



**District Committee on Budget & Finance
January 16, 2024**

Zoom, 1:30 – 3:30 p.m.

Attendees: Mary Chries Concha Thia, Peter Fitzsimmons, Elian Fontanilla, Judy Hutchinson, Steven Lehigh, Stephanie Martinez, Joe Morello, Cassidy Ryan, Arya Shadan, Vincent Li, and Ludmila Prisecar

Absent: Tony Burolla, Montse Morales, and Gerardo Pacheco

Guests: Nicole Wang

Called to order at 1:34 p.m.

1. FY 2023-24 CCFS-320 P1

Fitzsimmons reviewed the report that was previously emailed to the committee members. He reminded the committee that this report is submitted to the State Chancellor's Office three times a year. This is the first report submitted for FY 2023-24. The next report is in April 2024 with the final report in July 2024.

The report is really four reports and provides FTES information in various groupings. The first several pages are the districtwide estimates followed by Canada beginning on page 14, College of San Mateo beginning on page 26, and Skyline beginning on page 38.

He recommended that the committee focus on the first two pages of each site's report. The first page provides information with regards to residents and the second page provides information on non-residents, which represents out-of-state and international students.

He concluded by stating that the estimates provided in the report, reflect the following: Canada's enrollment is up 7.01% over the prior year, CSM's enrollment is up 13.68% over the prior year, and Skyline College's enrollment is up 9.04% over the prior year. The districtwide numbers reflect an enrollment increase of 10.46% over the prior year. These numbers will be refined in April and then again in July.

Prisecar inquired what purpose this report serves. Fitzsimmons responded that this report is mandated and is used by the State to fund districts. He went on to state that 70% of general apportionment funding via the SCFF is FTES generated. That being said, given the District's basic aid status, this becomes less relevant; however, basic aid districts do receive some funding that is based upon reported FTES such as lottery, education protection account funds, certain categorical programs, etc.

Morello educated the committee members on the calculation of an FTES, which in essence, is equivalent to 30 student contact hours.

2. FY 2024-25 Proposed State Budget

Fitzsimmons directed the committee to the Joint Analysis, which was emailed to the committee members prior to the meeting.

The Governor released his proposed budget on January 10th. The legislature will schedule hearings on the proposal and submit proposed revisions. The next key date is in May, when the Governor revises his proposal based upon revised state revenues. The legislature and the Governor must reach agreement by June 30, 2024.

The Governor's proposal addresses the administration's estimated deficit of \$37.9 billion, which is much less than the LAO's estimated deficit. The overall state budget as proposed is about a 6% decrease due to lower capital gains taxes and corporate taxes. Balancing solutions include reductions, internal borrowing, funding delays, funding shifts, deferrals, and drawing from reserves. K-14 has been shielded from these solutions for now.

The Governor is proposing the following for community colleges:

- .76% COLA for the SCFF, which doesn't apply to our district because of its basic aid status
- .76% COLA for EOPS, DSPS, Apprenticeship, CalWORKS, Mandate Costs Block Grant, and CARE
- \$60 million one-time to expanding the capacity of nursing programs
- That the May Revise include a statewide funding plan for student housing, which we are monitoring because our project is in the queue for funding
- \$27.1 million to the State Chancellor's Office to fund personnel cost increases

He reminded the committee that the Governor's proposal is the first step in the process and will likely change over the coming months. Updates will be provided the committee as more information becomes known.

Lehigh inquired about the District matching State Funds. Fitzsimmons responded that he didn't think that there was dollar for dollar match; however, the District received a \$200,000 planning grant and identified \$10 million towards the project, which planning is already underway. Fitzsimmons committed to confirming this information with Facilities and responding to the committee via email.

3. Board Policy Reserve per CCCC / GFOA

The State Chancellor's Office is recommending districts adopt a policy on reserves that matches the recommendation from GFOA, which is two months of operating expenses. This is around 15% for the District, which is our current practice. The policy revision, which was emailed to the committee members prior to the meeting, is scheduled to be presented to the Board of Trustees at their meeting of January 24th for adoption.

Ludmila inquired as to the process to spend the reserve. Board Policy 8.11 Section 12 states, "Transfers from the reserve for contingencies to any expenditure classification must be approved by a two-thirds vote of the members of the Board." Morello reminded the committee that our board has five members, so four out of the five would have to approve tapping into the reserve to fund unforeseen expenses.

4. S&P Credit Rating

Districts are required to go through a credit rating process every time bonds are sold. The last time our district sold bonds and it received a AAA rating, which is the highest rating available. Periodically, credit rating agencies re-evaluate districts and provide an updated credit rating. Standard & Poors re-evaluated our district this Fall and re-affirmed the District's credit rating of AAA with a stable outlook. Their report was emailed to the committee members prior to the meeting.

5. Public Comments / Future Agenda Items

Fitzsimmons reviewed the proposed agenda items located in the parking lot. Fitzsimmons reminded the committee that if they have an agenda item to be considered for future agendas, to contact him.

Ludmila asked that the next agenda include a snapshot on the expenses associated with SB893.

Lehigh requested to remove his item in the parking lot. He also inquired as to the District's plan for Bernata Slater's successor. Fitzsimmons responded that pending Board approval, he has been appointed as the Interim Chief Financial Officer effective January 1st. He reminded the committee that this is a different position as the Executive Vice Chancellor, which Slater held in an acting capacity prior to her retirement. The District is not currently looking to fill this role and is working to parse out these responsibilities while Storti is acting president at the College of San Mateo.

Lehigh inquired as to the status of the AFT Retro. Fitzsimmons responded that the retro is still on schedule to be paid via the February payroll. Fitzsimmons also explained how the retro medical cap will be displayed on the January paystub.

6. Next Meeting: February 20, 2024

Meeting adjourned at 2:18 p.m.