

## Fiscal Resources Committee

Via Zoom Video Conference Call

1:30 p.m. – 3:00 p.m.

### Meeting Minutes for September 15, 2021

**FRC Members Present:** Iris Ingram, Morrie Barembaum, Steven Deeley, Bart Hoffman, Jim Isbell, Cristina Morones, William Nguyen, Thao Nguyen, Adam O'Connor, Enrique Perez, Craig Rutan, Arleen Satele, and Vanessa Urbina

**FRC Members Absent:** Noemi Guzman, Safa Hamid, Yara Hernandez,

**Alternates/Guests Present:** Erika Almaraz, Jason Bui, Kelvin Leeds, Mark Reynoso and Vaniethia Hubbard

1. Welcome: Ingram called the meeting to order at 1:32 p.m. via zoom.
2. State/District Budget Update
  - [2021-22 Adopted Budget](#)
  - [9/13/2021 Board PowerPoint presentation on the 2021-22 Adopted Budget](#)
  - SSC – Department of Finance Releases August Finance Bulletin
  - SSC – Annual Gann Limit Calculation
  - SSC – Top Legislative Issues for 2021-September 3, 2021

Ingram reported the 2021-22 adopted budget was approved by the Board of Trustees at their regular meeting of September 13 essentially without any questions or presentation. The presentation that was prepared is available and posted on the RSCCD Website. There are two scheduled Budget Town Hall meetings later in October at each college campus. There were no questions.

Ingram referenced the above handouts for further review. The annual GANN limit docket item will be presented to the Board of Trustees at their regular meeting of September 27. The effects of legislative bills that have passed are unknown until the Governor actually signs the bills.

3. New Faculty Allocation – FON Estimates
 

O'Connor reviewed page 12 of the meeting materials noting the 2021-22 Full-Time Faculty Hiring Funds Initial Allocation sent to all districts. RSCCD will receive \$1.9 million and FON will increase by 22 faculty. Additionally, at least two districts have opted not to take these funds and funds will be redistributed to all the other districts pro-rata, so our allocation should increase slightly.

O'Connor continued review of page 14 of meeting materials noting details presented to Chancellor's Cabinet and referenced decisions made based on allocation and effect of FON to RSCCD. O'Connor reviewed projections using 3-year averages of FTES for out years. RSCCD is in compliance of FON for fall 2021. That end point of FON at 344.2 becomes starting point for estimating 2022 compliance with assumption made that enrollment remains flat. A 1% change in either direction is a change of one faculty member. The FON estimate for 2022 is 355. But in 2023, with assumption made that enrollment again remains flat, the 3-year average changes with a reduction of 6% reducing FON by 22 that was gained the previous year. Fall 2023 FON is estimated to drop down to 333. Therefore, it was recommended to Chancellor's Cabinet that RSCCD not hire to the 355 knowing it will be reduced in 2023, but instead hire toward the 333 plus a few. Currently there are approximately 340 faculty with 13

late SRP retirements leaving 327 faculty. For fall 2022 the estimated obligation is 355 vs. 327 (on hand), that is 28 faculty difference; the recommendation then is to hire 10 faculty bringing FON to 337, or 4 over the estimated 2023 FON. This includes one-time penalty of 18 faculty in 2022 at a cost of \$1.5 million. The cost of \$2.5 million vs. allocation of \$1.9 million leaves a net cost in 2022 of \$627,000. However, RSCCD will receive \$1.9 million this year with no expenditures against it because the expenditures won't take place until Fall of 2022. Actually, in two years to the good by \$1.3 million and moving forward starting in 2023 with ongoing savings of \$926,000. All related cost and savings will run through SRP/right sizing plan.

It was confirmed that \$1.9 million allocation is ongoing but is unknown whether it is subject to COLA. Discussion continued about the number of faculty recommended for hiring and the one-time penalty that could be postponed. It is not a zero-sum game, but hiring a portion of the faculty obligation and banking the SRP/right sizing savings of \$926,000 therefore relieving the colleges from additional budget reductions. Ingram confirmed Chancellor's Cabinet agreement to recommendation of hiring 10 faculty, however, it is not known how many will be hired by each college or what the split will be. It is assumed the two Presidents will discuss and make final determination of split.

