

## **Fiscal Resources Committee**

Via Zoom Video Conference Call

1:30 p.m. – 2:05 p.m.

### **Meeting Minutes for March 15, 2023**

**FRC Members Present:** Iris Ingram, Morrie Barembaum, Susana Cardenas, Steven Deeley, Noemi Guzman, Ethan Harlan, Bart Hoffman, Jim Isbell, Jorge Lopez (arrived at 1:38 p.m.), Veronica Munoz (arrived at 1:36 p.m.), Adam O'Connor, Craig Rutan, and Arleen Satele

**FRC Members Absent:** Kajleb Demaniow, and Enrique Perez

**Alternates/Guests Present:** Erika Almaraz, Jason Bui, Ryan Foley, Gina Huegli, Kelvin Leeds, Cristina Morones (arrived at 1:37 p.m.), Thao Nguyen, Mark Reynoso, Kennethia Vega, and Barbie Yniguez

1. Welcome: Vice Chancellor Ingram called the meeting to order at 1:30 p.m. via zoom.

2. State/District Budget Update

- Apportionment Memo March 6, 2023
- 2021/22 Apportionment Recal Report Exhibit C      RSCCD      Statewide
- 2021/22 Recal Reconciliation
- 2022/23 Apportionment P1 Report Exhibit C      RSCCD      Statewide
- LAO 2023-24 Budget California Community Colleges
- LAO Proposition-98 Overview and K-12 Spending Plan
- California's budget deficit may be even larger than predicted
- DOF – February 2023 Finance Bulletin
- SSC – U.S. Headline Inflation Up
- SSC – State Drops Plan for Student Vaccine Mandate
- SSC – Revenue Picture Will Be Murky at the May Revision
- SSC – 2023-24 Governor's Budget Trailer Bill for Community Colleges
- SSC – Lawmakers Introduce Community College Bills
- SSC – California Community College Budget Hearings Scheduled
- SSC – State Revenues Shy of Governor's January Estimates
- SSC – State Auditor Releases Report on District Hiring Practices
- SSC – Top Legislative Issues-February 24, 2023
- SSC – President Biden Releases 2024 Budget

Ingram referenced the above resources with a focus on apportionment memo dated March 6, recal report exhibit C, recal reconciliation and 2022/23 P1 report that have direct impact to revenue and year end balances. However, more will be known after May Revise though revenues are not coming in as projected. O'Connor screen shared exhibit C (page 14 of meeting materials), noting the *Total Available Revenue* is showing at \$204 million and the State believes there will be sufficient funding with the deficit down to zero; that is unusual. Vice Chancellor Ingram shared that Lizette Navarette, CCCCCO Deputy Chancellor, informed the SCCBO group earlier today, that despite the projections of lowered revenue and potentially larger deficit, the zero deficit factor is still expected. No projections are changing at this time but stay tuned for May Revise.

O'Connor noted an error was discovered in the reporting of incarcerated FTES in credit and should have been reported in noncredit which reduced the actual available revenue to \$201 million. This error has been corrected and will appear on P2 report. This means that with the anticipated deficit at zero, pick up of restoration, RSCCD will gain about \$6 million over the projected budget.

3. Updated 2023/24 Tentative Budget Assumptions

O'Connor screen shared tentative budget assumptions (page 76-78 of meeting materials), and reviewed changes, such as updated P1 FTES number, projected growth/restoration at approximately \$5.8 million, which also affects the deficit factor. The only other change was to unrestricted lottery which decreased slightly. There are no changes to the expenditure assumptions. The recap reflects the changes to projected growth/restoration, deficit factor and unrestricted lottery funds, bringing total estimated unallocated deficit from \$4.3 million to \$3.8 million. There were no questions.

4. 2023/24 Proposed Meeting Schedule - ACTION

O'Connor screen shared the proposed meeting schedule for 2023/24 (page 79 of meeting materials), and noted typically the May meeting conflicts with the ACBO Conference and therefore the meeting is scheduled on a Thursday, but that did not occur this year and so the calendar proposes keeping FRC on Wednesday in May 2024. However, if ACBO Conference is scheduled for the same week, the date may change for the FRC meeting in May 2024.

A motion by Hoffman was seconded by Deeley to adopt the 2023/2024 Proposed Meeting Schedule as presented. The motion passed unanimously.

5. Projected 2022-23 Year-end Balances – Satele, Hoffman, and O'Connor

O'Connor explained this is the opportunity to review the first eight (8) months of the current year for each site and potentially project year-end balances for the remaining part of the year.

O'Connor reported that district services will spend close to the entire allocated budget and will be surprised if there is a carryover of \$500,000. Assuming deficit holds, there is a pickup of approximately \$6 million that would flow to the colleges at year end.

