



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

**Zoom, 1:30 – 3:30 p.m.**

**Attendees:** Diana Castro, Daryan Chan, Jia Chung, Mary Chries Concha Thia, Judy Hutchinson, Steven Lehigh, Vincent Li, Joe Morello, Micaela Ochoa, Ludmila Prisecar, Bernata Slater, and Richard Storti

**Absent:** Tony Burolla, Tania Farjat, Nick Kapp, and Max Wong

**Guests:** Arlene Calibo, Paul Cassidy, Edgar Coronel, Daman Grewal, Peter Fitzsimmons, Daman Grewal, Marie Mejia, Michele Rudovsky, Chantal Sosa, and Danielle Vlahos

**Called to order at 1:36 p.m.**

**1. FY 2022-23 State Budget Update**

Storti talked about inflation which is currently above 7% and is an economic concern. He noted that this increase was published prior to the recent spikes in fuel prices. With the onset of the pandemic in March 2020, the economy spiraled downwards; however, rebounded quickly. The economy has been strong – driven by stimulus money. That being said, inflation erodes purchasing power. Given the District’s basic aid status, erosion of purchasing power could impact the housing market. This, in turn, would impact the District’s primary revenue source – property taxes.

The State’s General Fund Revenues remain strong and are driven by higher than anticipated personal income taxes and corporate taxes. The most recent report (through January 2022) indicates that State revenues are 15% (or \$16b) higher than projected. This is evidenced by the Governor’s State Budget Proposal for FY 2022-23. Storti reminded the committee that the State COLA will benefit certain categorical programs and will likely be higher than the Governor’s January proposed budget and this likelihood is driven by inflation.

Storti concluded by providing an update on the State’s Student Housing Grant Program. He reminded the committee that the State allocated \$2b in FY 2021-22 for the planning and construction of student housing for the three higher education segments. \$500m was allocated for FY 2021-22 with \$250m for community colleges. The District submitted a construction proposal and a planning proposal. The construction proposal was not recommended for funding by the State’s Department of Finance (DOF). The DOF received so many applications that they discounted districts that applied for both construction and planning awards. The DOF has made a recommendation to the Legislature, who will conduct their own analysis and review. The District is lobbying with the Legislature in an attempt to have the construction proposal awarded. The District was recommended by the DOF to be awarded a \$200k planning grant. The District has incurred about \$300k in planning activities. If the District’s lobbying efforts are ultimately not successful, there will be additional opportunities for funding from the State. The District intends to use the time between the first and second round of funding to strengthen its grant proposal to continue the effort to build student housing, which is very important given the cost of living in the county. The current plan is to build at CSM and rents could be as low as \$500 per month. Analysis is underway at Skyline and Canada to identify potential areas for student housing.

## **2. FY 2022-23 Board Initiatives / Goals**

Storti spoke about SB 893, which appears will pass through the State's legislative process. This senate bill was authored specifically for the District and will allow the Board of Trustees (BOT) to reduce enrollment fees from \$46 per unit to as low as \$0 per unit. The goal of the initiative is to support the BOT's Free College Initiative by making college affordable; however, the initiative comes with a price tag. If the BOT reduces the fees to \$0, there would potentially be a budgetary impact of \$7m - \$8m. Many unanswered questions remain that the organization will have to work through (e.g., will the reduction be phased in; when will the reduction(s) become effective, other BOT interests on eligibility, etc.).

Hutchinson inquired about BOGFW students and if the \$8m would be net of these waivers. Fitzsimmons explained that any reduction in fees is a reduction in resources. Storti stated to not be overly concerned at this point because there are many future discussions that will happen between administration and the BOT so that an informed policy decision is made.

Storti advised that at their retreat, the BOT expressed a desire to have a set-aside for initiatives. The FY 2022-23 RA currently provides \$2m, which may buttress against the SB 893 impact.

## **3. Board of Trustees Ad-Hoc FY 2022-23 Budget Advisory Committee**

Storti stated that the BOT created this ad-hoc committee at their prior meeting with the intent to provide an opportunity for appointed trustees to become more aware of the budget detail by asking questions and providing feedback prior to the adoption of the budget. He mentioned that this is fairly common in other districts and his experience has been that it's value added. Storti will provide feedback to the committee on the outcomes of the ad-hoc committee.

