

## Fiscal Resources Committee

Via Zoom Video Conference Call

1:30 p.m. – 3:00 p.m.

### Meeting Minutes for November 18, 2020

**FRC Members Present:** Adam O'Connor, Morrie Barembaum, Steven Deeley, Noemi Guzman, Bart Hoffman, Cristina Morones, Thao Nguyen, William Nguyen, Enrique Perez, Craig Rutan, Arleen Satele, Roy Shahbazian, and Vanessa Urbina

**FRC Members Absent:** None

**Alternates/Guests Present:** Erika Almaraz, Jacob Bereskin, Jason Bui, Vaniethia Hubbard, Mark Reynoso, Syed Rizvi, George Walters (CWP) and Barbie Yniguez

1. Welcome: Adam O'Connor called the meeting to order at 1:32 p.m. via zoom.
2. State/District Budget Update
  - DOF – October 2020 Finance Bulletin
  - FCMAT – Correctly Sizing a Community College District's Management Structure and Staffing
  - SSC – September 2020 State Tax Collections are Ahead of Projections
  - SSC – CalPERS Actuarial Report Revises Contribution Rate Estimates
  - SSC – Community College Financial Projection Dartboard (Revised CalPERS Rates)
  - SSC – LAO Analyzes State Education Spending Plan
  - SSC – Proposition 15 Prospects Look Grim While Proposition 19 Looks Poised to Pass
  - Cal Matters-What Prop. 15's defeat means for California Schools

Adam O'Connor referenced the above articles and additional fiscal outlook handouts. The fiscal outlook information was posted approximately two hours prior to the meeting. The news is surprisingly positive whereby in the LAO's assessment, the State economy has improved enough to buy back deferrals and fund 1.14% COLA, along with additional on-going and very large one-time funding increases. However, that does not take into consideration that much of the State is going back into the 'purple tier' and shutting down economy again. The Chancellor's Office analysis may provide a more flat perspective. Even with a flat perspective, it would be fairly good news. However, RSCCD has to deal with increased costs, a tight budget and cuts as necessary. It was further explained that the outlook is provided twice a year and this is the typical November update that guides budget development for the next fiscal year. When asked about the deficit factor, it was noted the Chancellor's Office would address that, not the LAO and most likely the deficit factor would remain. In conclusion, Mr. O'Connor referenced articles on Propositions 15 and 19; Proposition 15 was defeated, while Proposition 19 passed. FCMAT article offers information for correctly sizing management and staffing to fit revenue/ expenditures. Vice Chancellor Perez provided brief comments on right sizing RSCCD with the assistance of Cambridge West Partnership consultants reviewing data, class schedules and pressure points on the budget and determining 5-year trends for revenue and expenditures; looking at what the schedules are producing to ensure alignment with revenue. This will assist in making right sizing determinations districtwide.

3. Continued Discussion of SCFF and Review of BAM – Cambridge West Partnership Consultants  
George Walters reviewed and discussed edits, comments submitted by the SAC budget allocation workgroup as well as edits submitted by William Nguyen. Bart Hoffman referenced the CCCC COVID-19 Emergency Conditions Allowance application submitted by Peter Hardash and Chancellor Martinez in early May of this year. The purpose was to prop up counts, but RSCCD is in hold harmless and not earning enough to be over hold harmless. Emergency conditions apply only to FTES.

Following a lengthy and clarifying discussion, it was determined the proposed language from the SAC budget allocation workgroup would be considered in the next update of the BAM in March so as not to hold up this process any longer and also consider additional research with various scenarios.

