

**DISTRICT BUDGET COMMITTEE**  
**Meeting Minutes**  
**April 27, 2017 – EVC, Mishra Room**

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**Members Present:** Peter Fitzsimmons, Andrea Alexander, Jorge Escobar, Jonathan Camacho, Dan Hawkins, Yesenia Ramirez, Kathy Tran, Eugenio Canoy, Doug Smith, Lauren McKee, Carlos Marques, Faustino Villa

**Members Absent:** Barbara Hanfling, Robert Brown, Eric Narveson, Arthur Azevedo, Linda Wilczewski, Mark Newton, Jesus Covarrubias, Fabio Gonzalez

**Also Present:** Jennifer Le, Carol Anderson (Recorder), Paul Fong, Mark Gonzalez

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- 1) Call to Order: – the meeting was called to order at 3:06 p.m.
- 2) Approval of Agenda: – M/S/P; Ayes – 14, Opposed –0, Abstentions – 0, Absent –7, Motion made by Jorge Escobar; Seconded by Jonathan Camacho.
- 3) Approval of 02-02-17 Meeting Minutes: M/S/P; Ayes – 13, Opposed –0, Abstentions – 1, Absent –7, Motion made by Eugenio Canoy; Seconded by Dan Hawkins. Lauren McKee abstained.
- 4) Membership Vacancies:
  - a) Mr. Smith reviewed the committee member list and it is noted that Arthur Azevedo is no longer a part of the DBC, which leaves a vacancy at EVC. CSEA has one vacancy at both EVC and SJCC. Both student positions are also vacant. There was question as to whether Mr. Robert Brown is still a committee member. Mr. Smith will follow up.
  - b) The question was posed as to why we can't compensate students for their mileage and/or time to serve on the committee. Mr. Smith will look into the AP and see if there is anything that prevents such compensation. If we can compensate, Mr. Smith would like to move forward with it.
- 5) DRAFT FY2016/2017 Third Quarter Report

Mr. Fitzsimmons noted various items reviewing the quarterly report, including the following:

- Assumptions – Page 94:
  - a. Assumptions drive everything in Fund 10.
  - b. The state gives us \$5,000 per FTES, this does not help us financially because of our Basic Aid status but it does drive how far into Basic Aid we are. The Inflation Factor for the 2<sup>nd</sup> quarter was 2.42% for FY18/19 and it's now 2.40%. For FY19/20 it was 2.67% and is now 2.53%. This information is provided by School Services.
  - c. There was no change in our property taxes from 2<sup>nd</sup> to 3<sup>rd</sup> quarter. The next property tax update is May 17, 2017.
  - d. The health fee was \$19.00 and was increased in January to \$20.00
  - e. Re-evaluated the cost of Adjunct Faculty, which is done every few years. Our current Adjunct Faculty is at Column IV, Step 7, which is down two steps, the value is a little lower. This budget report does not

assume any COLA's as the district has not come to terms yet with the Unions. Once the Board adopts any COLA's, they are then included in the assumptions.

- f. The assumption for Blue Cross was 15% for next year, but it came in at -8.51%. The assumption for Kaiser was 5% and it came in at 5.88%. The Dental assumption was 5% but it came in at a nominal increase, Vision was assumed to be a 3% increase but there was no change to our premium and our EAP was assuming a 0% increase but it came in at a 2.91% increase.
- g. No change in the out years.
- h. For PERS we assumed a 15.5% increase and it came in at 15.8%. This may change but Mr. Fitzsimmons does not think it will. Assumptions for FY18/19 was 17.10% and is now 18.70% and the assumption for FY19/20 was 18.6% and is now at 21.60%.

