



District Committee on Budget & Finance

March 16, 2021

Zoom, 1:30 – 3:30 p.m.

Attendees: Bernata Slater, Eloisa Briones, Mary Chries Concha Thia, Judy Hutchinson, Nick Kapp, Steven Lehigh, Vincent Li, Graciano Mendoza, Micaela Ochoa, Martin Partlan, and Ludmila Prisecar

Absent: Tony Burolla, Anthony Frangos, Sofia Fernandez Giorgi, Sam Haun, Minn Thurei Naung, and Alice Zhang

Guests: Arlene Calibo, Peter Fitzsimmons, and Jose Nunez

Called to order at 1:37 p.m.

1. Introductions

No introductions were made.

2. FY 2020-21 Mid-Year Report

Slater highlighted the report, which was emailed to the committee members previously, with the members of the committee. She asked the committee members if they had any questions. The County is moving into the orange tier and the district is working on phasing in return to work and spoke about the costs associated with COVID-19 that were noted in the report. Some of these expenses may be absorbed by HEERF II / III Federal funding. She also spoke to savings associated with the change in modality and advised that the estimated carryover will be available sometime in the next quarter. She spoke about SMAC, CDC, Passport Office, and other revenue-generating activities that have experienced revenue losses given the closures. Slater spoke about the external resources received for COVID-19 mitigation: CARES, COVID-19 Response Block Grant, HEERF II, and the anticipated HEERF III. Much of the funding is being allocated as direct aid to students; however, there are institutional resources within the grants.

Although the District is basic-aid, it does receive some funding received from the State. More information may be available after the May Revise. Slater also spoke about the Early Spring State Allocation, which includes an allocation to provide resources for students' basic needs. The 2021-22 Tentative Budget will be presented to the Board of Trustees in June 2021 for adoption.

3. FY 2021-22 Board Budget Priorities

Slater reviewed the presentation she provided to the Board of Trustees at their meeting of February 24, 2021. This presentation included the following initiatives:

- ▶ Promise Scholars Program (continuing to serve 2,000 students)
 - ▶ \$1.5M California College Promise-AB 19 (estimate)
 - ▶ \$300K Foundation
 - ▶ \$300K Housing
 - ▶ \$400K Auxiliary (if shelter-in-place lifted)
- ▶ \$800K Equity Institute
- ▶ \$1M Food Insecurity Initiative
- ▶ COVID-19 mitigation
 - ▶ \$1.1M COVID-19 Contingency (set-aside)
 - ▶ \$6.65M HEERF II Funding (estim.)
 - ▶ Possible Third Federal Relief Package

She noted that the presentation eluded to HEERF III as a possible third federal relief package, which is now known to provide almost an additional \$24 million to the colleges, and that the \$6.65m in HEERF II Funding is ½ of the allocation with the assumption that the other ½ would be spent in FY 2020-21. Fitzsimmons advised that assessed valuation is currently at 4.02% against a budget assumption of 4.5% and it is very likely that the 4.5% will be met. Slater reminded the committee that we are not engaging in the three scenarios (grim, grimmer, grimmest) and rather are assuming .5% year-over-year reductions in the out years for property tax growth. Slater also noted that the real estate market remains robust as residential properties continue to turnover and as a result are reassessed at a higher level but we are budgeting conservatively and will make adjustments as more information becomes available. Slater spoke about the \$700k that is set aside to assist with compliance to the 50% Law.

She advised the committee members that the budget priorities may evolve leading up to the adoption of the budget in September 2021.

4. FY 2021-22 Preliminary Site Allocation Update

Fitzsimmons reminded the committee that the resource allocation model is fluid and is updated as new data materializes. The site allocations will continue to ebb and flow through July 2021 and will ultimately be locked to inform the FY 2021-22 Adopted Budget. He reviewed the below as of March 11, 2021:

