

## **Fiscal Resources Committee**

Via Zoom Video Conference Call

1:32 p.m. – 2:04 p.m.

### **Meeting Minutes for October 18, 2023**

**FRC Members Present:** Adam O’Connor, Morrie Barembaum, Claire Coyne, Madeline Grant, Noemi Guzman, Bart Hoffman, Veronica Munoz (arrived @ 1:33 pm), Kevin Ortiz, Craig Rutan and Arleen Satele

**FRC Members Absent:** Iris Ingram, Susana Cardenas, Steven Deeley, Ethan Harlan, and Enrique Perez,

**Alternates/Guests Present:** Erika Almaraz, Jason Bui, Vaniethia Hubbard (arrived @ 1:50 pm), Gina Huegli, Tara Kubicka-Miller, Kelvin Leeds (arrived @ 1:56 pm), Mark Reynoso, Jose Vargas, Kennethia Vega, and Barbie Yniguez

1. Welcome: Assistant Vice Chancellor O’Connor called the meeting to order at 1:32 p.m. via zoom upon achieving quorum and in the absence of Vice Chancellor Ingram who was unable to attend today’s meeting.
2. State/District Budget Update
  - SSC – Legislature Wraps up the 2023 Legislative Year
  - SSC – Economic Resilience Persists Despite Inflation
  - SSC – Economy Is Slowing While Revenues Stabilize
  - SSC – September/October Big Months for State and Local Budgets
  - SSC – BOG Approves 2024-25 System Budget and Legislative Request
  - SSC – Government Shutdown Looming
  - SSC – Government Shutdown Averted
  - SSC – UCLA Economist Forecast Slow Growth Economy
  - SSC – LAO: Revenues Up, but Deficit Remains
  - SSC – Fourth Quarter Lottery Apportionment for 2022-23
  - SSC – Governor Newsom Signs Key Community College Bills
  - DOF – Finance Bulletin-September 2023

O’Connor referenced resources noted above and stated there is not a lot of budget activity happening at this time. The economy is still challenged by rising costs, but the rate at which costs are increasing is beginning to abate due to the fed increases to interest rates, though it did pick up a bit in August. State revenues appear to be stabilizing, though the October 16 deadline to file income taxes is now postponed another month so we will have to wait and see for that. There are some predictions for slow growth and a weak economy for the next couple of years, though hopefully without an actual recession. California appears to potentially fare better than the US as a whole. Should be about a month from now that the Legislative Analyst’s Office will publish their annual Fiscal Outlook report for FY 2024/25, so we will see what their predictions are at that time.

The system’s 2024/25 budget request was approved a few weeks ago by the Board of Governors. Included is a request for \$500 million in new ongoing increase to the SCFF rates/COLA (~5.5%), several new categorical programs and increases to others, one-time allocations toward the Common ERP (Enterprise Resource Planning) transition with the goal to build a cloud-based enterprise system for all CCDs in the system.

There were no questions related to the budget update.

3. 2024-25 Draft Budget Calendar – ACTION

O'Connor noted there was no email feedback received for the 2024-25 draft budget calendar. With no further discussion requested, a motion by Hoffman was seconded by Satele to approve the 2024-25 budget calendar as presented. The motion passed unanimously.

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

O'Connor screenshared pages 24-25 of the meeting materials and provided a brief history and comparison of the salary and benefit percentages of total expenditures for instructional vs non-instructional. Data is by location for the last five years (2018-2019 through 2023-2024). The historical goal for community colleges has been to spend less than 85% on salaries and benefits though it has ticked up in more recent years. O'Connor focused on and highlighted the year end percentages with 2018-2019 at 88.53% and since then has trended upwards with 2019-2020 at 89.83%, 2020-2021 at 90.38%, 2021-2022 at 94.04%, which is not a great trend. Then in 2022-2023 actuals dipped back down to 88.61%, which is a positive trend down. The current budget is 84.85% and that is fantastic; however, with the SRP savings distributed, the colleges are rebudgeting with new positions as well as transitioning off grants to general funds and this number will increase and may be closer to 90% at year end.

