

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

Meeting Minutes for August 15, 2018

FRC Members Present: Morrie Barembaum, Ed Fosmire, Pilar Gutierrez-Lucero, Peter Hardash, Bart Hoffman, Mary Mettler, Thao Nguyen, Adam O'Connor, Arleen Satele, Monica Zarske

Alternates/Guests Present: Esmeralda Abejar, James Kennedy, Roy Shabazian, Mike Taylor, Jose Vargas

1. Welcome: Mr. Hardash called the meeting to order at 1:32 p.m.
2. State/District Budget Update
 - Budget workshop on August 13, 2018 – New Funding Model
 - i. Simulation still used
 - ii. Advanced apportionment will be based on simulation and corrected in February '19 at P1
 - iii. Actual funding will be based on 17/18 MIS data
 - iv. Difficulties with tying in to data elements
 - v. COLA is included in funding amounts, factored into Adopted Budget
 - Internal allocation model needs to be changed to reflect new funding formula
 - Will take time to understand new model once details are released
 - Portion of funding based on FTES will decrease over next 3 years with performance side increasing
 - Currently in stabilization, will lose in July 1, 2019 along with any uncaptured FTES
 - Borrowing may not be included in base funding determination
 - Currently many unknowns with the formula
 - Small change in data elements can result in massive funding shifts
 - Guaranteed on growth, not guaranteed hold harmless
 - Adopted budget will be estimated based on old model and then adjusted as new information becomes available
 - i. Direction needs to be given on how to allocate until new allocation model is developed
 - Funding will be awarded on a district level
 - Full time faculty and part time parody allocations have not yet been decided
 - Some categorical programs, exhibits, and tax/fee estimates provided at workshop
 - SSSP, Equity, and BSI are now combined into one program
 - i. One allocation
 - ii. Program guidelines and educational codes will be changed
 - Instructional Service agreements are currently receiving less funding under the new model
 - i. Drop in per FTES rates
 - ii. No performance measurements
 - iii. Additional funds to supplement allocation would likely cut funding elsewhere
 - First generation student will become part of the funding formula as data collection becomes more accurate
 - RSCCD appears to be low in BOG waivers and Pell Grants when compared with other comparable districts
 - Short term focus on how to allocate to campuses for 2018/19, long term focus on creating new BAM for future years

3. Actuarial Study Of Retiree Health Liabilities Under GASB 74/75 6/30/2017

- Presentation given to Board of Trustees on July 16, 2018
- Study previously required every two years
- Presentation and study posted on website
- Annual Required Contribution (ARC) now separate from report
 - i. Increased to \$14.3 Million
- Interest rates and lack of irrevocable trust contribute to increase in ARC
- Currently using one-time moneys to fund ARC
- GASB 74/75 now requires study every year
- ARC may fluctuate year to year with changes in various factors

4. Closeout of 2017/18 Budget

- Both colleges ended their fund 11 and 13 positive
 - i. Total carryover is \$6.7 million for SAC and \$2.7 million for SCC
- There was no deficit factor, so amount budgeted will flow through model
- Instructional spending has increased
 - i. 66% SAC and 60% SCC
 - ii. STRS increases have impacted
 - iii. Total for district is at 55.08%

5. Proposed Adopted General Fund Budget

Mr. O'Connor walked the committee through the updated assumptions:

- Changes in expected funding
 - i. Summer shift added 321 additional FTES above 15/16 level
 - ii. COLA has increased to 2.71%
 - iii. Projected stabilization adjusted for additional FTES in 17/18
 - iv. EPA will now be at \$26 million
 - v. Lottery has been updated
 - vi. Part Time Faculty compensation has slightly increased
 - vii. BOG Fee Waivers have slightly decreased
 - viii. Block Grants have gone up to \$852,000
 - ix. Some of the campus fees have changed, under Miscellaneous Fees
 - x. Scheduled Maintenance has also been updated
- Changes in estimated expenditures
 - i. Cost of salaries has increased
 - ii. Increases in PERS and STRS
 - iii. ARC increase

Mr. O'Connor walked the committee through the Proposed Adopted Budget:

- Current salary and benefits are expected to be at 86% of total expenditures
- Reserve for contingencies
 - i. Estimated 18/19 COLA, pending negotiations
 - ii. Remainder of 17/18 COLA pending negotiations
 - iii. Board Policy Contingency
 - iv. Budget Stabilization
 - v. Parked \$3 million from assumptions, pending direction from Chancellor/College Presidents
- Fund 11
 - i. Deficit factor budgeted at same dollar amount as 2017/18
 - ii. Expenditures in STRS on behalf, now moved to Fund 13 one-time
 - iii. Apportionment estimated on P3 data

Mr. Hardash called for a motion to recommend the Proposed Adopted Budget to District Council. A motion was made by Ms. Mettler, seconded by Mr. Hoffman. There was a brief discussion regarding increases in budget due to new categorical programs and grants. A vote was taken and the recommendation was approved unanimously.

6. Status update regarding the IEPI consultant and timeline to begin review of BAM for changes relative to the new state funding model
Mr. Hardash was asked to give a brief update on the status of the IEPI consultant hiring process. The district is currently waiting for more information on the new funding model to become available before proceeding with the hiring process. An application for funding to hire the consultant has been approved.
7. Standing Report from District Council
Ms. Mettler stated there was no update from District Council.
8. Informational Handouts
The following handouts were distributed:
 - District-Wide Expenditure Report
 - Vacant Funded Position List as of August 7, 2018
 - Measure “Q” Project Cost Summary June 30, 2018
 - Monthly Cash Flow Summary as of June 30, 2018
 - SAC Planning and Budget Committee Agendas and Minutes
 - SCC Budget Committee Agendas and Minutes
9. Approval of FRC Minutes – July 3, 2018
Mr. Hardash called for a motion to approve the Fiscal Resources Committee Minutes of the July 3, 2018 meeting. A motion to approve the minutes was made by Ms. Satele, seconded by Ms. Zarske, and approved unanimously.
9. Other
Mr. Hardash reminded the committee to calendar future FRC minutes so that members will not miss the upcoming discussions on the new funding formula and BAM process.

Next meeting reminder: Thursday, September 20, 2018, 1:30 – 3:00 in the Executive Conference Room #114, District Office

The meeting was adjourned at 2:48 p.m.