

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

Board Strategy Session Minutes
Preliminary Budget
May 28, 2020
12:00 pm-2:00 pm Pacific Time

MEMBERS PRESENT VIA TELECONFERENCE

Dr. Anne L. Viricel, Chair
Dr. Stephanie Houston, Vice Chair
Gloria Macías Harrison, Clerk
John Longville, Trustee
Frank Reyes, Trustee
Dr. Donald L. Singer, Trustee
Joseph Williams, Trustee

ABSENT

Adrian Rios, SBVC Student Trustee
Alex Ramos Huaman, CHC Student Trustee

ADMINISTRATORS PRESENT

Jose Torres, Interim Chancellor
Diana Rodriguez, SBVC President
Dr. Kevin Horan, CHC President

The following text was read.

Governor Newsom issued Executive Order N-25-20 on March 12, 2020, and Executive Order N-29-20 on March 17, 2020. Portions of these orders relax parts of the Brown Act. In part, the orders allow elected officials to “attend” a meeting via teleconference WITHOUT having to admit members of the public into the location from which they are participating (N-25-20) and orders that “such a body need not make available any physical location from which members of the public may observe the meeting and offer public comment” (N-29-20).

Anyone wishing to participate may do so via the Zoom link which is listed above. The meetings are also recorded. We kindly request all public comments be submitted electronically by emailing snikac@sbccd.edu Submissions must be received prior to 10:00am on the day of the meeting to allow Board Members time to review prior to the start of the meeting.

- Submissions will be considered a public record under the Public Records Act, and are therefore subject to public disclosure.
- Submissions will be displayed on the screen at 12:00pm and will be included in the minutes of the meeting.

In accordance with Board Policy 2350, persons may address the Board of Trustees either on an agenda item or on other matters of interest to the public that are within the subject matter jurisdiction of the Board. Public comments will take place at the time designated at the meeting for public comment. Comments must be limited to five (5) minutes per speaker and twenty (20) minutes per topic if there is more than one speaker. At the conclusion of public comment, the Board may ask staff to review a matter or may ask that a matter be put on a future agenda. As a matter of law, members of the Board may not discuss or take action on matters raised during public comment unless the matters are properly noticed for discussion or action in Open Session. Anyone who requires a disability-related modification or accommodation in order to participate in the public meeting should contact the Chancellor's Office at (909) 388-6902 as far in advance of the Board meeting as possible.

I. CALL TO ORDER – PLEDGE OF ALLEGIANCE

Chair Viricel called the meeting to order at 12:04pm. Trustee Harrison led the pledge of allegiance.

II. PUBLIC COMMENTS ON AGENDA AND NON-AGENDA ITEMS

None.

III. PRELIMINARY BUDGET PRESENTATION

- A. Fiscal Update
- B. Multi-Year Forecast
- C. All Funds Summary

Interim Chancellor Torres announced the purpose of the study session is to provide an update and summary of the May Revise and to provide enough information for the Board to make an informed decision. Feedback on the recommendation is taken into consideration and any changes to the preliminary budget is submitted for Board approval in June.

Interim chancellor gave an overview based on the May Revise and analysis from the State Chancellor's Office, Association of California Community College Administrators, Association of Chief Business Officials, and Community College League of California. His highlights included the unrestricted general fund, categorical funds, other areas, and the District's plan to move forward.

Unrestricted:

- Decrease to Student-Centered Funding Formula of \$592 million (10%)
- No COLA
- No enrollment growth
- Deferrals in FY 19-20 (May and June 2020)
- Deferrals in FY 20-21 (April, May, and June 2021)
- No workload reduction
- Other decreases to part-time faculty compensation, part-time faculty office hours, and deferred maintenance
- Reduction to employer pension contributions by 2% for FY 2020-21 and FY 2021-22

Categorical:

- Flexibility to permit the use of certain restricted fund balances
- Decrease to Strong Workforce (60%)
- Decrease to Student Equity and Achievement Program (18%)
- Decrease to California College Promise (6%)
- Decreases to online education initiative (87%)
- Decrease to adult education program (10%)

Other:

- Extension of the hold harmless provision by two years
- Extension on financial reporting deadlines for FY 2020-21 budgets
- Temporary deferral of FON penalties until further notice
- Exemption of COVID-19 related expenditures from the 50% Law
- Possible funding for Crafton's Performing Arts Center (unknown)
- Decrease in support for Calbright by \$3 million

SBCCD's Plan Moving Forward:

- Continue developing three budget scenarios (best, middle, worst)
- Continue exploring revenue ideas
- Continue reduction to budgets as necessary
- Implement operational efficiencies
- Implement a hiring freeze (except positions necessary to continue operations)
- Continue monitoring the state budget process, work with our policymakers, and advocate for much-needed resources to educate and help our community recover as follows:
 - Additional funding for CCDs if federal funding becomes available

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- Shift the \$120 million from Calbright to online education initiative and apportionments
- Support the employer's pension contribution reductions
- Support the flexibility to permit the use of certain restricted fund balances
- Support the 50% Law and FON exemptions/deferrals
- Protect core funding by decreasing categorical funds instead of apportionments
- Support the extension of the hold harmless clause if these districts also experience reductions equal to successful districts
- Pause additional changes to the funding formula
- Request workload reduction

Details of the multi-year forecast focused on the middle case scenario:

BUDGET DEVELOPMENT SCENARIOS MULTI-YEAR FORECAST

Description	BEST CASE					
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Revenue	107,729,098	108,079,915	114,091,980	117,359,975	119,798,897	123,346,489
Expense	114,709,590	112,835,597	114,550,952	116,326,017	118,144,636	120,007,992
Change in Fund Balance	(6,980,492)	(4,755,681)	(458,972)	1,033,957	1,654,261	3,338,497
Fund Balance \$	19,441,272	14,685,591	16,226,619	17,260,576	18,914,837	22,253,334
Fund Balance %	16.95%	13.02%	14.17%	14.84%	16.01%	18.54%

Description	MIDDLE CASE					
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Revenue	107,729,098	102,897,101	111,189,604	116,695,824	119,041,080	122,492,045
Expense	114,709,590	112,835,597	114,550,952	116,326,017	118,144,636	120,007,992
Change in Fund Balance	(6,980,492)	(9,938,496)	(3,361,348)	369,807	896,443	2,484,053
Fund Balance \$	19,441,272	9,502,776	8,141,428	8,511,235	9,407,679	11,891,731
Fund Balance %	16.95%	8.42%	7.11%	7.32%	7.96%	9.91%

Note: This scenario includes \$2.3 MM in revenues from the Commercial Building Investment beginning in FY 2022-23

Description	WORST CASE					
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Revenue	107,729,098	100,823,975	107,043,352	116,695,824	119,041,080	122,492,045
Expense	114,709,590	112,835,597	114,550,952	116,326,017	118,144,636	120,007,992
Change in Fund Balance	(6,980,492)	(12,011,622)	(7,507,600)	369,807	896,443	2,484,053
Fund Balance \$	19,441,272	7,429,651	1,922,051	2,291,858	3,188,301	5,672,354
Fund Balance %	16.95%	6.58%	1.68%	1.97%	2.70%	4.73%

Note: This scenario includes \$2.3 MM in revenues from the Commercial Building Investment beginning in FY 2022-23

SCENARIO ASSUMPTIONS			
ITEM/YEAR	BEST	MIDDLE	WORST
COLA			
2019-20	3.26%	3.26%	3.26%
2020-21	0.00%	0.00%	0.00%
2021-22	2.80%	0.00%	0.00%
2022-23	3.16%	3.16%	3.16%
2023-24	3.16%	3.16%	3.16%
2024-25	3.16%	3.16%	3.16%
DEFICIT FACTOR			
2019-20	3.69%	3.69%	3.69%
2020-21	3.00%	8.00%	10.00%
2021-22	0.00%	0.00%	4.00%
2022-23	1.00%	1.00%	1.00%
2023-24	1.00%	1.00%	1.00%
2024-25	1.00%	1.00%	1.00%

All scenarios include a hiring freeze

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Lastly, the cash balances by fund and FY 19/20 final budget summary by fund was presented.

**SCHEDULE OF CASH BALANCES BY FUND
ELIGIBLE FOR INTER-FUND BORROWING
AS OF MAY 19, 2020**

FUND		BALANCE
#	DESCRIPTION	
100	General Fund (Unrestricted & Restricted)	\$ 29,827,521
410	Capital Outlay	4,267,829
590	FCC (Investment Properties)	3,612,786
615	Workers Compensation	7,695,461
690	Retiree Benefit	3,585,904
730	Student Body Center Fee	1,014,660
Total		\$ 50,004,161

Average Monthly Expenditures for the General Fund	\$ 12,982,503
July 2019 CCCCO Payment	\$ 7,170,169

Additional funds available for withdrawl:		
775	PARS Investment Trust	\$ 25,000,000