Lehigh inquired if constituency groups are on the committee. Storti stated that the committee is a sub-committee of the BOT comprised of two trustees.

Ochoa inquired if the ad-hoc committee is subject to the Brown Act. Storti stated that he has experienced these types of meetings being subject to and not subject to the Brown act depending upon how they are structured.

#### 4. FY 2022-23 Site Allocations Update

Fitzsimmons reviewed the changes to the site allocations since the last meeting as noted below:

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT					
REVENUE AND EXPENDITURE ASSUMPTIONS - FUND 1					
	a/o 02.10.22		a/o 03.10.22		
	FY2022-23		FY2022-23		
	Tentative		Tentative		Difference
<b>REVENUE</b>					
<u>Local</u>					
Property Taxes					
Base Revenue	\$	183,184,279	\$	183,792,288	\$ 608,009
Redevelopment Agency		15,519,591		15,571,102	51,511
Student Fees					
Enrollment Fees (\$46)		8,044,532		8,054,706	10,174
Out-of-State Non-Resident		2,294,835		2,245,588	(49,247)
International Non-Resident		4,053,620		4,053,620	-
Interest		2,500,000		2,500,000	-
Other		356,802		356,802	-
<u>State</u>					
Proposition 30/55		1,284,285		1,284,285	-
Lottery		2,135,334		2,135,334	-
F/T Faculty Allocation		3,402,618		3,402,618	-
P/T Faculty Parity		306,627		300,308	(6,319)
P/T Faculty Office Hours / Medical		726,915		726,915	-
Apprenticeship		516,343		516,343	-
Mandated Costs		394,625		394,625	-
STRS On-Behalf		4,488,329		4,488,329	-
<b>Estimated Total Revenue</b>	<b>\$</b>	<b>229,208,737</b>	<b>\$</b>	<b>229,822,863</b>	<b>614,127</b>
<b>EXPENDITURES</b>					
<u>Site Allocations</u>					
Canada College	\$	34,967,602	\$	34,984,552	\$ 16,950
College of San Mateo		54,165,307		54,191,357	26,050
Skyline College		57,338,652		57,366,242	27,590
District Office		22,391,018		22,401,718	10,700
Facilities		18,594,893		18,604,053	9,160
Subtotal	\$	187,457,472	\$	187,547,922	90,450
<u>Districtwide Allocations</u>					
Benefits / Mid Yr Inc / Savings	\$	250,000	\$	250,000	\$ -
STRS On-Behalf		4,488,329		4,488,329	-
College-Generated Revenues		250,512		246,572	(3,940)
Strategic Initiatives		2,000,000		2,000,000	-
Apprenticeship		516,343		516,343	-
Miscellaneous		1,889,587		1,889,587	-
Utilities		5,167,308		5,167,308	-
Salary Commitments		8,252,930		8,780,546	527,616
Managed Hiring		250,000		250,000	-
Insurance		3,068,656		3,068,656	-
Consultant / Legal / Election		1,285,000		1,285,000	-
Staff Development		819,528		819,528	-
Districtwide Technology		5,045,472		5,045,472	-
PT Fac. Office Hours / PT Fac. Medical		3,400,000		3,400,000	-
Transfers Out		4,987,603		4,987,603	-
Museum of Tolerance		80,000		80,000	-
<b>Estimated Total Expenditures</b>	<b>\$</b>	<b>229,208,740</b>	<b>\$</b>	<b>229,822,866</b>	<b>614,126</b>

## 5. FY 2022-23 Technology Needs

Grewal reviewed the presentation that was emailed to the committee members in advance of the meeting. He noted that the budget needs for FY 2022-23 through FY 2023-24 will adjust based upon inflation and other factors as the initiatives mature.

Storti noted that the needs for FY 2022-23 is about \$1m. Grewal stated that IT has the resources to cover this; however, resources for FY 2023-24 will be needed.

Ochoa asked which projects were one time vs. on-going. Grewal responded that there is a mix of one time and on-going projects. Via the Chat, he stated that he will note projects that are one time vs. on-going and forward to the campuses. Ochoa inquired about the process to fund these projects (e.g., will this be included in the RA or will this be a topic for the RA Review Workgroup). Storti responded that both are likely and these are the types of items that need to be vetted.

