

## Fiscal Resources Committee

Via Zoom Video Conference Call

1:31 p.m. – 2:22 p.m.

### Meeting Minutes for March 20, 2024

**FRC Members Present:** Iris Ingram, Morrie Barembaum (arrived at 1:32 pm), Susana Cardenas (left at 2:10 pm), Steven Deeley, Madeline Grant, Bart Hoffman, Veronica Munoz (arrived at 1:33 pm), Thao Nguyen (for Perez), Adam O’Connor, Kevin Ortiz, Craig Rutan, and Arleen Satele

**FRC Members Absent:** Claire Coyne, Noemi Guzman, Ethan Harlan, and Enrique Perez

**Alternates/Guests Present:** Jason Bui, Gina Huegli, Tara Kubicka-Miller (left at 2:09 pm), Mark Reynoso, Jose Vargas, Kennethia Vega, and Barbie Yniguez

1. Welcome: Vice Chancellor Ingram called the meeting to order at 1:31 p.m. via zoom upon achieving quorum.
2. State/District Budget Update
  - Apportionment Memo February 27, 2024
  - 2022/23 Apportionment Recal Report Exhibit C RSCCD Statewide
  - [2022/23 Recal Reconciliation](#)
  - [2023/24 Apportionment P1 Report Exhibit C RSCCD Statewide](#)
  - [LAO 2024/25 Budget California Community Colleges](#)
  - SSC – Top Legislative Issues-February 16, 2024
  - SSC – January 2024 State Cash Receipts Below Forecast
  - SSC – LAO to Legislature: Deteriorating Budget Condition Ahead
  - SSC – Top Legislative Issues-March 1, 2024
  - SSC – Inflation Shows Persistence
  - SSC – UCLA Economist: A Return to Normalcy
  - DOF – Finance Bulletin-February 2024

Ingram briefly reported on the status of the State budget providing an explanation for the difference in the budget deficit projections of the LAO (Legislative Analysts Office) and the Governor’s Office (Department of Finance). It is an accounting calculation and definition of assumptions that create this difference. The Governor proposes to cover any projected deficit by using the “rainy day fund” reserve, other distributed but not yet expended funds, and relatively painless redistributions of the budget. A COLA is also projected. As the legislative committees are now in session, more information will not be known until the May revise. Ingram referenced above resources for additional information.

### 3. Discussion of Deficit Factor

O’Connor noted the discussion of the deficit factor is the result of the survey that was done last year and was added to the committee calendar for discussion every March as P1 for current year and Recalc for previous year are known and received. He screenshared page 13, saying that at P2 the deficit factor was over 10% (\$22 million) with calculated revenue at \$203 million, but only \$181 million was available with the assurance that the deficit would come down at Recalc which it did come down to zero. In addition, RSCCD earned restoration funds at \$3.5 million, the difference between \$203 million to \$206.8 million, plus the \$4 million for the 2% deficit factor increased the revenues by \$7.5 million in the final close out of 2022-23. This will flow to the colleges through the budget allocation model.

Prior to the final close out Fiscal Services discussed with the Chancellor’s Office several years’ worth of apportionment revenue, that as we close the year if we did not earn revenue it was set up as payable, and the Chancellor’s office would typically take it back. Upon further discussion with the Chancellor’s Office, they could not find that we owed them money and since it had not been taken back at this point, it is

unlikely they will. That amount totals \$8.7 million. The Board of Trustees changed the reserves policy to two months of total general fund expenses and agreed to progressively increase over time with one-time funds. Therefore, a recommendation was made to Chancellor's Cabinet that these one-off one-time funds be moved to the Board Policy Contingency reserve, putting the total in reserve at \$63 million with an overall goal of \$65 million which is equivalent to two-months expenses. RSCCD is getting close to meeting that goal.

At P1 RSCCD had \$6.2 million left in restoration, this being the last year to earn restoration funding. We fully restored \$6.2 million based on growth projections that were included at P1. Not only did we restore, grew an additional 351 FTES, but we also reported a total of 29,195 FTES, leaving 327 additional FTES unfunded. A different strategy was implemented this year to shift FTES at P1, which is not typically done until the year is over. So, this includes a summer shift of FTES that may or may not materialize, and as we go through the year that number could come down on the natural, but if it does not, there may be no need to move FTES into 2023-24. If it does materialize, we would have at least 327 FTES that we could leave for next year, which helps with growth as well.

