

Fiscal Resources Committee

Via Zoom Video Conference Call

1:32 p.m. – 2:01 p.m.

Meeting Minutes for October 19, 2022

FRC Members Present: Morrie Barembaum, Susana Cardenas, Steven Deeley, Kajleb Demaniow, Jim Isbell, Jorge Lopez, Adam O’Connor, Craig Rutan, Sarah Santoyo (for Davis), and Arleen Satele

FRC Members Absent: Bart Hoffman, Adriene “Alex” Davis, Noemi Guzman, Iris Ingram, Safa Hamid, and Veronica Munoz

Alternates/Guests Present: Melba Castro, Vaniethia Hubbard, Kelvin Leeds, Cristina Morones, Annebelle Nery, Thao Nguyen, Kennethia Vega, and Barbie Yniguez

1. Welcome: O’Connor called the meeting to order at 1:32 p.m. via zoom and noted that Vice Chancellor Ingram was on vacation.
2. State/District Budget Update
 - Department of Finance – Finance Bulletin – September 2022
 - SSC – Economic Drag Affects State Revenues
 - SSC – Governor Newsom Acts on Higher Education Bills
 - SSC – UCLA Economist Predict Slowing (Not Recessionary) Economy
 - SSC – Governor Vetoes Part-Time Faculty Bill
 - SSC – Funding Available for Preschool Facilities
 - SSC – Governor Newsom Signs Budget Clean-Up Bills
 - SSC – Governor Newsom Signs More Higher Education Bills
 - SSC – Proposition 98 Prospects: State’s Top Expert Weighs In
 - SSC – BOG Approves 2023-24 Budget and Legislative Request
 - SSC – Governor Newsom Takes Final Action on 2022 Bills

O’Connor referenced the above documents as information and resources for additional review. He stated inflation is still running quite high, unemployment has increased a bit more, and state cash receipts are 6% below expectations through August, mostly from lower proceeds from personal income tax, but also from sales and corporation taxes as well. He noted the volatile but mostly declining stock market of late that will continue to affect personal income tax receipts as this hurts the highest-earning residents with no stock market gains, which impacts state revenues. Due to aggressive fed rate increases, the housing market is also showing troubling signs with building permits down. One bright spot is the expected increase in property taxes which should be up. There is a prediction now that it is possible the decline in state revenues will also mean a reduction in Prop 98 funds for K-14. While that is obviously bad news, the state does have the education reserve fund of about \$10 billion which could be tapped as well as a \$3.5 billion budget cushion built into the current year’s budget (one-time allocations). Lastly, the previous estimate for COLA for next year was 5.38%. Due to the increased inflation, new estimates are closer to 7%, which would make it even more difficult for the state to find sufficient funds to cover. Continued focus is necessary as the year progresses.

O’Connor also discussed AB 1492 which included hopes for funding of Instructional Service Agreements (ISAs) for fire and safety courses taught at SAC at 100% rather than subject to the 70% currently. That differential could have been \$3.7 million in new funding. AB 1492 in the end does not amend the reimbursement rate for ISAs, that language was removed from the bill in the amendments taken in the Senate Appropriations Committee. In its final form, AB 1492 is a data collection bill wherein districts can

send information to the State Chancellor's Office and then the State Chancellor's Office will compile the data and present it to the Legislature/Department of Finance on what should be funded in the future. As for the timeline, AB1492 indicates districts can begin sending information to the State Chancellor's Office for the 2022-23 academic year and requires the compiled data/recommendations to be sent to the Legislature/DOF by the end of 2024. So, absent any new legislation/budget action, RSCCD would be looking at potential funding legislation introduced in 2025 that, if passed, could go into effect for the 2026-27 fiscal year. A lot can change between now and then (and new legislation can be introduced beginning this upcoming January), but that is the overall timeline as is currently in place with AB 1942.

Discussion ensued with Nery noting the potential for funding for CJA and Fire programs with the completion of nine units of CTE and the granting of certificates. She will ask SAC Research to follow-up on the potential gains in funding. When asked about the type of data collection for reporting to the state, O'Connor explained it is FTES and that information is easily obtained with current systems in place.

3. 2023-24 Draft Budget Calendar - Action

O'Connor stated the draft budget calendars were presented for review at the last meeting and no requests for changes were received. A motion made by Satele was seconded by Hubbard to approve the 2023-24 budget calendars as presented. With no further comments, the motion passed unanimously.

4. Salaries & Benefits - % of Total Expenditures (Instructional vs Non-Instructional by Location)

O'Connor screen shared and reviewed the salaries & benefit costs over multiple years providing a thorough explanation of the gradual increases. The historical average was 85% for most districts but over time this average has increased. In 2018-19, RSCCD was at 88.52% districtwide, 2020-21 at 90.38%, 2021-22 at 91.04% and 2022-23 the projection is 89.05% but actual COLA expenditures have not been added as of Adopted Budget and most of those costs will related to salary and benefits. The goal is to maintain a level below 90%. O'Connor noted the increased percentage over time means that the colleges are charging ongoing costs to one-time funds. The uptick trend is concerning. Discussion ensued focused on the fact that SRP savings are not yet part of the budget as these savings are budgeted in a separate pot outside the overall budget and the potential impact such funds could have on the overall cost estimations. O'Connor affirmed there is a need to continue the discussion on the determination of SRP savings. Depending on where the funds are placed could have an affect on these expenditure estimations. It is important that as we end the SRP that ongoing, non-personnel costs be budgeted in Fund 11. Nery explained SAC is working with staff to conduct program review with permanent budget allocation requests to be completed in the spring with the goal of remedying use of fund 13 for salaries and benefits. It was further explained the SRP savings are a separate pool of funds and not incorporated into the site budgets until a replacement or new position is approved.

5. Standing Report from District Council – Craig Rutan

Rutan shared a brief report on the actions of District Council to include the approval of a job description for P&C that is a mentorship classified supervisory position (it is a pilot program for grants). Additionally, District Council approved the reorganization of District Safety and Security moving back to Business Services which had been previously moved to Educational Services. The diversity presentation shared at the Board Retreat was presented to District Council (abbreviated) with focused discussion on full-time and part-time faculty hires. Next District Council is in a few weeks (November 7).

6. Informational Handouts

- District-wide expenditure report link: <https://intranet.rsccd.edu>
- Vacant Funded Position List as of October 10, 2022
- Monthly Cash Flow Summary as of September 30, 2022
- [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.

7. Approval of FRC Minutes – September 21, 2022
A motion by Rutan was seconded by Deeley to approve the minutes of the September 21, 2022, meeting as presented. There were no questions, comments or corrections and the motion passed with one abstention by Santoyo.
8. Other
Due to scheduling conflict, O'Connor suggested the January 18 meeting be moved to January 25. There were no objections, and members unanimously agreed to changing the meeting date to January 25. This will be posted to the schedule on the FRC website.

Next FRC Committee Meeting:

The next FRC meeting is scheduled for Wednesday, November 16, 2022, 1:30-3:00 p.m. This meeting adjourned at 1:58 p.m.