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
REVENUE AND EXPENDITURE ASSUMPTIONS - FUND 1

| | FY2019-20 Adopted | FY2020-21 Adopted | FY2021-22 Tentative | FY2022-23 Preliminary | FY2023-24 Preliminary | |
|---|-----------------------|-----------------------|------------------------|--------------------------|--------------------------|--------------------------------|
| REVENUE | | | | | | |
| <u>Local</u> | | | | | | |
| Property Taxes | | | | | | |
| Base Revenue | \$ 156,641,213 | \$ 165,666,425 | \$ 172,178,946 | 179,066,104 | 185,333,417 | |
| Redevelopment Agency | 12,823,584 | 14,970,114 | 14,834,905 | 15,428,302 | 15,968,292 | |
| Student Fees | | | | | | |
| Enrollment Fees (\$46) | 9,957,805 | 9,586,425 | 10,146,222 | 10,102,548 | 10,102,548 | |
| Promise Scholars Fee Waiver | (1,490,828) | (1,435,775) | (1,472,933) | (1,472,933) | (1,472,933) | |
| Out-of-State Non-Resident | 1,373,598 | 925,113 | 1,752,420 | 1,866,585 | 1,980,749 | |
| International Non-Resident | 7,546,670 | 3,808,512 | 4,994,583 | 5,319,963 | 5,645,343 | |
| Interest | 3,000,000 | 1,500,000 | 2,000,000 | 2,000,000 | 2,000,000 | |
| Other | 2,458,293 | 2,471,850 | 2,453,732 | 2,453,732 | 2,453,732 | |
| <u>State</u> | | | | | | |
| Proposition 30/55 | 1,462,741 | 1,437,300 | 1,393,900 | 1,387,900 | 1,387,900 | |
| Lottery | 2,481,417 | 2,292,300 | 2,246,100 | 2,237,100 | 2,237,100 | |
| P/T Faculty Parity | 324,409 | 325,365 | 309,337 | 309,337 | 309,337 | |
| P/T Faculty Office Hours / Medical | 167,558 | 167,339 | 167,339 | 167,339 | 167,339 | |
| Apprenticeship | 467,362 | 467,362 | 466,320 | 466,320 | 466,320 | |
| Mandated Costs | 477,997 | 433,490 | 420,400 | 430,249 | 437,189 | |
| STRS On-Behalf | 3,848,997 | 5,796,149 | 5,796,149 | 5,796,149 | 5,796,149 | |
| Estimated Total Revenue | \$ 201,540,816 | \$ 208,411,969 | 217,687,419 | \$ 225,558,693 | \$ 232,812,482 | |
| EXPENDITURES | | | | | | |
| Site Allocations | | | | | | 21-22 over 20-21 Point in Time |
| Canada College | \$ 30,354,912 | \$ 31,737,063 | \$ 32,432,408 | \$ 32,678,020 | \$ 32,948,479 | \$ 695,345 |
| College of San Mateo | 49,028,086 | 48,441,438 | 50,153,592 | 50,576,228 | 51,032,388 | 1,712,154 |
| Skyline College | 49,144,902 | 51,525,669 | 52,693,084 | 53,132,841 | 53,613,986 | 1,167,415 |
| District Office | 20,951,162 | 21,549,988 | 21,504,225 | 21,703,849 | 21,925,022 | (45,763) |
| Facilities | 16,388,483 | 18,170,107 | 18,242,710 | 18,410,606 | 18,596,680 | 72,603 |
| Subtotal | \$ 165,867,545 | \$ 171,424,265 | \$ 175,026,019 | \$ 176,501,544 | \$ 178,116,556 | \$ 3,601,754 |
| Benefits / Mid Yr Inc / Savings | \$ 500,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | \$ 250,000 | |
| STRS On-Behalf | 3,848,997 | 5,796,149 | 5,796,149 | 5,796,149 | 5,796,149 | |
| Retiree Benefits | 4,362,482 | - | - | - | - | |
| College-Generated / Cell Site Revenues | 561,600 | 518,315 | 596,850 | 596,850 | 596,850 | |
| Apprenticeship | 467,362 | 467,362 | 466,320 | 466,320 | 466,320 | |
| Miscellaneous | 1,705,825 | 3,903,979 | 4,079,469 | 4,153,716 | 4,241,774 | |
| Utilities | 5,036,234 | 4,222,417 | 5,180,411 | 5,974,694 | 6,101,358 | |
| Salary Commitments | 5,700,740 | 5,581,079 | 9,465,207 | 15,449,650 | 20,895,493 | |
| Managed Hiring | 200,000 | 500,000 | 500,000 | 500,000 | 500,000 | |
| Insurance | 1,817,706 | 2,815,663 | 3,213,364 | 3,271,847 | 3,341,210 | |
| Consultant / Legal / Election | 585,000 | 985,000 | 785,000 | 999,287 | 820,472 | |
| Staff Development | 755,385 | 767,123 | 767,123 | 781,084 | 797,643 | |
| Districtwide Technology | 3,765,100 | 3,637,143 | 4,098,036 | 3,272,621 | 3,342,000 | |
| FT & PT Fac. Office Hours / PT Fac. Medical | 3,050,000 | 3,050,000 | 3,050,000 | 3,050,000 | 3,050,000 | |
| Transfers Out | 3,236,840 | 4,413,475 | 4,413,475 | 4,413,475 | 4,413,475 | |
| Museum of Tolerance | 80,000 | 80,000 | - | 81,456 | 83,183 | |
| Estimated Total Expenditures | \$ 201,540,816 | \$ 208,411,970 | \$ 217,687,422 | \$ 225,558,693 | \$ 232,812,484 | |

Fitzsimmons advised the FY2021-22 Budget Development Module was opened earlier this month and position control will be updated every two weeks so all the sites are now able to being to balance to their site allocations and make any other budget adjustments. Briones inquired about when the resource allocation model will be locked for the tentative budget to which Fitzsimmons responded that this would happen in mid-May.

5. Capital Budget Needs

Nunez reviewed his presentation, which was emailed to the committee members prior to the meeting. Slater thanked Nunez for the comprehensive analysis on what are the short-term and long-term needs given that Measure H is winding down. She also mentioned that the closures have actually accelerated projects because construction was deemed essential. She also reminded the committee members that the District had to withdraw for a couple projects that were to be partially funded by the State because of the lack of matching funds; however, is hopeful that perhaps we can proceed with one of the projects. Slater advised that the FY 2021-22 State Budget Proposal does not have an allocation for Scheduled Maintenance. If this materializes, then the District will need to identify one-time resources to fund any maintenance needs for next fiscal year.

