DISTRICT BUDGET COMMITTEE

Minutes of February 27, 2014 Meeting

Present: Seher Awan, Robert Brown, Peter Fitzsimmons, Henry Gee, Fabio Gonzalez, Steven Graham, Barbara Hanfling, Dan Hawkins, Carlos Marques, Mark Newton, Doug Smith, Roi Ann Thompson, David Yancey

Absent: Adil Ahmed, Anthony DiSilvestre, Bruce Geer, Mark Gonzales, Lauren McKee, Jan Tomisaka,

Also Present: Kim Garcia, Saloshni Lata, Marilyn Morikang, Hoa Pham, Richard Su, Linda Wilczewski

1) Call to Order – The meeting was called to order at 3:00 p.m.

2) Approval of Agenda – The agenda was approved as submitted. M/S/P; Ayes-13, Opposed-0, Abstentions-0, Absent-6

3) Approval of January 30, 2014 Minutes –M/S/P; Ayes-13, Opposed-0, Abstentions-0, Absent-6

The minutes were approved following one change to page two, paragraph 7: replace the third sentence to read “Mr. Yancey stated that when we cancel a class we could lose not only that group of students, but all of their attendant classes when they go somewhere else to get the class we canceled.”

4) DRAFT FY2013/2014 Second Quarter Report

Mr. Fitzsimmons explained that there are changes to the assumptions since the first quarter report, which include inflation factor, growth, property taxes, health fee, and health and welfare benefits. Property taxes for this year that were noted in the first quarter report were based on information from the County at that time, which was 5.28% more than the prior year. The County is now projecting an increase of 7.41%, which has a value of $1.4M. Half of the $1.4M is from RDA. Mr. Smith noted that for each 1% increase in Blue Cross equals approximately $45K.

Referring to a footnote to the assumptions, Ms. Hanfling stated that it’s in writing that STRS won’t go up. Mr. Yancey asserted that just because the Governor says it doesn’t mean it’s going to happen and should not be included in the assumptions. Mr. Fitzsimmons clarified the footnote doesn’t state it will happen. Mr. Yancey noted it could justify someone to create a stability fund when it’s not necessary. Mr. Smith responded that he had added the footnote to the assumptions and will remove it.
Mr. Fitzsimmons stated that the numbers have not changed for student success and redesign, but that Mr. Smith has asked to have it noted that it’s additive for transparency. Mr. Smith stated that to his knowledge no money has yet been spent as the decision was made just last week at the Executive Team meeting to provide $100K to each campus and $50K to Workforce Institute. Mr. Yancey asked if they will be able to tell what was done with the money, whether or not it’s been spent. Mr. Fitzsimmons stated that a report can be run to identify expenditures as it has a unique identifier. Mr. Hawkins inquired about the fact that Workforce Institute is receiving $50K, but the District Office is not receiving any of the monies. Ms. Garcia noted that it’s not entirely accurate that it’s going to Workforce Institute, but is actually being housed there for other projects, such as developing programming for the Milpitas center. Mr. Fitzsimmons reiterated that the funds can be tracked when spent. Mr. Gonzalez noted that the initiatives were to be in place at the beginning of the year, but they were told they didn’t have the funding and now they’re being told they do have the money; programs weren’t implemented because the money wasn’t available. Mr. Gonzales also stated that Workforce Institute has their own budget, including grants, etc. and also expressed concern that the funds aren’t allocated to the colleges, as well as concern as to how the funds allocated to Workforce Institute will fall under program review. Mr. Newton stated that one of the items the District Budget Committee talks about is pots of money; in a couple months this money could become carry over and then they lose sight of it. He further stated there should be budget plans for the money now. Mr. Yancey asked Mr. Fitzsimmons to provide a report as to how the money is spent.

Continuing to review the quarterly report, Mr. Fitzsimmons stated that the District is expected to add 2% to the fund balance. This does not include Faculty negotiations nor CSEA negotiations; the third quarter will look different. From a fund balance perspective, it’s expected the District will end with just over $13M. Mr. Fitzsimmons noted that it’s expected the expenditures savings will be $489K for district-wide, $281K for the District Office, $104K for SJCC, and for $21K EVC.

Mr. Fitzsimmons noted that Faculty COLA will be going to the Board in March. The campuses will be held harmless for these increases for 2013/2014; in 2014/2015 it will be reflected in their budget. Mr. Hawkins noted that Faculty and CSEA negotiations have been mentioned, but MSC needs to be included as they received an increase. Mr. Smith stated those numbers are already included as MSC’s meet and confer have concluded.

Mr. Fitzsimmons stated it’s expected the Parking Fund will collect $702K, projecting an ending fund balance of $108K. This is good news as the General Fund has had to augment the Parking Fund for several years.

Fund 15, Facility Rental, was reviewed. Mr. Fitzsimmons stated the reason revenues are anticipated to be less for District Office is that one of the tenants were bought out so that the District can use that space. Mr. Smith noted that it’s hoped the revenue from the remaining tenants will be adequate to potentially support the parking fees for the staff. Mr. Fitzsimmons commended SJCC at they are anticipating more than $400K in facility rental fees. The monies support the facility rental costs. If they have excess and a need, monies can be transferred to General Fund. Ms. Hanfling noted that it used to go to some of the athletic programs. Ms. Awan stated that there are two user codes and they do get some funding back; she works closely with SJCC athletics to facilitate the funding they need. Mr. Fitzsimmons noted that EVC is projecting to come in at budget with a little over $100K; they will transfer $70K to Fund 10 to support their operations.
Workforce Institute is projecting to spend more than they bring in, drawing on their fund balance.

Fund 10 is supporting three categoricals. Mr. Fitzsimmons stated that initially it was thought $1.4M would be received for the Student Success and Support program. However, when the budget was settled at the State level, they reduced Student Success and Support and increased EOPS. The Governor’s budget is proposing a significant increase to Student Success; the amount would be almost $2.9M, but a lot can happen between now and when the Legislature adopts the State budget. Library/instructional materials and scheduled maintenance and repair were one categorical together. It was de-funded in 08/09; this year it was resurrected in the Governor’s budget and each will go up $1M.

The Committee discussed Student Success monies. It was determined this would be placed on the next agenda and a report will be provided.

The Bookstore has been projecting for years that they are losing money. Based on projections, this year they will need to be supplemented by General Fund.

OPEB Fund 75 exceeded what was anticipated the first six months. Although there was a $900K loss in January, the trust fund continues to realize a good return on investment.

The meeting was adjourned at 5:00 p.m.