Hoffman reported that SAC projects slightly more than \$2 million in Fund 11, and a total estimated ending balance including Fund 13 to be slightly over \$6 million. Which is a bit of a reduction in comparison to last year, however, if the additional revenue is picked up that would be added to the carryover.

Satele reported that SCC doesn't have a rosy a report for Fund 11 with a projected estimate at year-end of \$43,432 and with Fund 13 reporting approximately \$3.4 million. As mentioned, the hope is to capture the additional revenue to cover the remainder of the year and prepare for next year. That is about even with the carryover from last year.

6. Annual Review of RSCCD Budget Allocation Model (BAM) – ACTION

O'Connor reviewed BAM changes (pages 80-103 of the meeting materials) and specifically:

- Definition of Apportionment (page 88) to include “basic allocations for colleges and centers,” which is simply a clarification of the definition.
- Scenario sample (page 90) changed to identify SAC below 70%. This doesn't change the way the model is implemented; it is just for clarification purposes. The 70%/30% split was never intended to be a floor or ceiling limitation, but ease of mathematical scenarios. Split is based on what the colleges earns.
- Grants/Special Projects (page 94) is a substantive change to address the distribution of funds for certain grants and special categorical projects specifically allocated at the district level based on particular criteria and allowing an alternative split arrangement as determined by the college presidents. An example would be the Presidents desire to split it differently than the criteria states. This is how it is done unless there is an agreement between the colleges and memorialized in writing. This change is designed to be an exception.

A motion by Isbell was seconded by Satele to approve the changes to the RSCCD BAM as presented. The motion passed unanimously.

7. Presentation regarding SRP Analysis and Recommendations  
O'Connor reviewed the Supplemental Retirement Plan (SRP) 1 and 2 Analysis and recommendation (pages 104-109 of the meeting materials).

O'Connor noted the presentation is being shared with the next POE, District Council, Management Council, the Board Fiscal/Audit Committee in April and ultimately to the full Board of Trustees in May. This will include the board policy change regarding the reserve.

Due to the need of budget cuts, RSCCD initiated the SRP with a total of 75 employees participating and potentially gaining first year savings of \$3 million and five-year cumulative savings of \$18 million. Shortly after, a second SRP was offered with slightly less incentives but also provided reduction in load banking liability for faculty. The estimated total savings was projected at \$32.6 million with SRP 1 and SRP 2 which included a total of 124 retirements. This also reduced load banking liability by 10%. It was successful. In the first half of 2020, \$3.4 million was saved, in 2021/2022, \$9.2 million was saved, and estimated savings for 2022/23 at \$6 million and \$6 million projected for 2023/24 and 2024/25, and \$3 million in the half year of 2025 for a total of \$33.6 million of five years. However, the budget outlook has changed significantly over the last three years, with restoration that can be captured with over \$10-12 million potentially available within the three-year period of restoration. In order to capture restoration dollars, faculty and support staff need to be hired, so obviously, colleges need access to the ongoing funds of SRP. It is recommended to end the separate accounting of the SRP and these positions would be allocated back to the colleges and funds available July 1, 2023. The projected accumulated savings which is to be about \$14 million would be used as the one-time funding to transfer to increase reserves. This is similar to process of increasing reserve from 5% to 12.5% several years ago using the budget stabilization funds and therefore no budget cuts would be necessary. It gets RSCCD toward new reserve level to meet the new board policy. There were no questions or comments.

8. Standing Report from District Council – Isbell  
Isbell briefly commented on the actions of District Council to include a reorganization for P&C eliminating two positions Chief Mediation/Culture Officer and a Title IX specialist and creating three other positions with a saving of about \$12,000. The new positions are Senior P&C Business Partner, Business Partner, and Administrative Clerk. There were no other actions taken by District Council.
9. Informational Handouts
- District-wide expenditure report link: <https://intranet.rscsd.edu>
  - Vacant Funded Position List as of March 10, 2023
  - Monthly Cash Flow Summary as of February 28, 2023
  - [SAC Planning and Budget Committee Agendas and Minutes](#)
  - [SCC Budget Committee Agendas and Minutes](#)
  - Districtwide Enrollment Management Workgroup Minutes

Informational handouts above were referenced for further review.

10. Approval of FRC Minutes – January 25, 2023  
A motion by O'Connor was seconded by Hoffman to approve the minutes of the January 25, 2023, meeting as presented. There were no questions, comments or corrections and the motion passed unanimously.
11. Other - None

A motion by Hoffman was seconded by Guzman to adjourn the meeting. The motion passed unanimously.

**Next FRC Committee Meeting:**

The next FRC meeting is April 19, 2023, at 1:30-3:00 p.m. This meeting adjourned at 2:05 p.m.