Nunez advised that the Colleges are going to have provide financial support given that Measure H is winding down if the projects in the queue are going to be fully implemented. Slater asked Nunez to speak briefly about the impact of COVID-19 on facilities to which Nunez re-iterated the acceleration and advised that Facilities is actively engaged in analyzing workspaces and classrooms anticipating the re-opening of facilities to meet new social distancing / safety protocols. He also advised of the courses that are on-ground and the efforts that have been taken to comply with CDC protocols.

6. Fund 40001 – Beginning Fund Balances (Lehigh)

Lehigh had previously requested the balances in Fund 40001 (capital project contingencies). The balances as noted below were emailed to the committee prior to the meeting.

As of March 4, 2021:

- CSM = \$15,361,906.34
- SKY = \$7,426,280.39
- CAN = \$8,055,197.95
- DO = \$1,308,114.94
- FAC = \$1,000,000.00
- CS = \$29,935,039.53
- TOTAL = \$63,086,539.15

Slater reminded the committee members that the source of the contingencies is a result of one-time surpluses from Fund that have accumulated over time.

With regards to the District Office and Facilities, this resource is earmarked for future facility improvements at the District Office. Slater also stated that the resource in Central Services is earmarked for transitioning positions back to Fund 1 from Measure H until the site allocation can absorb the full impact of this transition; the on-going food insecurity initiative, allowable expenses associated with the Promise Scholars Program, scheduled maintenance needs, potential Proposition 51 match, and one more year of providing \$800k for the Equity Institute (Year 3 of 3).

Ochoa advised that CSM was expecting to increase the contingency balance at year-end. CSM has planned to use this resource to offset any reductions to categorical programs and to some of the items that Nunez mentioned in his presentation including the B19 Project and the athletic fields.

Additionally CSM has grant-funded positions that may have to move to Fund 1 and this resource may be needed to absorb the cost of moving these positions to Fund 1 in the short-term.

Briones stated that Skyline is looking into the Building 1 and Building 2 Project funding shortfalls as articulated by Nunez. Additionally there are future uncertainties and having a contingency to address will be beneficial to the college. Briones mentioned that the college's balanced scorecard establishes a goal to set-aside 3% to 5% from the site allocation annually to address future uncertainties.

Mendoza has planned to allocate \$6m for Canada's Facility Refresh Projects, of which many were included in the presentation provided by Nunez (e.g., athletic fields, tennis courts, furniture in various buildings, etc.). Additionally, the college was asked to set aside \$1m for the Building 13 Remodel Project. The remaining resources has been set-aside to provide resources for unknowns, which will undoubtedly come up as needs do emerge (e.g., bringing new programs online, which require unique equipment, facilities, etc.)

In response to the explanations, Lehigh asked about the differences between the ending balance that carried forward from the prior year and the funds available as of March 4, 2021. He also inquired if there were other contingencies within Fund 4 outside of Fund 40001.

Slater responded that allocations were made to fund the ADA Project and the Roadways Project recently, which explains the differences. She also stated that the District does not have any contingencies outside of Fund 40001.

Mendoza advised that Canada has two other contingency accounts in Fund 4. The college has \$1.8 million set-aside in a one-time reserve, which is earmarked to address funding positions that are currently funded by grants after the grant expires, which is similar to a strategy employed by CSM. The other contingency is for instructional equipment, which currently has a balance of \$2.3 million to be used to fund one cycle of the technology refresh plan and includes smart classrooms, labs, computers, etc.

Briones advised that Skyline has set aside \$2.8 million for college redesign projects and other needs that have been prioritized through the colleges' process to institutionalize certain grant-funded activities. Similar to Canada, Skyline also has a contingency set-aside to fund instructional equipment needs given that the State no longer provides funding for this need. Lastly, Skyline is aware of the limited resources available as Measure H winds down and resources are needed to see projects come to fruition / completion.

Lehigh was aware of CSM's contingency funds and stated that a response from CSM was not needed.

Lehigh inquired as to the project prioritization process. Nunez spoke to ADA Transition Plan's priority process. He advised that the project is a ten-year project and has a life of a ten-years and is a comprehensive plan to meet federal requirements to implement and fund a plan to bring every instance of non-compliance with codes associated with access for disabled persons into compliance. This level of compliance is vast and Nunez provided a couple of examples with one being having to relocate a toilet by an inch to meet compliance associated with access for disabled persons.

Slater thanked Lehigh for his inquiry as it is important for everyone to understand the needs and resources available to meet as many of the needs as possible.

Nunez concluded by stating that unless the District seeks another bond authorization, the sites will have to continue to rely on contingencies to maintain its facilities. Slater concluded by reminding the committee that the State requirement to match project funding with 50% was implemented recently and caught many districts by surprise because a 50% match of a multi-million dollar project is quite a challenge to obtain without bond resources or significant contingencies.

7. Next Meeting: April 20, 2021

Meeting adjourned at 3:02 p.m.