Grewal emphasized the IT Firewall Project for \$2.2m and the Data Center Hardware Replacement for \$1m as critical. He went on to briefly talk about the need to have back-up generators at the data centers at Canada and Skyline. Storti advised that the District received only one bid, which was well over budget so the bid was rejected. The District is revisiting the RFP for the possibility to purchase the generators directly and then contract for the installation in an effort to reduce costs and to spawn competitive bidding.

Morello asked how the current process for districtwide technology contained within the RA works. Grewal stated that in order to qualify, the technology must be used by all the colleges. Fitzsimmons reminded the committee that the RA has a tab listing all the details behind each contract in the Districtwide Technology Tab and is updated periodically by the IT Department. Storti reminded the committee that districtwide technology is also impacted by inflation.

Prisecar suggested a review of the Districtwide Technology Tab in the RA.

## 6. FY 2022-23 Capital (Facilities) Budget Needs

Storti reviewed the presentation that was emailed to the committee members in advance of the meeting.

Ochoa inquired about the \$5m shortfall for the CSM 19 Renovation Project because CSM already contributed towards this project. Specifically she asked if this anticipated shortfall is considering the contribution. Storti responded in the affirmative and stated that this is likely a “worst-case” scenario but additional resources may be needed. He offered a meeting with Mejia and Ochoa to discuss the details. Mejia stated that more information will be known in about two months when bids are received. She went on to state that price escalations are significant. She mentioned that the SKY B2 Project may be in a similar situation given the amount of time projects take to be approved by the Department of State Architect and current price escalations.

Prisecar inquired about State Scheduled Maintenance Projects and the need for local resources. Calibo responded that most of the projects are funded by State resources. There are a few minor projects that aren't; however, Facilities will fund with its resources.

Calibo will send the details for the maintenance and operations projects ranging from \$12m to \$22.4m annually through FY 2025-26 to the VPAs

Storti stated that he is reviewing in detail the recommended fleet replacements in an effort to minimize the costs given the current cost of vehicles while being mindful of safety concerns.

Concha asked what the acronym “SMSR” means; to which Calibo responded, “Schedule Maintenance / Special Repairs.”

With the backdrop of rising costs, technology and facility needs, student housing, and SB 893, Lehigh was curious as to how these items are in alignment with what the BOT wants to do with discretionary resources and their initiatives. He went on to mention the potential impact to negotiations. He asked as to how this may all be balanced and how is there room in the budget for these competing needs. Storti responded that it is impossible to address everything in one budget cycle and that it’s a delicate balance driven by careful planning. Funding will be based upon available resources and expenditure prioritization. The key is to be transparent and communicative in the decision-making process. He concluded by quoting Kathy Blackwood’s famous saying that the District can do whatever it wants, just not everything it wants.

Prisecar asked if it was possible to track how much of the State’s Scheduled Maintenance funds are spent at the campus level. Storti responded that this is possible; however, the spending likely won’t be equal in the short-term because the spending is based upon project priorities within any given year and each year’s funding varies dramatically. Expenses likely balance amongst the colleges over the long-term. Calibo stated that she can provide and requested that the colleges provide the timeframe of interest.

Morello mentioned in the chat that the utilities per campus should be reviewed as well.

## **7. RA Review Status Update**

Storti stated that the workgroup is meeting once a month and recently concluded its 2<sup>nd</sup> meeting. He reminded the committee that the workgroup’s 1<sup>st</sup> meeting was a review of the existing model. The 2<sup>nd</sup> meeting focused on other models. The 3<sup>rd</sup> meeting will look at another model and discussions will begin with regards to identifying adjustments that can be made to the existing model to make it more effective in the short-term. A decision will ultimately need to be made to adjust the existing model or create an entirely new model in the long-term. Storti concluded by advising that he will continue to provide updates to the committee.

## **8. Public Comments / Future Agenda Items**

Storti advised the committee that the colleges’ received a no-cost extension to fully expend the HEERF Grant Funds.

He also advised the committee members who may have agenda items to add to future meetings to contact Fitzsimmons.

## **9. Next Meeting: April 19, 2022**

**Meeting adjourned at 3:02 p.m.**