

Fiscal Resources Committee

Via Zoom Video Conference Call
1:30 p.m. – 3:00 p.m.

Meeting Minutes for May 21, 2020

FRC Members Present: Peter Hardash, Adam O'Connor, Morrie Barembaum, Steven Deeley, Noemi Guzman, Bart Hoffman, Cristina Morones, Thao Nguyen, William Nguyen, Arleen Satele, Roy Shahbazian, Michael Taylor, and Vanessa Urbina

FRC Members Absent: None

Alternates/Guests Present: Erika Almaraz, James Kennedy, Mark Reynoso, Craig Rutan, Jose Vargas, George Walters (CWP), and Barbie Yniguez

1. Welcome: Mr. Hardash called the meeting to order at 1:31 p.m. via zoom.
2. State/District Budget Update
 - Governor's May Revise
 - LAO – California's Spring Fiscal Outlook-2020
 - DOF – Finance Bulletin
 - DOF – Fiscal Update - May 7th
 - SSC – LAO Issues New Economic Outlook
 - SSC – Legislative Analyst's Office Releases Report on Reserve Balances
 - SSC – Ask SSC... What's Happening with Property Taxes
 - SSC – Here We Go Again – An SSC Editorial
 - SSC – It's Time to Batten Down the Hatches
 - SSC – The Director of the Department of Finance Provides an Interim Fiscal Update to the Legislature
 - SSC – 2020-21 CalPERS Rate and Updated Out-Year Estimates
 - SSC – Time to Fine-Tune MYPs – Be Prepared
 - SSC – Round II; \$6.3 Billion in Additional CARES Act Grants for Colleges and Universities
 - SSC – Statutory COLA Estimated at 2.31%
 - SSC – Chancellor's Office Suspends FON Penalties (estimating tool)
 - SSC – Finding the Low-Hanging Fruit – Part 1 of 2
 - SSC – Finding the Low-Hanging Fruit – Part 2 of 3
 - SSC – COVID-19 Decimates State Revenues, Education Funding
 - SSC – Strategies for Weathering the Storm
 - SSC – LAO Issues Additional Proposition 98 Recession Details
 - SSC – Initial Impression from Governor Newsom's 2020-21 May Revision
 - SSC – An Overview of the 2020-21 Governor's May Revision
 - CCCCCO - FS20-07 Extension of Fiscal Reporting Due Dates

Mr. Hardash referenced handouts which provide detailed information on State budget and Governor's proposal noting historically, the economy has tapered into a recession and slowly grew out of it. Never has there been a sudden stop in the economy like there is now due to the COVID-19 crisis. He reminded everyone that community colleges are funded by revenues the State receives not what the State spends; State spending does not affect Prop 98 guaranteed funding. The state revenue collections is what affects community colleges funding under Prop 98. Regardless of how it is shaped by the Governor's Office (\$54 billion) or the LAO (\$34 billion), it is a major problem. K-14 education funds are to be reduced by \$19 billion, meaning a \$1.1 billion cut for community colleges. Deferrals are helpful, instead of taking cuts right now, it

is like an IOU deferring apportionment to July (or later) instead of receiving in June. RSCCD deferral is projected at approximately \$8 million in IOU for the current 19/20 fiscal year and wards off any additional cuts in the 19/20 fiscal year. It is a cash flow problem when talking deferrals. The cut to apportionment is the single largest blow to our funding, being reduced by 10%, and is also quite confusing. Mr. Hardash explained in great detail and depth the base budget, cuts, deferrals, COLA, revenue and deficit. Strong Workforce Program is being reduced dramatically at approximately 60% (RSCCD is the fiscal agent) and this will have an impact. The \$593 million reduction to the formula is also incumbent upon basic aid districts helping with apportionment to the tune of 10-15%. Categorical programs are being reduced by 25%. Department of Finance said to the extent the funds from basic aid districts are not received, the \$593 million apportionment reduction will be larger to the remaining districts. No one should be surprised if the numbers are worst in August once the revenue is received for all personal tax, property tax, sales tax, etc. This is unprecedented, a stop to the economy, with projections stretching out and remaining flat for many years.

