

# SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

**Board Strategy Session Minutes**  
**Final Budget Review**  
**August 27, 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  
Frank Reyes, Trustee  
Dr. Donald L. Singer, Trustee

## **ABSENT**

John Longville, Trustee  
Joseph Williams, Trustee  
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 included on the agenda.**

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](mailto: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 12:01pm. Trustee Reyes led the pledge of allegiance.*

## **II. PUBLIC COMMENTS ON AGENDA AND NON-AGENDA ITEMS**

*Sophia Zamora*

III. FINAL BUDGET REVIEW

- A. Executive Summary
- B. Multi-Year Forecast
- C. Budget Summary by All Funds

Interim Chancellor Torres presented the review of the final budget. The unexpected recession, combined with \$5.7 billion related to the state's COVID-19 response, shifted the projected surplus of \$5.6 billion to a \$54.3 billion deficit. We are expected to do more with less state funding. The Budget Act includes \$1.5 billion in deferrals in 2020-21. If Congress approves a stimulus package by the October 15, 2020 deadline, up to \$791 million of the deferrals could be rescinded. The final budget included a best, middle, and worst case scenario, using the expected Cost of Living Adjustment (COLA) and corresponding deficit factor. All scenarios include a hiring freeze.

COLA			
	BEST	MIDDLE	WORST
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			
	BEST	MIDDLE	WORST
2019-20	0.95%	0.95%	0.95%
2020-21	0.00%	0.35%	10.60%
2021-22	0.00%	1.00%	2.00%
2022-23	0.00%	1.00%	2.00%
2023-24	0.00%	1.00%	2.00%
2024-25	0.00%	1.00%	2.00%

The recommendation presented was to use the middle case scenario. Adjustments will be made as additional economic data becomes available.

BEST CASE						
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Revenue	110,653,976	111,638,362	111,638,435	115,912,599	118,290,228	121,774,589
Expense	113,829,544	113,207,629	114,900,458	116,675,911	118,494,923	120,358,675
Change in Fund Balance	(3,175,568)	(1,569,267)	(3,262,023)	(763,312)	(204,695)	1,415,914
Fund Balance \$	23,246,196	21,676,929	20,414,905	19,651,593	19,446,898	20,862,812
Fund Balance %	20.42%	19.15%	17.77%	16.84%	16.41%	17.33%

  

MIDDLE CASE						
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Revenue	110,653,976	111,270,587	110,602,307	114,843,730	117,187,582	120,637,099
Expense	113,829,544	113,207,629	114,900,458	116,675,911	118,494,923	120,358,675
Change in Fund Balance	(3,175,568)	(1,937,042)	(4,298,151)	(1,832,182)	(1,307,341)	278,425
Fund Balance \$	23,246,196	21,309,154	19,011,002	17,178,821	15,871,480	16,149,904
Fund Balance %	20.42%	18.82%	16.55%	14.72%	13.39%	13.42%

  

WORST CASE*						
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Revenue	110,653,976	100,611,822	109,566,179	116,074,860	118,384,936	121,799,610
Expense	113,829,544	113,207,629	114,900,458	116,675,911	118,494,923	120,358,675
Change in Fund Balance	(3,175,568)	(12,595,807)	(5,334,279)	(601,051)	(109,987)	1,440,935
Fund Balance \$	23,246,196	10,650,389	7,316,109	6,715,058	6,605,071	8,046,006
Fund Balance %	20.42%	9.41%	6.37%	5.76%	5.57%	6.69%

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

# SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

## Best and Middle Case Scenarios

- Remains within the fund balance goal range of 10-15% of expenditures
- Includes high levels of deferrals
- Deferrals could result in cash flow problems
- May deplete reserves and use internal and external short-term borrowing to meet ongoing obligations.

## Worst Case Scenario

- Assumes Congress does not approve a stimulus package by the October 15, 2020 deadline
- Starting FY 2022-23, SBCCD will have to use \$2.3 million in commercial property revenue to meet the fund balance requirement of 5%.
- The \$2.3 is currently being used for the Promise

We have taken inventory of vacant positions and instituted a districtwide hiring freeze (except those that are necessary). Operating expenses have been adjusted. There are no furloughs or layoffs in the projections.

We are projecting a cash need for the unrestricted general fund of \$32.8 million which will be met as follows:

#	FUND DESCRIPTION	PROJECTED TEMPORARY BORROWING BY MONTH					TOTAL
		FEB	MAR	APR	MAY	JUN	
410	Capital Outlay	4,000,000					4,000,000
590	Investment Properties	714,000	2,836,000	5,450,000			9,000,000
615	Workers Compensation			3,732,000	2,268,000		6,000,000
690	Retiree Benefit				2,500,000		2,500,000
730	Student Body Center Fee						-
775	PARS Investment Trust				5,605,000	5,703,000	11,308,000
<b>TOTALS</b>		<b>4,714,000</b>	<b>2,836,000</b>	<b>9,182,000</b>	<b>10,373,000</b>	<b>5,703,000</b>	<b>32,808,000</b>

The temporary borrowing will support the unrestricted general fund to maintain at least \$10 million each month as cash available to cover at least one month of payroll expenses. It is important to note that these borrowings will need to be repaid within 12 months to the originating fund. According to the State Chancellor's office, the 2020-21 deferrals will be paid back in the months of July 2021 through November 2021. When this takes place, it is expected that another set of deferrals for 2021-22 will be implemented, making this a multi-year economic problem.

Interim Chancellor Torres reported Chancellor's Cabinet is forming a task force to conduct a mid-year progress review of the Free College Promise. The first cohort of Promise students are half-way to completing their associates degree or transferring to a four-year university. The task force will help us answer to what extent has the pandemic affected the academic progress of our Promise students? What are the persistent barriers our Promise students face to attending college full-time? How can we strengthen our collaboration with K-12 schools on dual enrollment in an online environment? How we are moving the needle on student success. This mid-year progress review will keep us pushing in that direction. The task force will be co-chaired by the Vice Presidents of Student Services from each campus, and it will include faculty and staff members appointed by the Chancellor and College Presidents. This review process may take us to the end of the calendar year until we see how the state budget "IOUs" materialize, and whether congress approves another stimulus package. We will not start recruiting the next class of Promise students until we have thoroughly vetted the task force's findings, and matched it against our state and federal funding sources.

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IV. ADJOURN

The next meeting of the Board: Zoom Conference <https://cccconfer.zoom.us/j/549366869>

Business Meeting, September 10, 2020 at 4pm

Chair Viricel adjourned the meeting at 1:29pm.



Gloria Macias Harrison, Clerk  
SBCCD Board of Trustees