Discussion ensued with members receiving clarification and requesting additional breakouts for a deeper analysis to include the following:

- Separate faculty, administrators, and classified components (breakout by employee group).
- Rate of increase for each category (employee group) and if one category is increasing faster than others.
- What causes an increase and what causes a reduction; is it based on salary and benefit increases, budget increases, new positions, or other elements.
- Notation about some classified components having direct contact with students in the classroom and charged to the instructional component.
- Additionally, "IC" is defined as institutional costs; mainly costs of retiree benefits.

5. FRC Survey Results Report Out – Claire Coyne

Co-Chair Coyne thanked members for their responses to the survey. She briefly reviewed questions with a link provided in the chat for the complete results (which will be posted on FRC webpage as additional information):

***Q1 Is there anything discussed or addressed in FRC that you'd like more information on?***

- A glossary or detail definitions of the various enrollment periods P1, P2 etc.
- Review of District expenses
- Budget Surplus
- Deficit factor and any other items in the budget that may have their actual amount significantly deviated (from amount being budgeted for each year)

***Q2 Are there any topics that FRC should address this year?***

- Economic Development report
- Rebates (e.g., ASCIP); follow BAM or Direct to Contingency Funds
- FON – how determined, what counts towards it, standing item on FRC calendar.

It was suggested the topics could be added to an upcoming agenda. O'Connor noted the Economic Development report was added to the BAM during the last review and Vice Chancellor Perez is to bring forth the annual report. That has yet to occur and be in compliance with the BAM.

O'Connor noted FON was just completed with discussions occurring in the Human Resources Committee meetings for the purpose of faculty hires. Vice Chancellor Ingram, Co-Chair Coyne, and O'Connor could potentially meet to review and identify FRC meetings to address each of the other topics.

Discussion continued with a focus on FON and included a suggestion for a presentation to FRC. While the responsibility rests with the Human Resources Committee, it has an impact on budgets which should be discussed here. Human Resources used to do the calculations, but upon Vice Chancellor Ingram's arrival, she has requested calculations be done by Fiscal Services. O'Connor will be meeting with the Chancellor's Cabinet on October 30 to review FON calculations of compliance for Fall 2023 and what to expect for 2024. He stated that an item on the next FRC agenda would be beneficial and timely. While there have been changes to the calculations of FON, it has not changed to include noncredit faculty. Members were reminded the FON is more like a floor than a ceiling.

6. Standing Report from District Council – Claire Coyne  
Coyne briefly commented on the actions of District Council which met on October 2, 2023, with one action item for approval of reorganization for Locksmith. There were also three ARs approved: AR 3720 Information Resources Acceptable Use, AR 6150 Designation of Authorized Signatures and AR 6520 Security for District Property. The next meeting is November 6.
7. Informational Handouts
  - District-wide expenditure report link: <https://intranet.rscsd.edu>
  - Vacant Funded Position List as of October 11, 2023
  - Monthly Cash Flow Summary as of September 30, 2023
  - [SAC Planning and Budget Committee Agendas and Minutes](#)
  - [SCC Budget Committee Agendas and Minutes](#)
  - [Districtwide Enrollment Management Workgroup Minutes](#) *Did not meet. No materials*

Informational handouts above were referenced for further review. It was noted the Districtwide Enrollment Management Workshop has changed their meeting schedule and only meets once a quarter with the next meeting in November. The item may be removed from the agenda and added to report on quarterly basis.

8. Approval of FRC Minutes – September 20, 2023  
A motion by Rutan was seconded by Coyne to approve the minutes of the September 20, 2023, meeting as presented. The motion passed unanimously.
9. Other  
There were no further comments, questions, or discussion. A motion by Hoffman was seconded by Coyne to adjourn the meeting and passed unanimously.

**Next FRC Committee Meeting:**

The next FRC meeting is November 15, 2023, at 1:30-3:00 p.m. This meeting adjourned at 2:04 p.m.