At P1 the deficit factor or bouncing ball is jumping up again and is currently at 3.55%. Which means, at P1 we are earning \$234 million but there is only \$225 million available to pay or an \$8.3 million deficit. It is a bouncing ball, and we keep watch to see where it lands. At RSCCD, the deficit factor amount is in the budget at 2% so that we do not have to go back and take money away unless it came in more than 2%. We have been fortunate that the deficit factor typically has been reduced and we get money back instead of clawing back that allocation. The deficit factor percentage is standard across the state and changes are normal. Discussion ensued and clarification provided.

#### 4. Updated 2024/2025 RSCCD Tentative Budget Assumptions

O'Connor screenshared pages 63-65 and briefly discussed changes to the tentative budget assumptions that will now be presented to the Board for approval on Monday, March 25. O'Connor reminded everyone of FRC action taken on the tentative budget assumptions that did not include the P1 and Recalc information but was updated, presented to District Council, and approved and will be shared with the Board on March 25. Highlights include the following:

- P1 actual FTES is 29,195 and based on that estimate, grew at 6.97% with funded growth at 7.93%.
- Restoration captured; SAC at large college designation funded in 2024-25 with the extra \$1 million for a total of \$15.4 million. This is a huge increase and RSCCD is in really good shape.
- Must increase deficit factor from 2% to 3.55% at \$8.3 million for next year.
- Under other revenue, the colleges provided estimated revenue that went down a bit, so instead of \$900,000 we are looking at \$700,000.
- Expenditures of two allocations approved by POE in October 2023 have now been included.
- Recap Revenue at \$16.3 million in new revenue, and \$10.7 million in ongoing expenses.
- Based on the colleges having funding from SRP, adding to this year's \$5.7 million unallocated funds brings us to \$6.5 million that will flow through the budget allocation model.

O'Connor further discussed the budget allocation for salary schedule adjustments noting the District budgets for all full-time employees, but the colleges need to budget increases for part-time employees. Included in Item B both full-time and part-time allocation estimates are included, but it will be taken out the next time it is brought forward for the actual tentative budget and take out the portion that applies to part-time employees. This means, the colleges need to budget for this at about \$2 million for part-time faculty and staff.

Discussion ensued about the chances of the deficit factor increasing, staying the same, or dropping below the projected 3.55%. Additional discussion continued about deferments or cuts but understanding the Governor is projecting to solve the revenue issues by taking back unexpended funds and without significant impact. These details are unknown currently.

5. Projected 2023/2024 Year-end Balances – Satele, Hoffman, and O’Connor  
 O’Connor reported district operations may be close to spending all their budget with zero carryover. Additionally, there may be some overspending, due to the district safety and security and parking funds overspending each year at approximately \$500,000. They have completely exhausted any reserves and anything that is overspent will need to be transferred to fund 11. Therefore, there is no projected ending balance and may be in the hole. O’Connor referenced discussion in recent Chancellor’s Cabinet regarding a proposal to increase student parking fees to help remedy some of the overage in future years. Ingram explained the Presidents will bring the discussion to their campuses and respective student groups. Student parking fees have not increased since 2009 and the plan is to submit a proposal to the Board for approval in Fall 2024 to be effective Fall 2025 with rates increasing progressively over a three-year period.

In response to inquiry about the number of permits purchased by students over the years, O’Connor provided the revenue amounts that have progressively decreased as follows:

2014-15 - \$936,000  
 2015-16 - \$825,000  
 2016-17 - \$691,000  
 2017-18 - \$661,000  
 2018-19 - \$661,000  
 2019-20 - \$468,000  
 2020-21 - \$287,000  
 2021-22 - \$418,000  
 2022-23 - \$318,000

This is an interesting pattern with an obvious downward trend and most likely correlates to the numbers of students taking online courses, especially following COVID. Expenses have stayed the same, but the revenue has declined significantly. There will be continuous discussion about covering these expenses.

