



**District Committee on Budget & Finance
February 15, 2022**

Board Room / Zoom, 1:30 – 3:30 p.m.

Attendees: Diana Castro, Jia Chung, Mary Chries Concha Thia, Judy Hutchinson, Steven Lehigh, Vincent Li, Joe Morello, Micaela Ochoa, Ludmila Prisecar, Bernata Slater, and Max Wong

Absent: Tony Burolla, Daryan Chan, Tania Farjat, Nick Kapp, and Richard Storti

Guests: Paul Cassidy, Peter Fitzsimmons, Aaron McVean, and Chantal Sosa

Called to order at 1:34 p.m.

1. FY 2021-22 Mid-Year Budget Report

Slater reminded the committee members of various reports provided to the Board of Trustees. The Mid-Year Budget Report is currently in draft form and serves as the Second Quarter Report. She reviewed the draft report and its components while highlighting the following:

- STRS/PERS rates
- On-going property taxes
 - This revenue stream may increase to perhaps 6% between now and June 30th
 - It takes about 4% to fund year-over-year personnel increases
- Enrollment trends, which parallels statewide declines
- COVID-19 and HEERF expenses through December 31, 2021

In the first six months of the fiscal year, the District recognized 50.75% of Fund 1 revenues. There may be a slight increase in property taxes in relation to budget. The District has spent 37.49% of the Fund 1 expenditure budget, which includes carry-overs. Slater advised that there will likely be carryovers from this year into next year because the sites are not spending all the carry-overs given future uncertainties.

Slater spent time with the committee reviewing the section on auxiliary organizations. She advised that some HEERF resources have been allocated to the bookstores, cafeterias, and CCCE for revenue losses as a result of the campus closures. A presentation has been made to the Board of Trustees on the long-term sustainability of the bookstores. No direction from Board has been received yet with regards to addressing this concern. The cafeterias are drawing on their fund balance. SMAC has a new name and has been managed internally effective January 1, 2022. She spoke about the transition steps that took quite a bit of effort. The transition was successful and it will likely be sometime before surpluses are realized to once again support college programs at prior levels. The new fitness center at Canada College will likely accelerate the ability to provide financial support to programs; however, there have been some delays with the opening. Lastly, Slater advised that CCCE is hurting through COVID. Slater reviewed the programs within CCCCE and the strategies to recover post pandemic. She concluded by applauding the students, as the ASBs continue to sponsor events and support student clubs.

Fitzsimmons advised that the final document will be printed within the next couple days and, once compiled, he will email the completed document to committee members. He reminded the committee members that the full report will be presented to the Board of Trustees at their meeting of February 23, 2022.

2. FY 2022-23 Board Initiatives / Goals

Slater requested that this agenda item carry over to next meeting to allow Storti to provide additional insights gleaned from the Board Retreat on Saturday, February 12, 2022.

She mentioned that the retreat had three topics: (1) establish a county-wide promise program with the desire to create a cradle-to-college pathway; (2) rethinking the institution in post-pandemic times (i.e., what does the District look like moving forward and what on-going adjustments are needed; and (3) an introduction to the preliminary budget. With regards to the preliminary budget discussion, there was an interest from trustee(s) to potentially set aside additional resources for initiatives; an on-going concern about the amounts carried over year-over-year; and a request for an update on the Food Insecurity Initiative.

Given the number of requests received to date, Ochoa asked if it was possible for the Colleges to receive a list of potential funding requests from the District for FY 2022-23 for the college budget planning purposes. Her preference is to be proactive rather than reactive when the District advises the Colleges to fund certain unforeseen items with the understanding that the list will not be exhaustive because not all is known. Fitzsimmons mentioned later in the meeting that the next committee meeting will speak to facility and technology needs, which likely will encompass many of these funding requests. Slater acknowledged the challenge and offered to discuss further at the VPA / CBO Meetings to the extent that the funding requests are known. Slater concluded by stating that the allocation to the ADA Transition Plan, Skyline Housing Project, and Student Housing Project has depleted the majority of one-time non-college resources.

3. FY 2022-23 Preliminary Budget Assumptions

Fitzsimmons reviewed the assumptions as of February 10, 2022, which were emailed to the committee members prior to the meeting and are noted below:

Preliminary Budget Assumptions as of 02.10.22

	FY22-23			
	CSM	Canada	Skyline	District
Resident FTES	-0.52%	0.00%	-0.22%	-0.29%
Out-of State FTES	-11.04%	0.00%	1.78%	-4.12%
Apprenticeship FTES	11.87%		0.00%	11.63%
International FTES	41.64%	0.00%	18.38%	25.68%
State Inflation Factor (COLA)				5.33%
State Growth / Workload Reduction				0.50%
California CPI				3.69%
COLA (Total Compensation)				2.35%
Property Tax Increase				5.43%
Lottery per FTES				\$163
Mandated Cost (Block Grant) per FTES				\$32.31
Non-Resident Tuition per Unit				\$290
Resident Tuition per Unit				\$46

He reminded the committee that the COLA (Total Computation) calculation is districtwide and doesn't take into consideration individual employee groups so to not rely too heavily on this particular assumption. The formal calculation will be completed per group in July for negotiations. Lehigh inquired if all the employee groups will be negotiating new contracts beginning in FY 2022-23 to which Morello responded in the affirmative.

