

**FINANCIAL RESOURCE COMMITTEE MEETING**  
**05/28/20**  
**1:00pm to 2:00pm**  
**ZOOM Remotely**  
**MINUTES**

This was our last meeting of the 2019-20 academic year.

**Attendees:** Amber Casolari, Elia Blount, Megan Bottoms, Sherrie DiSalvio, Ward Schinke, Liz Tatum, Alice Awe

**Approved Meeting Minutes:** Minutes from 3/12/20 were approved by consensus.

**DBAC**

Our team has been working at the request of the Chancellor, because we're going to be facing a large and significant budget crisis. The state of California being shut down for as long as it has been and the extension of the tax filing, the revenue are not coming in at the level that was anticipated for this budget year. It is going to cause some major budget headaches. In a worst case scenario, Aaron has projected that we could have for the general fund, a \$16 million budget deficit. It is twice as bad as the budget crisis in 2008. All three colleges were asked to look at areas where we can do budget savings and budget cuts. At the last meeting, the state is starting to reopen. Granted, we don't know how fast it'll reopen. We don't know if it'll stay open or if we have a second wave of virus is coming. So it was proposed, instead of making absolute budget cuts, can we do cuts by line items, negative budgets that leave our accounts intact, so that if the revenue numbers come in higher than what is expected, then our budget numbers would still be there. We could still operate and we're not looking at permanent budget cuts. Aaron thought this was a reasonable request. He said, it sounds like something we can talk about. The biggest place in the budget, where we're going to be able to provide savings is going to be in the vacant positions from retirements. So every position that currently or by June 30 is going to become vacant, is going to be looked at for how long can the college go without filling those positions? Can we create a budget savings by not filling certain position for a year? How much budget savings will that give? How many months can we get with each position? And how much savings is that going to create? Elia created an actual spreadsheet with all the positions on it. It will do an automatic calculation of the total cost of a position for however many months this becomes. It is going to help us in providing Aaron some areas of savings that we can actually produce and show and take forward. Because RCC is the largest college, they're going to look to us for the biggest part of those budget cuts. So at the last meeting, we came with our homework from RCC. Norco and Moreno Valley College did not. We will keep moving forward and doing the homework that's assigned to us and trying to get as much information out to everyone as possible. At PLT with all the vice presidents, they were shown the spreadsheet and asked them to go through their areas for budget savings. They were showed that just by identifying four or five of their larger positions; we can get to \$1.52 million pretty quickly. Also, common sense budget savings can come from travel. No airfare, no conferences except online ones with zoom. There's going to be a huge savings in utilities, because the college is shut down. So with all of those areas individually, we're looking to see if we can identify enough savings that we're going to be able to balance that general fund budget. The other resources are going to be different story. Food Services, childcare, performance, Riverside, parking, police, are all going to take very huge hits and will need to be handled differently. None of them will end up in the black. Each one of our areas, food services, childcare, and anything that's forward facing to students and to the public is all going to be changed. Of course when we started this fiscal year, the cola at the state level was like 2.78% or something, it was pretty high for cola for us and the contract settlement of 2% this year. In 2021 salary should be cola, plus contract but the state pulled it all back. So 2021 there will be no cola. Tentative budgets will be going to the board for June. It is a very rough budget this year. So in PLT yesterday, I advised the vice presidents to not have their departments open their normal requisitions for the normal amounts that they do every year, because we're going to see a big difference between tentative and final budgets. And if everybody opens their REC's for their normal amounts, by the time tentative changes to final, their accounts could be upside down pretty dramatically. But the very last thing that would happen is layoff it would be a last resort for our board. So we will do everything we can to make sure that doesn't happen. Salaries are going to be the last things on the table also, but I want to see it from other areas. During a downturn, we often get a lot more demand. And then if we cut or don't replace, then we can't meet that demand.

What may happen is that our student enrollment goes up. Hiring is done on the side of academics. Classified staff takes the hit, because their positions are not replaced. Classified staff is oftentimes asked to do the work of two positions, due to a hiring freeze. But we are not looking at what would be called a hiring freeze at all. Frustrations have been shown because the district office sometimes have a huge beginning balance of money that's rolling over, that's not being allocated. These beginning balances are exactly why we're in a much better position than a lot of other colleges. Because we have those holding accounts and we have that money. We're not looking at immediate freezes, immediate layoffs, other colleges are going to be. Due to the administration at district office, we're in a good state now. It is going to be difficult for a year or two. We always have about a \$15 million reserve to start every year, and we have \$16 million deficit. And if we're cutting, I mean, it seems like we're going to be right at the reserve we should have, which is about 5 million. We've got to meet 5% reserved. The problem is that if the other resources are upside down, general funds is responsible for them, so we have to look to everything, we can't just focus on one thing, we have to look at them all.