FINAL BUDGET -- SUMMARY BY FUND

FY 2019-2020

Category	General Fund		Bond Interest/ Redemption 215	Child Development 335	Capital Outlay 410	Cafeteria 520
	Unrestricted 110	Restricted 125				
Revenues:						
Federal Revenues	1,028,971	2,333,675	-	545,446	600,000	
State Revenues	64,825,174	33,746,527	250,000	3,069,911	1,321,251	
Local Revenues	37,042,956	9,692,691	48,000,000	234,291	1,637,250	300,000
Total Revenues	102,897,101	45,772,893	48,250,000	3,849,648	3,558,501	300,000
Expenses:						
Academic Salaries	46,458,142	6,822,505		-	-	-
Classified Salaries	26,547,143	9,208,463		2,201,595	204,033	225,659
Employee Benefits	23,921,065	5,142,806		844,952	88,990	-
Supplies & materials	1,667,034	1,699,746		450,683	769	67,341
Other Expenses & Services	13,041,096	16,878,918		183,791	227,698	7,000
Capital Outlay	603,813	3,202,009		168,628	3,037,011	-
Total Expenses	112,238,293	42,954,448	-	3,849,648	3,558,501	300,000
Net Other Financing Sources (Uses)	(597,304)	(3,297,789)	(48,250,000)	-		-
Net Increase (Decrease) to Fund Balance	(9,938,496)	(479,344)	-	0	(0)	-

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Category	Bond		Investment Properties 590	Workers Comp/ Self Insurance 615/620	Retiree Benefits 690	Associated Students 710
	Measure M 435	Measure CC 445				
Revenues:						
Federal Revenues		-				
State Revenues		-				
Local Revenues	-	200,000	4,729,705	1,645,660	243,134	117,050
Total Revenues	-	200,000	4,729,705	1,645,660	243,134	117,050
Expenses:						
Academic Salaries	-	-	-	-	-	-
Classified Salaries	-	325,390	-	-	-	500
Employee Benefits	-	144,152	-	-	243,134	-
Supplies & materials	-	8,000	-	-	-	48,500
Other Expenses & Services	-	81,366,650	2,259,351	2,700,000	-	51,050
Capital Outlay	-	168,143,345	95,869	-	-	-
Total Expenses	-	249,987,537	2,355,220	2,700,000	243,134	100,050
Net Other Financing Sources (Uses)				580,000	-	(17,000)
Net Increase (Decrease) to Fund Balance	-	(249,787,537)	2,374,485	(474,340)	-	-

Category	Student Representation 720	Student Body Center Fee 730	Financial Aid 745	Scholarship and Loan 755	PARS Trust 775	Student Clubs/Trusts 810
Federal Revenues			21,940,454	-	-	-
State Revenues			4,938,767	-	-	-
Local Revenues	69,000	312,429	3,786	349,426	3,750,000	217,216
Total Revenues	69,000	312,429	26,883,007	349,426	3,750,000	217,216
Expenses:						
Academic Salaries	-	-	-	-	-	-
Classified Salaries	-	197,069	-	-	-	-
Employee Benefits	-	68,873	-	-	-	-
Supplies & materials	-	35,484	-	-	-	112,842
Other Expenses & Services	69,000	11,003	57,209	170	-	104,300
Capital Outlay	-	-	-	-	-	74
Total Expenses	69,000	312,429	57,209	170	-	217,216
Net Other Financing Sources (Uses)	-	-	(26,825,798)	(349,256)	(4,005,137)	-
Net Increase (Decrease) to Fund Balance	-	0	-	-	(255,137)	-

Category	KVCR * 390/395	FNX * 825	Inland Futures Foundation * 890/895
Revenues:			
Federal Revenues			
State Revenues	-		
Local Revenues	2,413,236	206,800	725,000
Total Revenues	2,413,236	206,800	725,000
Expenses:			
Academic Salaries	-	-	-
Classified Salaries	1,028,392	435,089	
Employee Benefits	357,399	174,304	
Supplies & materials	87,575	99,400	10,051
Other Expenses & Services	3,075,373	1,095,754	413,143
Capital Outlay	13,375	10,000	
Total Expenses	4,562,114	1,814,547	423,194
Net Other Financing Sources (Uses)	901,806	450,000	(301,806)
Net Increase (Decrease) to Fund Balance	(1,247,072)	(1,157,747)	-

- * Notes:
- These three funds will be further analyzed and budgets will be adjusted after Board strategy session.
 - Inland Futures Foundation is the recipient of KVCR 501(C)3 donations (pledge drives, etc.).

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IV. ADJOURN

Chair Viricel adjourned the meeting at 1:54pm.

The next meeting of the Board: Zoom Conference <https://cccconfer.zoom.us/j/549366869> Business Meeting, June 11, 2020 at 4pm



Gloria Macias Harrison, Clerk
SBCCD Board of Trustees