Fitzsimmons advised the committee members that these numbers will continue to be refined and brought back to the committee.

4. FY 2022-23 Preliminary Site Allocations

Fitzsimmons reviewed the preliminary site allocations as of February 10, 2022, which were emailed to the committee members prior to the meeting and are noted below.

Fitzsimmons noted that this is subject to change; however, currently the site allocation year-over-year increase is \$9.1 million. (\$1.6 million for Canada; \$2.8 million for CSM; \$2.9 million for Skyline; \$1.3 million for District Office; and \$.5 million for Facilities.)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT					
REVENUE AND EXPENDITURE ASSUMPTIONS - FUND 1					
	FY2020-21 Adopted	FY2021-22 Adopted	FY2022-23 Tentative	FY2023-24 Preliminary	FY2024-25 Preliminary
REVENUE					
<u>Local</u>					
Property Taxes					
Base Revenue	\$ 165,666,425	\$ 172,178,871	\$ 183,184,279	192,343,493	201,479,809
Redevelopment Agency	14,970,114	14,867,919	15,519,591	16,295,571	17,069,610
Student Fees					
Enrollment Fees (\$46)	9,586,425	9,311,159	8,044,532	8,125,119	8,166,734
Promise Scholars Fee Waiver	(1,435,775)	(1,423,557)	-	-	-
Out-of-State Non-Resident	925,113	1,782,092	2,294,835	2,453,099	2,611,364
International Non-Resident	3,808,512	4,696,333	4,053,620	4,333,180	4,689,300
Interest	1,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Other	700,261	286,285	356,802	356,802	356,802
<u>State</u>					
Proposition 30/55	1,437,300	1,414,825	1,284,286	1,284,285	1,223,095
Lottery	2,292,300	2,398,793	2,135,334	2,135,334	2,157,176
F/T Faculty Allocation	1,771,589	3,340,121	3,402,618	3,402,618	3,402,618
P/T Faculty Parity	325,365	306,627	306,627	306,627	306,627
One-Time Faculty Office Hours	-	1,646,945	-	-	-
P/T Faculty Office Hours / Medical	167,339	516,662	726,915	726,915	726,915
Apprenticeship	467,362	490,215	516,343	516,343	516,343
Mandated Costs	433,490	420,516	394,625	407,739	426,830
STRS On-Behalf	5,796,149	4,488,329	4,488,329	4,488,329	4,488,329
Estimated Total Revenue	\$ 208,411,969	\$ 219,222,135	229,208,737	\$ 239,675,455	\$ 250,121,553
EXPENDITURES					
<u>Site Allocations</u>					
Canada College	\$ 31,737,063	\$ 33,411,319	\$ 34,967,602	\$ 35,013,257	\$ 34,904,416
College of San Mateo	48,441,438	51,348,029	54,165,307	54,178,571	53,947,114
Skyline College	51,525,669	54,385,850	57,338,652	57,540,462	57,459,471
District Office	21,549,988	21,104,837	22,391,018	22,539,216	22,472,079
Facilities	18,170,107	18,065,644	18,594,893	18,701,215	18,730,087
Subtotal	\$ 171,424,265	\$ 178,315,679	\$ 187,457,472	\$ 187,972,721	\$ 187,513,168
<u>Districtwide Allocations</u>					
Benefits / Mid Yr Inc / Savings	250,000	250,000	250,000	250,000	250,000
STRS On-Behalf	5,796,149	4,488,329	4,488,329	4,488,329	4,488,329
College-Generated Revenues	518,315	209,492	250,512	250,512	250,512
Strategic Initiatives	-	-	2,000,000	4,000,000	6,000,000
Apprenticeship	467,362	490,215	516,343	516,343	516,343
Miscellaneous	3,903,979	4,727,469	1,889,587	1,944,385	1,997,856
Utilities	4,222,417	5,156,812	5,167,308	5,317,160	5,463,382
Salary Commitments	5,581,079	6,028,198	8,252,930	16,201,085	24,129,369
Managed Hiring	500,000	500,000	250,000	250,000	250,000
Insurance	2,815,663	2,951,767	3,068,656	3,157,647	3,244,483
Consultant / Legal / Election	985,000	785,000	1,285,000	822,265	1,344,877
Staff Development	767,123	819,528	819,528	843,295	866,485
Districtwide Technology	3,637,143	4,876,481	5,045,472	5,191,790	5,334,564
PT Fac. Office Hours / PT Fac. Medical	3,050,000	3,400,000	3,400,000	3,400,000	3,400,000
Transfers Out	4,413,475	6,143,165	4,987,603	4,987,603	4,987,603
Museum of Tolerance	80,000	80,000	80,000	82,320	84,584
Estimated Total Expenditures	\$ 208,411,970	\$ 219,222,135	\$ 229,208,740	\$ 239,675,455	\$ 250,121,555
Surplus / Deficit	\$ (1)	\$ -	\$ (3)	\$ -	\$ (2)

