



**District Committee on Budget & Finance
December 21, 2021**

Board Room / Zoom, 1:30 – 3:30 p.m.

Attendees: Diana Castro, Jia Chung, Judy Hutchinson, Ludmila Prisecar, Bernata Slater, and Richard Storti

Absent: Eloisa Briones, Tony Burolla, Daryan Chan, Mary Chries Concha Thia, Tania Farjat, Nick Kapp, Steven Lehigh, Vincent Li, Micaela Ochoa, and Max Wong

Guests: Paul Cassidy, Peter Fitzsimmons, Joe Morello, Chantal Sosa, and Danielle Vlahos

Called to order at 1:34 p.m.

1. Reschedule January 2022 Meeting

The State Chancellor's Office has scheduled a budget workshop for chief business officials to review the Governor's Proposed FY 2022-23 State Budget for January 19, 2022. In order to provide information to the committee gleaned from this workshop, there was a discussion about rescheduling the January meeting from the 18th of January.

Storti suggested rescheduling the meeting for January 25, 2022. A roll call vote was taken and unanimously approved to reschedule for the same time on January 25, 2022. Fitzsimmons stated that he will update the invitation after the meeting concluded.

2. RA Model Taskforce / RA Model Review

Storti introduced the agenda item by stating that a periodic review of resource allocation models is a sound business practice to ensure the best use of resources. He received interest from many in response to his request for volunteers made during the prior committee meeting. The plan is to have the first meeting in early 2022 and thanked those who expressed interest in this important endeavor.

He asked that those who volunteered to begin to think about the challenges with the existing model. He went on to state that a survey will be issued to glean perspectives of the existing model including what works well, what doesn't work well, and proposed changes. The results of this survey will be used to inform the next steps and areas of focus for the taskforce.

Storti opined that the existing model works well and is detailed; however, there is an opportunity for adjustments such as a mechanism to support board initiatives. He suggested that the taskforce inventory on-going expenses (Fund 1) so when the organization looks at its expense structure (e.g. position control, supplies, contracts, utilities, etc.) that the impact of these on-going obligations in the out-years be known. Storti noted that the District has primarily relied on bond funding for capital improvements; however, with the winding down of this resource and the unlikelihood of a new bond in the short-term, the RA should consider this along with technology needs with regards to the transition to on-line learning modality (especially given that HEERF funds will be spent down in FY 2021-22). Once this inventory (i.e., cost structure) is prepared, it can be compared against the existing model and will inform adjustments that may be needed.

Storti acknowledged that he and others on the committee have likely had experience with various models and that there isn't a particular model that is better than the other. The taskforce's goal is to recommend adjustments to the existing model or create a new model that meets the needs of the entire community. This will require a lot of thought and careful analysis. He closed by stating that as a basic-aid district we have a lot of resources; however, they are not limitless. These resources need to be allocated in a way that best serves students and to protect the District's long-term fiscal solvency.

Morello mentioned that the existing model does have a process for supporting board initiatives (i.e., innovation funds). These funds are tied to the District's mission, vision, and values – and came “off the top” in the model. He opined that this could work within the existing model. Storti acknowledged this and stated that there could be other ways to meet the same objectives that may be worth exploration.

Slater provided some background with regards to the innovation funds. She reminded the committee that the existing resource allocation model has been in place for several years. Up until two years ago innovation funds were taken off the top and varied annually from \$1m to \$2m. The funds were allocated towards board initiatives and distributed to the sites depending upon the particular initiative. A couple years ago a decision made to push all resources to the sites rather than carve out for initiatives. The desire was to fund the initiatives through the site allocations. She agreed that it is time to revisit the allocation model to better serve the organization. She closed by reminding the committee that COVID-19 introduced new budgetary challenges and that the new or revised model may need to address unforeseen challenges.

Storti wrapped up the discussion by stating that the review process will be a good exercise and that he will provide regular updates on the progress to the Committee. He anticipates that it will take at least six months for the review and analysis leading to a recommendation and that the District will use the existing model until a new model is implemented.

3. FY 2020-21 Fund 1 Actuals (RA)

Fitzsimmons reviewed the FY 2020-21 Fund 1 Actuals in the RA format. He reminded the committee that the document emailed prior to the meeting was at the request of Steve Lehigh and is designed to illustrate the FY 2020-21 RA, Carry-Over, which totals to the Adopted Budget in comparison to the Revised Budget and Year-End Actuals, which are found on Page 49 of the FY 2021-22 Adopted Budget Document.

Morello asked if FY 2020-21 was an anomaly because of COVID and are the numbers indicative of prior years. Fitzsimmons stated that he would have to go back and apply the exercise to prior years to answer that question.

Hutchinson noticed that certain revenues were higher than projected (e.g. non-resident enrollment fees and interest earnings). Fitzsimmons responded that enrollment fees are based upon the College's FTES projections, which were conservative. Interest earnings are difficult to project in such volatile economic times. Many revenue streams are difficult to forecast given the pandemic and the unknown impact on revenue streams. Hutchinson suggested a true-up. Slater reminded the committee that revenues are allocated based upon the projections. She recommended that the committee look at expenses as well because expenses may also come in higher than projected (e.g. the transfer out to the Parking Fund). Last year resources had to be pulled from Fund 4 into Fund 1 to hold the sites harmless to balance at the end of the year. Fitzsimmons highlighted the transfers in / out and explained the STRS On-Behalf

(which is a pass through – revenues equal expenditures). Slater discussed the PSP Waiver, which is really an expense. This will be illustrated as such in the FY 2022-23 Resource Allocation Model.

Fitzsimmons availed himself to the committee members if they have any detailed questions that may arise.

4. Public Comments / Future Agenda Items

Storti reviewed the existing timeline items in the parking lot and asked the committee members if there were any others to consider adding. None were offered at this time.

5. Next Meeting: January 25, 2022.

Meeting adjourned at 2:12 p.m.