



**District Committee on Budget & Finance
January 17, 2023**

Zoom, 1:30 – 3:30 p.m.

Attendees: Anthony Chumpitazi, Mary Chries Concha Thia, Anthony Djedi, Judy Hutchinson, Steven Lehigh, Vincent Li, Stephanie Martinez, Joe Morello, Gerardo Pacheco, Ludmila Prisecar, Bernata Slater, Richard Storti, Paola Tagashira, and Chi Chi Wai

Absent: Tony Burolla and Nick Kapp

Guests: Peter Fitzsimmons, Yung Nguyen, and Aaron McVean

Called to order at 1:33 p.m.

1. FY 2021-22 Fund 1 Actuals (RA)

Fitzsimmons reviewed the document previously emailed to the committee members.

He noted that the adopted revenue budget was \$219.2 million, which was revised to \$221.9 million, with actuals of \$217.4 million. Included in this are GASB entries and the STRS On-Behalf, which are accounting entries and not true revenues.

He also noted that the site allocations adopted budget was \$201.1 million, which included \$22.8 million in carry-over from the prior year. The revised budget was \$225.5 million with the increase primarily attributed to transfers-in from other funds and transfers from Central Services as denoted by the asterisks.

Overall revenues equaled \$217.4 million and expenditures equaled 223.6 million, for a reduction to the ending fund balance of \$6.2 million.

2. FY 2022-23 CCFS-320 P1

Fitzsimmons reviewed the document previously emailed to the committee members. He explained that the document illustrates projected FTES for the District as of January 2023, which is the sum of the three colleges' projections as noted on the subsequent pages. The report illustrates FTES by census type, by term, and by residency status.

He noted that resident enrollment is up slightly by 62 FTES with an overall increase of 202 FTES. The next report (P2) will be completed in April with more refined projections.

3. FY 2023-24 Budget Calendar Review

Fitzsimmons reviewed the document that was previously emailed to the committee members. The calendar mirrors the prior year's calendar with minor adjustments. The calendar will be presented to the Board of Trustees for adoption at their next meeting of January 25, 2023, and is to be used as a tool leading to the adoption of the budget in September 2023.

4. FY 2023-24 State Budget Proposal

Fitzsimmons emailed the Joint Analysis to the committee members prior to the meeting. Storti advised that each year in January the Governor kicks off the State's budget process with his budget proposal. The Governor provides a revision in May based upon revised revenue projections. The proposals are vetted through the legislative process and counter proposals are presented leading up to the adoption of the State budget prior to July 1, 2023.

Storti shared that the proposal includes a COLA of 8.13%; however, as a basic aid district, this would only apply to certain categorical programs. He noted that the proposal includes a decrease to Physical Plant and Instructional Equipment (i.e., scheduled (deferred) maintenance / instructional equipment). The FY 2022-23 State Budget was over \$800 million with the District receiving \$12 million. The Governor is proposing a reduction of \$213 million for FY 2023-24. Funding fluctuations for this program is typical because it is one-time in nature and the State adjusts the year-over-year based upon State revenues.

Storti reminded that the bulk of District revenues are from property taxes. Accordingly, the State's budget is not as impactful to the District given its basic aid status. The Budget Workshop is upcoming and Storti encouraged members to attend.

Lehigh asked for clarification with regards to scheduled maintenance. Storti responded that the \$12 million allocation is for FY 2022-23 and that the proposed reduction is for FY 2023-24. Accordingly, the District is currently anticipating a 25% reduction for next year.

5. SB893

McVean shared a presentation with the committee members. The presentation was shared with the Board of Trustees at their meeting in August 2022. Fitzsimmons will obtain the presentation from McVean and forward to the committee members.

The program is a five-year pilot effective Spring 2023 and allows the District to combat the total cost of education for students. The Board of Trustees will adopt policies effective Fall 2023 this Spring after the proposed policies are vetted through the participatory governance process. Focus will be on financial need with a tremendous push for students to complete the FAFSA. McVean reminded the committee members that the Promise Scholars Program (PSP) is designed to assist a cohort of students toward completion while breaking down financial barriers while providing additional support such as reducing counselor-to-student ratios. The District used this program as the framework for SB893, which expands to county residents.

Slater reminded the committee members that SB893 allows the District to pay fees on behalf of eligible students and not to technically waive the fees. The fees will be assessed and paid for by the District.

Hutchinson inquired about the cost of enrollment fees. McVean stated that the CCPG (formerly known as the BOG Fee Waiver) waives student fees while SB893 pays student fees. He acknowledged that the cost of the program will increase; however, so will CCPG waivers. Both of which are a benefit to students. Currently the program is estimated to cost \$6m for FY 2022-23 increasing to \$10m for FY2023-24, which is subject to change.