### **BUSINESS SERVICES**

COTOP received our first check. It was a total of \$57,517. But minus the 25% admin fee that the chancellor's office takes, we received \$43,139. For February and March a check is coming down to us, February is going to be \$296,000 and March is going to be \$142,000. I have a grand total of \$372,463 revenue coming down the pipeline soon. We have a good process in place, and I'd like to continue that process moving forward, because we're definitely going to need it in the future, once we get back online, and the economy starts getting back on track. So doing the filing every year for COTOP and updating that, gives us a chance for collecting those revenues. With COTOP, we really don't want to have the students taxes intercepted and we don't want to pay that 25% admin fee to the Chancellors Office. Again, we had just sent out collection letters, reminding students of what they owe, which really helped the revenue come in a lot faster. Because this was my first year doing COTOP, I just decided to do just enrollment fees and financial aid. But moving forward we can do enrollment fees, financial aid, student loans, athletics equipment, library fees, and even childcare. It gets a little tricky though, adding other fees because when we upload the information to the COTOP system, all the fees have to be combined. So the more the more resources we actually report up, it's a little hard to decipher the amount of each fee, but we figured out a way so that it will not be a problem to upload all that information.

The COVID-19 20SPR student drop date with the refund was extended from February 29<sup>th</sup> until May 15<sup>th</sup>. This caused us to have a total of 3548 students that dropped their courses and qualify for a refund. 5078 is the number of classes that were dropped as of May 18. We are really busy going into 3548 student records manually, assessing whether the students are going to be getting credits or refunds. It depends on how many classes they took, the cost of each class, if they dropped all their class/es with an EW, the cost of the dropped class/es (with a EW) and if they have other classes not dropped, whether or not a Grant paid for their classes or they have paid for their classes and then going into their accounts and correcting it all. EW's will continue through July 15<sup>th</sup> but not for a refund. We're doing everything we can right now to work through these accounts with numerous screens and remote means, and it is taking quite a bit of time. Students are asking where their refund is and they are desperate for the money.

### **HUNGER FREE CAMPUS**

We are distributing food two days a week, on Tuesday and Thursdays from 9am to 11am to about 100 plus students on those days. After the school year ends, that will go down to once a week, Tuesdays from 9am to 11am. It has been discussed at the state that that funding is not going to continue for the hunger free campus allocation. But there is encumbered money and we still have a lot to work with for 2021 and there will have money for students. No student equity money is to be used as a resource. One of the proposals from the state for the budget crisis is that the C program at the state, which is triple SP student equity, and basic skills altogether, for our district, could be taken a \$1.7 million hit. I've gone back and applied those numbers against our budgets for all three colleges. Riverside's portion will be 900,000, if we take a hit, we're going to be upside down on the funding that's available for the physicians that are coded and funded through that money. That doesn't count discretionary money for food or other equity items for students, as I've informed the PLT group. I've also informed Aaron Brown that RCC will be fine on their positions for 2021, because we do have a carryover balance. The last time we talked, I think that carryover for hunger free campus was around a \$100,000. It was basically set aside for a coordinator to be hired who would

help students, not just with the hunger free, but would help them with things like finding safe and secure housing, finding social services. With getting food through Feeding America it is essentially pennies on the pound. We order 7000 pounds of food, and it may cost us \$200. Especially with supply chains being what they are a lot of farmers are now donating to Feeding America. They are giving away produce, because they have nothing else to do with it. Restaurants, hotels, casinos and places that were taking the supply, are now saying, "What do we do with it?" We don't think that the state wants the money back; I think we're going to get an extension on spending it. If we continue to get donations, the funds are just going to stretch it more.

### **CARES ACT**

The cares act in allocation that came to our district, half of it had to be spent on students directly, to be able to give the students allocations to live on and to fund whatever they needed. We do have money going out to students now. The other half, we were hoping that between Peridot and FEMA, some of that money would help restore some of the lost revenue for childcare and food services, but you're not allowed to use it for that. We don't know how much money we're going to be able to get from it, because it is very restrictive. The student equity committee mirrored what the cares act application and process was, for the students and they have used emergency grant monies that have sent checks out to the students.

### **DATABASES**

The point of these databases is so that we can gather information on costs for doing business, which is supposed to inform decision making In particular, in cases where we need to make cuts. I know they use them for pulling data for the strategic plan. So facilities pull data out of their database, for their equipment that was at end of life, in some of our buildings. Athletics used the database for end of life equipment, as well. They are a good source to provide data for us being able to maintain the integrity of our buildings and the integrity of our campus. Every year we're going to run into a list that's a lot longer than what we've got revenue for. So once that happens, like in the area of facilities, Chip and Robert Beebe sat down and looked at the list and said, Okay, these are the things that pop up on the list, but what are our critical needs? What is on the list is it still doing well and still chugging along, and we don't have a problem with it and where we do have a problem. Those databases are being used to inform those decisions.

### **BAM**

The BAM model will still be used, it's not going anywhere. To allow equalize funding. It'll equalize funding only to a point because you've got to remember that different disciplines have different costs of faculty, you have Faculty that have doctorates and longevity. Their costs are so much higher than disciplines that have two or three faculty who are just hired, there's going to be those differences in costs. In terms of state funding, 45 equalizes the FTA funding. We'll have to just wait to see what the expenses are.

### **AB 1313**

Too soon to assess what the impact of it will be. We have been receiving a lot of requests from students asking for their transcripts, and they think they can't receive them because they owe money. But I don't know what the impact will be in terms of revenue.

We will meet again in the next Fiscal Year.