5. Free College Initiative

McVean discussed one of the main strategic board initiatives. He advised that branding is underway and the initiative is geared towards allocating resources to focus on student completion and removing barriers in order to facilitate completion. The concept is to expand upon the Promise Scholars Program and to address items that the program currently does not such as dual enrollment and open educational resources (i.e., zero cost textbooks). He reviewed the importance of degree attainment with regards to a livable sustainable wage.

He stated that free college is important because although high school graduation rates are relatively high in the county, disparities exist between races and ethnicities. There are more severe disparities amongst those that do graduate high school with regards to meeting the requirements to directly enter a four-year institution.

McVean highlighted the key components of the initiative:

- A guided pathways framework to increase on-time completion of certificates, degrees, and transfer to four-year universities
- Dual enrollment beginning in junior and senior years of high school
- Automatic enrollment in the Promise Scholars Program
- Elimination of financial barriers at every step of the way

The initiative is providing a significant investment in dual enrollment, which is a component of guided pathways. There is no cost to high school students taking college courses at their respective high schools. There are 3,500 students who typically participate in dual enrollment. CRM plays a pivotal role in leveraging enrollments via communications including providing information about the application and financial aid processes. The goal is to develop a process to automatically enroll high school students to one of the colleges while providing the students an option to opt out. Sosa inquired about concurrent enrolled students; to which McVean advised that concurrent enrollment is different than dual enrollment. Concurrent enrolled students are high school students taking college courses at the college (not at their respective high school). Hutchinson mentioned that the Governor is proposing significant resources to fund dual enrollment grants for K-12 and asked how community college districts may be involved in this proposal. McVean responded that partnerships with K-12 are key and that the K-12 system is in dire need of infrastructure to impact an increase of transfers from K-12 to higher education.

McVean advised that the Promise Scholars Program currently provides \$750 per participant to cover the costs of textbooks and inclusive access. By increasing the number of open educational resources, there will be additional resources available to expand the program. He also noted that concurrent enrolled students currently must pay for their textbooks; however, dual enrolled students do not.

He went on to highlight basic needs and reminded the committee that the District has allocated \$1m annually towards food insecurity. There are efforts underway to expanding housing and transportation resources.

Understanding that there are finite resources, the District is utilizing the District's Strategic Plan to prioritize the components and working with the colleges to coordinate the various categorical resources to maximize the effectiveness of the initiative. Lehigh asked about the long-term funding strategy to fund this initiative above the one-time investment of \$6.75 million. Additionally, Lehigh asked about where this initiative falls within the Board of Trustees' priorities. McVean acknowledged that this initiative requires a long-term commitment and decisions will need to be made with regards to on-going funding and this initiative is a high priority with full Board support. Slater advised that there will always be competing needs and that districts are fortunate that the State is also focused on basic needs that will assist with local efforts. Fitzsimmons reminded the committee about SB893 which, if passed, would allow the District the authority to charge less than the \$46 per unit for students who live within the county; however, this would have a significant impact on the site allocations.

Concha Thia inquired about the marketing efforts for the initiative. McVean advised that the pandemic wreaked havoc on enrollments. Prior to the pandemic the District was experiencing increases in first-time students and dual enrolled students despite overall enrollment declines. No one knows when enrollment will rebound; however, marketing is underway. The enrollment for fall 2022 will provide data on the effectiveness of the marketing efforts currently underway.

Fitzsimmons requested a copy of the presentation from McVean so that he could email it to the committee members.

6. RA Review Status Update

Slater, on behalf of Storti, advised that the workgroup comprised mostly of committee members met and reviewed the current resource allocation model. The next meeting will focus on reviewing other models. The group is meeting monthly and the next meeting is scheduled for March 10, 2022.

Ochoa inquired about the meetings being scheduled on Thursdays instead of Fridays and will follow up with Storti.

7. Public Comments / Future Agenda Items

Ochoa asked for the methodology for disbursement of funds contained within the Governor's proposed 2022-23 budget that will be allocated to the District and not directly to the Colleges. Fitzsimmons responded that this will be difficult because it isn't always readily known if newly proposed allocations will be provided directly to the District or the Colleges. Historically in these cases, the District uses the same methodology to disburse the funds to the Colleges that the State used to disburse the funds to the District.

8. Next Meeting: March 15, 2022

Meeting adjourned at 2:47 p.m.