no action is required. Mr. O'Connor agreed to meet with new member Syed Rizvi to address questions and clarifications as this was his first meeting with FRC.

A discussion ensued pertaining to PPE costs, CARES Act funds and the initial allocation of funds to support PPE in the budget. The allocation of funds was necessary because the State grant money had not yet been received and PPE purchases needed to be made. Funds will be reimbursed once claimed as CARES Act dollars; not all funds will be spent at the college level. Eventually the campuses will get some of that money back. Questions were asked and answers provided accordingly.

Mr. O'Connor also reviewed briefly information regarding 50% law and noting total RSCCD combined current expenses of education at 54%.

5. Review Planning Design Manual (request from District Council) - Perez

Mr. Perez reviewed and discussed the recommendations from POE for FRC to approve (pages 46-53). All participatory governance committees participated in a combined meeting last year on May 10, 2019

to review the planning design manual. Mr. Perez referenced specifically pages 50-51, noting edits that were made for resource allocation. This is the final to be incorporated into the Planning Design Manual.

Mr. Shahbazian initiated discussion on the process of district services carryover funds and how the one-time funds distributed for the Diversity Leadership program did not follow the planning design manual for resource allocation. He expressed concerns and it was agreed that he and SCC's Academic Senate President, Craig Rutan, would meet with the Chancellor to discuss these concerns further. Mr. Hardash and Mr. Rutan mutually reiterated the authority and right of the Board of Trustees and Chancellor to make decisions in accordance with the model and Education Code. The allocation did not affect the 2020-21 budget, it wasn't a cost increase, because it is using one-time savings for this year.

Mr. Shahbazian made a motion to approve the planning design manual edits as presented with a recommendation that all district revenue follow this process. There was no second to the motion. Mr. Perez explained the approval is requested of the planning design manual which is process and not a recommendation for all district revenue. The process speaks to committee jurisdiction and must be read within the context of the entire planning design manual.

It was then moved by Craig Rutan to approve the final changes to the planning design manual as presented, with the expectation that the two senate presidents will continue to dialogue with the Chancellor regarding concerns about how excess funds accumulated by the District Office can be allocated in a way that circumvents the planning process. The motion was seconded by Cristina Morones. Mr. Nguyen briefly discussed the five participatory governance committees and inquired how PRC (Physical Resources Committee) would make a recommendation for resource allocation. Mr. Hardash explained that such would not occur. The PRC is a report out committee. It was further noted the TAG (Technology Advisory Group) is a policy driven committee and TOW is an operational committee. The motion passed unanimously with no further questions, abstentions or opposition.

6. Enrollment Management – Perez

Mr. Perez shared information related to enrollment management. Summer and Fall were affected by COVID restrictions and the colleges were impacted. Both have made tremendous efforts, with over \$500,000 invested in targeted marketing efforts and improvements. Specifically, Mr. Perez referred to the 2020FA College Credit Enrollment Comparison document (screen share), noting that every day, administrators are looking at enrollment. The snapshot demonstrated how headcount when compared to the same day last year is low. FTES again is a broad view and demonstrates how targeted marketing/outreach is implemented. Students have made it very clear through surveys they do not like online instruction. On July 17, the Governor announced that all higher education institutions would continue online for the fall. That really impacted enrollment, and a complete slow-down was evident. It is hopeful the county will be removed from the watch list, improvements continue and RSCCD will be able to offer more face-to-face courses during the 2nd 8-weeks of the semester.

Many students are confused about the term “online” education and part of the marketing goal is to educate students about that various online options including:

- **Online** with no scheduled meeting days.
- **RL** Remote Live, distance education classes with weekly scheduled meeting days and times.
- **RB** Remote Blended, distance education classes with some scheduled meeting dates and times, but also virtually meeting during those designated days and times.
- **F2F** Face to Face classes that are in person and on-campus with weekly scheduled meeting days and times.

Targeted marketing for credit is looking at perspective students that are enrolled in UCs and CSUs that are staying home to come to the community college and save money; completers and high school students. For noncredit it is different audiences but noting the centers are open and ready to help.

Additionally, Mr. Perez talked about advertising results and tracking data. The District will initiate reports to assist the colleges in marketing, highlighting labor market trends and create a basis for

decision making processes for enrollment management. Questions were asked and answers provided accordingly.

7. Standing Report from District Council - Rutan

Mr. Rutan briefly reported on the actions of District Council special meeting that occurred last week to address changes to Title IX. District Council approved and instituted changes to board policy on student conduct, AR for Title IX to be in compliance of the Federal Government regulations including switching from a single investigation model to a hearing model which is required by law. There were no questions.

8. Informational/Additional Handouts

- District-wide expenditure report link: <https://intranet.rscsd.edu>
- Vacant Funded Position List as of August 5, 2020
- Measure “Q” Project Cost Summary July 31, 2020
- Monthly Cash Flow Summary as of July 31, 2020
- [SAC Planning and Budget Committee Agendas and Minutes](#)
- [SCC Budget Committee Agendas and Minutes](#)

Additional informational handouts were referenced and posted on the FRC website for further review.

9. Approval of FRC Minutes – July 1, 2020

A motion was made by Mr. Shahbazian and seconded by Mr. Rutan, to approve the minutes of July 1, 2020 meeting as presented. With no questions, comments, corrections, abstentions, or opposition, the motion passed unanimously.

10. Other

Dr. Kennedy announced that with his new interim assignment, he will no longer serve as the alternate on behalf of SAC, but Dr. Vaniethia Hubbard will fill that alternate position. He will continue to join the meeting as a guest.

Next meeting reminder: Wednesday, September 16, 2020, 1:30 – 3:00 p.m. in the Executive Conference Room #114, District Office or via zoom as necessary.

This meeting adjourned at 2:59 p.m.