Lehigh asked if the residency requirement was waived for Spring 2023. McVean responded by stating that SB893 requires county residency per State residency regulations. Lehigh asked for confirmation that the District is validating residency. McVean confirmed that residency validation processes are being applied.

Lehigh asked if PSP participants have to demonstrate financial need. McVean responded in the negative; however, there is a priority system to determine participation given the finite resources available for the PSP.

McVean reminded the committee that the County provided \$2 million to the District to expand the PSP from 2,000 to 2,500 for FY 2021-22 and for FY 2022-23. The District also uses the State's AB19 allocation along with Foundation, Auxiliary, and Housing funds as needed to support the PSP in an on-going way.

Pacheco asked how the District is tracking undocumented students who don't complete the FAFSA. McVean clarified that the Ed Code allows districts to charge resident tuition to undocumented students in certain conditions. SB893 allows the District to pay for fees for all students residing in the county including undocumented students. The Undocumented Student Coalition with representatives across the District is discussing how to capture financial need for undocumented students given that they don't complete the FAFSA. McVean emphasized that SB893 is designed to breakdown barriers and to not create barriers and that AB540 designation is important in this regard as well.

McVean stated that other basic aid districts have expressed an interest in the program. McVean mentioned that the District will be providing a presentation at the ACCCA Conference on SB893.

Hutchinson inquired about the hierarchy with regards to the application of various resources to student accounts. Specifically, she asked how SB893 resources are prioritized in relation to PSP resources for PSP participants. McVean acknowledged that there is a hierarchy. He went on to state that AB19 funds are for 1st time / full-time students and that the program has an enrollment cap of 2,000 (excluding the 500 funded by the County). Accordingly, Non-PSP County Residents could qualify under SB893. There are on-going discussions about third-party billings (e.g., VA) being applied before SB893. McVean stated that policy language is being drafted with regards to the prioritization on the application of payment. Slater stated that Banner is currently applying CCPG, SB893, PSP, and then FA. There is an effort to flip SB893 and PSP so that PSP Funding Sources are used for PSP participants before SB893. If this is not possible, then a workaround to manually adjust may be necessary. Prisecar agreed with Slater and supports applying PSP for PSP and SB893 for other students.

Concha Thia inquired about changes in residency status (i.e., from non-county to county). McVean reiterated that the residency validation process has not changed from pre-SB893. Change of addresses are submitted through A&R, which may trigger changes to student accounts based upon residency status.

Morello asked about the Summer 2023 Term to which McVean stated that the policy effective Spring 2023 will be applied to Summer 2023. The policy refinement will be effective Fall 2023.

McVean concluded by reviewing Spring 2023 enrollment. He noted that enrollment has been in decline for a decade and was exasperated by the pandemic. Spring 2023 enrollment is up 16%, which the District hasn't experienced this type of term-over-term increase this large in over 15 years. This is a direct result of SB893 and marketing efforts. There is tremendous focus on keeping the enrollment increase momentum and keeping students enrolled through completion.

Hutchinson inquired if the District was tracking students taking personal enrichment courses separately from students who are here to transfer or attain a degree. McVean replied that the District has always tracked cohorts separately. He recognizes that SB893 can be costly and caution needs to be exercised to sustain the program. Hence, policies will include eligibility requirements other than being a county resident.

Lehigh stated that marketing efforts have been focused on "free college for everyone" and expressed a concern about possible disqualification of eligibility once policies are revised and the District needs to mitigate any potential perception of a "bait and switch."

Lehigh asked how much SB893 is going to cost vs. how much the District can afford. McVean acknowledged the concern and stated that the District is planning on budgeting \$10 million for FY 2023-24 and ascertaining how many students can be served and what fees or other cost can be paid within this allocation. There will likely be some trade offs (e.g., pay for this fee, but not this fee). He used child care costs as an example. He also

mentioned that there are other eligibility possibilities (e.g., minimum unit requirement). The District wants to be as expansive as possible within budget constraints. It will be a matter of prioritization with regards to eligibility, which fee(s), which other cost(s) are to be included in the policy revision to maximize the benefit to students. The absolute goal is to make college free to those students who need this program the most.

Lehigh inquired as to the cost of the PSP per student per year. McVean responded that the approximate cost inclusive of programmatic costs (e.g., personnel) is \$3,600 per student per year.

6. RA Review Status Update

Storti state Board of Trustees has schedule a retreat for Saturday, February 4, 2023 to which he will be providing them with an update. This will also be the opportunity for the Board of Trustees to provide feedback, which Storti will bring back to the work group for consideration.

7. Public Comments / Future Agenda Items

Storti reviewed proposed agenda items located in the parking lot for February. He asked members if they have any additional items for consideration to contact Fitzsimmons.

8. Next Meeting: February 21, 2023

Meeting adjourned at 2:43 p.m.