#### 4. Multi-year Projection

O'Connor presented the multi-year projections referencing page 15 of the meeting materials with a focus on the baseline assumptions. O'Connor reviewed projected revenues using COLA estimates from Schools Services of California through 2024-25 and zero through 2025-2027 years, as those years have yet to be estimated; FTES remaining the same; lottery funds remaining the same, and deficit factor of 2% for the out years. On expenditures COLA is estimated the same for salaries knowing this is negotiated and this is for the MYP assumptions only; including step/column increases, STRS/PERS increases, unemployment insurance changes, health and welfare increases, utilities and ITS licensing increases. The assumptions were then reviewed in dollar amounts noting hold harmless through 2024-25, stabilization in 2025-26 and fiscal cliff without growth and drop of revenue of \$14 million in 2026-27. Expenditures were also reviewed in dollar amounts noting SRP/right sizing savings and out year deficits through 2024-25, leaving potential cuts needed in 2025-26 and 2026-27 years in excess of \$20 million.

Discussion ensued with focus on future retirements being filled; meaning the same number of positions remain in the overall calculation. Knowing out year deficits, it is potential that positions may not be filled and potentially another SRP could be offered as a way to address the reduction in budget for out years 2025-26 and 2026-27. It was confirmed that hold harmless is through 2024-25 with one year of stabilization during 2025-26. Projected SRP/right size savings continues but begin running deficit in 2022-23.

#### 5. 2022-23 Draft Budget Calendar

The 2022-23 draft budget calendar, pages 16-17 of meeting materials, was reviewed. O'Connor noted it follows the typical calendar for tentative and adopted budget. The draft calendar is provided for review and sharing with college staff. Action is not expected at this meeting, but will be requested at next meeting. Please review for potential conflicts. William Nguyen expressed concern that college committees do not have time to review adopted budget due to lack of meeting during the summer. Suggestions were provided and Thao Nguyen noted the majority of the budget is in place by the tentative budget in April.

#### 6. Standing Report from District Council - Craig Rutan

Craig Rutan provided a brief report on the actions of District Council including approval of the proposed adopted budget, Board Policy related to data governance aligning with Administrative Regulations, and HR positions with revised job description and one new position. The next District Council meeting is October 4.

7. Informational Handouts

- District-wide expenditure report link: <https://intranet.rscsd.edu>
- Vacant Funded Position List as of September 9, 2021
- Measure “Q” Project Cost Summary as of August 31, 2021
- Monthly Cash Flow Summary as of August 31, 2021
- [SAC Planning and Budget Committee Agendas and Minutes](#)
- [SCC Budget Committee Agendas and Minutes](#)
- Districtwide Enrollment Management Workgroup Minutes
  - No materials, meeting canceled

Information handouts were referenced for further review. Satele noted the minutes of the college committees are not posted on the website from spring meetings because such are not yet approved. The committees will meet soon to approve those minutes and post accordingly.

8. Approval of FRC Minutes – August 18, 2021

A motion by Arleen Satele was seconded by Bart Hoffman to approve the minutes of the August 18, 2021 meeting as presented. There were no questions, comments or corrections, and the motion passed with two abstentions by Jim Isbell and Enrique Perez.

9. Other

Ending balances includes the reduced deficit factor and those additional one-time funds have already been provided to the colleges.

HEERF deadlines were discussed, including confirmation that funds will be claimed and possible extension of HEERF 3 to be requested within 45 days of deadline. Almaraz confirmed HEERF 3 deadline for SAC is June 2022 and for SCC is May 2022. When requesting an extension a detailed budget for use of funds will be required for submission.

**Next FRC Committee Meeting:**

The next FRC meeting is scheduled for Wednesday, October 20, 2021, 1:30-3:00 p.m.

It was moved by Bart Hoffman and seconded by Arleen Satele to adjourn the meeting at 2:26 p.m. The motion carried unanimously.