A motion was made by Craig Rutan to approve the BAM with edits as proposed by William Nguyen. The motion was seconded by Arleen Satele. There was further discussion with explanation that Basic Allocation and FTES in Traditional Credit, Special Admit, Incarcerated Credit and Traditional Noncredit, CSCP and Incarcerated Noncredit is based on current year. Also, the data used to calculate funding for noncredit is current year only not part of the average. Incarcerated noncredit is still funded the same. Supplemental Allocation includes prior year data. It was further confirmed the purpose of approving the BAM assists with the accreditation validation as well as confirm current processes because previous BAM included references to SB 361 which has been replaced by Student Centered Funding Formula (SCFF). The BAM is reviewed and updated every year. Scenarios could be run in January 2021. With no further questions, opposition and abstentions, the motion passed unanimously.

4. 50% Law Calculation

As a follow-up to previous discussions and inquiries from past meetings, Thao Nguyen provided a thorough explanation of the College Level SCFF Data and dollar amount split referenced on page 74 of the meeting materials. For Supplemental Allocation, prior year unduplicated headcounts are used for the calculation. She then presented an extensive review of the 50% law calculation. She referred to pages 76-79 of the meeting materials with detailed synopsis. There were no additional questions.

5. Instructional/Non-instructional – Salaries & Benefits % of Total Expenditures

As a follow-up to previous discussions and inquiries from past meetings, Thao Nguyen provided a general review of instructional and non-instructional expenditures. She referenced pages 80-81 of the meeting materials. She clarified object codes for salaries of employee groups and other instructional costs. The information demonstrates how funds are expended for instructional and non-instructional purposes. SAC expends 61.73% for instructional while SCC expends 57.75%; and for non-instructional SAC expends 38.27% and SCC expends 42.25%. This data confirms speculation that SCC spends more on non-instructional salaries/benefits vs what SAC spends. This data will likely be used by CWP in consideration of right sizing; however, it will not be the only data used. The colleges are unique with different populations and priorities. This is but one element to be considered.

6. \$ Split between SAC/SCC based on FY 2017/18 Total % of FTES Split

Thao Nguyen explained the dollar split based on total percentage split in fiscal year 2017/18 close out and potential percentage splits for 2018/19 and 2019/20. She referenced pages 82-83 of the meeting materials. The projection for 2018/19 and 2019/20 will assist in making informed decisions in applying hold harmless. The information changes from year to year and as new information is available it will be shared. Further discussion will assist the decision for applying hold harmless. Many districts were successful in meeting the SCFF metrics (including RSCCD), however, there wasn't enough funding for all districts, and therefore a deficit factor was initiated and more districts went into hold harmless as well (including RSCCD). Mr. O'Connor confirmed a follow-up to clearly identify how the metrics are applied to each fiscal year.

7. Standing Report from District Council - Rutan

Craig Rutan provided a brief report on the actions of District Council including the reorganization approval of moving ITS from Business Operations/Fiscal Services to Educational Services and now reporting to Enrique Perez. Additionally, District Council approved a new administrative regulation for the salary placement of managers and classified because there wasn't one previously.

8. Informational/Additional Handouts

- District-wide expenditure report link: <https://intranet.rscsd.edu>
- Vacant Funded Position List as of November 12, 2020
- Measure "Q" Project Cost Summary October 31, 2020

- Monthly Cash Flow Summary as of October 31, 2020
- [SAC Planning and Budget Committee Agendas and Minutes](#)
- [SCC Budget Committee Agendas and Minutes](#)
- [Districtwide Enrollment Management Workgroup Minutes](#)
- [The 2020-21 Budget: The Fiscal Outlook for Schools and Community Colleges](#)
- [The 2021-22 Budget: California's Fiscal Outlook](#)

Additional handouts were referenced for information purposes.

9. Approval of FRC Minutes – October 21, 2020

A motion was made by Arleen Satele and seconded by Cristina Morones, to approve the minutes of October 21, 2020 meeting. With no questions, comments, corrections, or opposition, the motion passed with one abstention by Enrique Perez.

10. Other – None.

The next FRC meeting is scheduled for January 13, 2021 and no December meeting.

It was moved by William Nguyen and seconded by Craig Rutan to adjourn the meeting. The motion passed unanimously to adjourn the meeting at 2:57 p.m.