3. 2020-21 Proposed Tentative Budget

Mr. Hardash explained the tentative budget remains the same, but it will change once a final budget is approved by the legislature. The COLA will be taken away by way of the large deficit. RSCCD immediately loses \$4 million with an expected overall loss of \$5-6 million not to mention the additional expenses for PPE (personal protection equipment) and TRI (temporary remote instruction). There are expenses of which FEMA may be able to assist but it appears very limiting. CARES act funds is to help students. The institutional portion is very limiting and will also be used to assist students. Mr. Hardash also discussed the Governor's proposed PERS and STRS additional buy down that will help. However, the bigger issue is the financial cliff estimated in 2021-22. The tentative budget isn't real, it's a placeholder as loss of revenue and increased costs are identified. It is unclear what the costs will be for transition back to the classroom with physical distance requirements, additional cleaning and the ability to safeguard students, staff and community. Various questions were asked with answers provided and discussion ensued at great length.

Mr. O'Connor reviewed pages 75-106 of the meeting materials including the extension of fiscal reporting deadlines, the tentative budget assumptions and tentative budget.

It was moved by Roy Shahbazian to adopt the tentative budget with the recommendation that the need for the Data Integrity Specialist position be re-evaluated at this time due to current budget conditions. The motion was seconded by Steven Deeley and passed unanimously.

4. CARES and FEMA Funding Update

Mr. Hardash referenced pages 107-109 of the meeting materials and reported on CARES Act funds received and to be dispersed to students. A brief discussion ensued about the institutional component with Mr. Hardash pointing out there are many restrictions limiting the use of these funds and that Federal audits will follow.

5. Continued Discussion of SCFF and Review of BAM – Cambridge West Partnership Consultants

- BAM Simulation Review Based on SCC Proposed Language Change was discussed at great length with many providing various views and signifying the potential conflict that could erupt between the two colleges if the language changed.

It was moved by Arleen Satele to approve the proposed language change to the basic allocation as presented by SCC (Vargas). The motion was seconded by Steven Deeley. After additional discussion, Morrie Barembaum made a motion amending the previous motion that the vote be postponed until Adam O'Connor can work with SAC/SCC and make clear the effects of the language change with more understanding

of how it will work for both campuses. The motion was seconded by Cristina Morones. The motion passed unanimously to table the matter for further exploration.

Additionally, the following individuals volunteered to serve on workgroup to discuss the matter further: Jose Vargas, Bart Hoffman, William Nguyen, Arleen Satele, Steven Deeley, Jim Kennedy, Cristina Morones, Noemi Guzman and Vanessa Urbina along with Adam O'Connor. The workgroup is charged with making a recommendation that includes the positive and negative effects, weaknesses and strengths, and benefits and losses; making it very clear what the shift will be.

- Section 5 – “Other Modifications” – ACTION
Mr. O'Connor reviewed and Mr. Walters discussed changes made since the last review. It was moved by Cristina Morones to approve section 5 – other modifications as presented. Bart Hoffman seconded the motion. The motion passed unanimously with no questions or comments.
6. Review Planning Design Manual (request from District Council) – Perez
No discussion.
 7. Standing Report from District Council - Shahbazian
Mr. Shahbazian briefly reported on the actions of District Council that approved one AR related to the evaluation of management employees. The other ARs presented to district council were tabled and failed vote respectively and may be brought back for reconsideration.
 8. Informational Handouts
 - 50% Law Calculation
 - District-wide expenditure report link: <https://intranet.rscdd.edu>
 - Vacant Funded Position List as of May 12, 2020
 - Measure “Q” Project Cost Summary as of April 30, 2020
 - Monthly Cash Flow Summary as of April 30, 2020
 - SAC Planning and Budget Committee Agendas and Minutes
 - SCC Budget Committee Agendas and Minutes
 9. Additional Handouts
 - Joint Analysis: Governor's 2020-21 May Revision (05-15-2020)
 - SSC-Community College Financial Projection Dartboard, May 2020 Revision
 - SSC-LAO Offers Financial Reaction to May Revision (05-20-2020)
 10. Approval of FRC Minutes – April 15, 2020
A motion was made by Arleen Satele and seconded by Bart Hoffman, to approve the minutes of April 15, 2020 meeting as presented. With no questions, comments, corrections or abstentions, the motion passed unanimously.
 11. Other
A brief discussion followed related to FTES and the district growing enrollment collaboratively between the two colleges. Mr. Hardash noted VC Perez is working with both campuses to develop a plan to grow including a marketing plan.

Next meeting reminder: Wednesday, July 1, 2020, 1:30 – 3:00 p.m. in the Executive Conference Room #114, District Office or via zoom as necessary.

This meeting adjourned at 3:09 p.m.