Currently students are charged \$30/semester and \$10/intersession for parking. The proposed increase is progressive over three years beginning in Fall 2025-26 at \$40/semester, \$20/intersession, 2026-27 at \$45/semester, \$25/intersession, and 2027-28 at \$50/semester, \$30/intersession. An inquiry was made about a special rate for students to purchase a year-long permit at a reduced cost vs. per semester. This is not available to them now but might encourage students to stay and incentivize them to continue through completion. Discussion ensued with a suggestion that faculty and staff parking fees increase as well with the understanding that it would need to be negotiated with appropriate collective bargaining units. It does not look good to increase student parking fees with faculty and staff paying less.

Satele reported SCC ending balances projection (not adding funds from tentative budget assumptions additional funding) are Fund 11 at \$1,027,240 and for Fund 13 at \$1,152,388 so combined about \$2.1 million. SCC is still trying to right size their adjunct faculty budget.

Hoffman reported SAC ending balances projection includes Fund 11 at approximately \$1 million, Fund 13 at approximately \$2.9 million for a combined approximately \$3.9 million total ending balance.

6. Annual Review of RSCCD Budget Allocation Model (BAM)  
 O’Connor stated that given we made substantive changes in our last review and knowing the draft Educational Master Plan is suggesting the district consider reviewing other types of budget allocation models which will take a significant effort, it may not be beneficial to pursue in-depth changes to the current BAM now. Therefore, he recommended that minor edits or clarifications be submitted to him by April 10 for discussion of red-line edits at the next meeting. Ingram encouraged members to discuss this further with their constituent representative groups to provide clear feedback. There was consensus among the committee to only submit minor edits at this time.

Discussion ensued about the possibility of RSCCD becoming the “fiscal agent” for the State Chancellor’s Office and how that revenue would fit into the overall model. There was some indication it would stay with the District and become part of negotiations with classified and faculty. Ingram explained a plan has not yet been developed or even known if it will occur. Additionally, if there is some revenue generated

from this type of arrangement, it would likely be considered “one time” revenue and inappropriate to be applied to salaries. It was suggested that if it happens, and RSCCD becomes the fiscal agent, then there needs to be clarity about how the fees will be dispersed based upon the nature of the revenue as earned. O’Connor explained that currently fiscal agent funds sit outside the budget allocation model as they are accounted for in Fund 12 (restricted fund). Certainly, anything in restricted fund that has indirect, does flow through the model. In this case, it is not earned indirect, but receive a fee to perform the specific services for the Chancellor’s Office. Ingram confirmed that clarity would be sought.

7. 2024/2025 Proposed Meeting Schedule – ACTION

The 2024/25 proposed meeting schedule was presented for review and consideration of approval. It was noted that the first meeting of the fiscal year is July 3, is necessary, and must meet quorum requirements to approve the tentative budget. A motion by Rutan was seconded by Hoffman to approve the schedule as presented. The motion passed unanimously.

8. Standing Report from District Council – (Rutan for Coyne)

Rutan provided a brief report on the activities of the March 4, 2024, District Council meeting. He noted approval of two reorganizations from ITS that had previously been approved by POE committee in the fall, and revised job descriptions in Human Resources. The next meeting would normally be on April 1, but that is Cesar Chavez Holiday, and therefore the meeting is moved to Monday, April 8 (first day of spring break). There are many BPs and ARs to be considered at the next District Council meeting.

9. Informational Handouts

- District-wide expenditure report link: <https://intranet.rscgd.edu>
- Vacant Funded Position List as of March 14, 2024
- Monthly Cash Flow Summary as of February 29, 2024
- [SAC Planning and Budget Committee Agendas and Minutes](#)
- [SCC Budget Committee Agendas and Minutes](#)

Informational handouts above were referenced for further review.

10. Approval of FRC Minutes – February 21, 2024

A motion by Hoffman was seconded by Grant to approve the minutes of the February 21, 2024, meeting as presented. The motion passed by roll call vote with one abstention by Rutan.

11. Other

There were no further comments, questions, or discussion.

**Next FRC Committee Meeting:**

The next FRC meeting is April 17, 2024, at 1:30-3:00 p.m. This meeting adjourned at 2:22 p.m. with a motion by Hoffman that was seconded by Satele.