- Fund 10 – General Fund

- i. Workforce Institute will spend the \$21,000 in Fund 10 and then will be in fund 10 in an indirect way due to three positions that were provided to WI through the redesign effort that are embedded in Fund 10. These positions are paid for through Fund 16. Fund 10 ultimately makes Fund 16 whole through an inter-fund transfer. Affects the District-wide expense in the inter-fund transfer out at a value of \$477,668.60.
- j. Milpitas has a budget this year of \$750,000 and based upon projections will spend \$524,801. Next year they will get their \$750,000 plus their projected carryover of \$227,227. With the Discount Factor applied, their budget for next year is \$809,352 and in the outlying years they will have a projected budget of approximately \$737,100, with the Discount Factor included. (Page 7)
- k. EVC has an estimated revenue of \$4.4M for FY16/17 and revenue projections are relatively flat for the outlying years. Expenses for EVC are projected at \$40.5M for FY16/17, \$40.8M for FY17/18, \$40.5M for FY18/19 and \$41.6M for FY19/10. (Page 6)
- l. SJCC has an estimated revenue of \$4.3M for FY16/17 including transfers-In. Estimated revenues for the outlying years are: \$4.6M for FY17/18, \$4.3M for FY18/19 and \$4.4M for FY19/20. Expenses for SJCC are projected at \$38.8 for FY 16/17, \$39.7 for FY17/18, \$40.4M for FY18/19 and \$41.4M for FY19/20.
- m. District Services has income in Fund 15 from tenant rentals that is transferred to Fund 10 to cover parking costs for District Services. District parking fees also include validation for visitors. Expenses for DS are projected at \$15.5M for FY16/17, \$15.6M for FY17/18, \$15.8M for FY18/19 and \$16.3M for FY19/20. (Page 4)
- n. District Wide is where we recognize the bulk of our non-campus generated revenue, which is primarily property taxes. Projected revenue for FY16/7 is \$12.4M, \$12.7M for FY17/18 and FY18/19. Projected DW expenses for FY19/20 are \$14.4M which includes the assumption of \$1.6M for the Cadillac Tax associated with the Affordable Care Act. (Page 3)
- o. Page 2 shows the consolidated picture for the District. FY16/17 shows an assumption of \$108M of revenue coming into the District with expenses projected at \$107.8M, adding to the fund balance by approximately \$400K, leaving an ending fund 10 balance of \$16.8M. The following are the consolidated assumptions for the outlying years:

FY	Revenue	Expenses	Ending Fund Balance
17/18	\$109.5M	\$109M	\$17.4M (Discount Factor applied)
18/19	\$112.4M	\$110.3M	\$19.5M (Discount Factor applied)
19/10	\$116M	\$114.3M	\$21.1M (Discount Factor applied)

\*\* COLA is not applied in these projections so it is likely they will change.

- p. Mr. Fitzsimmons reviewed pages 10-15, which is FY16/17. While District Wide is currently in the red, primarily due to interpreters, all other entities are currently in the black. Mr. Fitzsimmons predicts that by year-end, all entities, including District Wide will end in the black, with a possible abatement by SJCC to District Wide for the interpreters.
- q. Page 9 shows the consolidated picture and as a District we have recognized \$71.5M in revenue which is 67% of our revenue budget. Mr. Fitzsimmons reminded the group that we have not yet received our

property tax. On the expense side we have spent \$79M, or 72% of our budget. COLA is not included in the expenses but it's important to note that COLA doesn't affect the budget, it affects the fund balance. Fund balance is calculated at a point in time, which is June 30<sup>th</sup>. It is not tracked throughout the year.

- r. The graph on page 18 shows Spring enrollment at both colleges as compared to previous years. EVC's enrollment increased by approximately 300 students, SJCC's enrollment slightly decreased compared to last year.

- Fund 11 – Parking Fund

- s. The biggest expense for Fund 11 is the Campus Police Department. With enrollment declining and parking machines not working properly, expenses are increasing but revenue is not. Fund 10 is being used to cover expenses in Fund 11 via a transfer-in of \$346,853. New parking machines will be installed over the next several months.
- t. Mr. Fitzsimmons reviewed a parking analysis of what we charge and what our neighbors are charging, with proposed increases to our current parking fees. This fund has been in the black until recently with the Campus Police Department vacancies being filled. Parking fund is being underwritten with general fund support which precludes us from being able to put it into operations in another way. Conversely, we are very strong advocacy for the College Promise and that is counter to fee increases. It has a financial as well as a political implication.
- u. Mr. Smith believes that the \$15.00 jump for summer is high and would be an outrageous escalation and should be phased in, if anything. The increase of \$5.00 to \$10.00 is a natural progression. Mr. Fong agrees that the proposed summer increase is outrageously high and would like to see it happen in \$5.00 increases as well. This type of an increase is something he would mobilize his students to protest against. Mr. Hawkins believes this really needs to be vetted by students directly. If we are trying to do the promise and trying to increase the District's image and at the same time increase fees, the timing is wrong. Let's talk about it but not implement it right away as it defeats the purpose of the promise. We need to be aware of the messages we are sending. Mr. Escobar agrees with both Mr. Fong and Mr. Hawkins.
- v. Mr. Hawkins believes that salaries should not be funded through fund 11 and should be funded through fund 10. Ms. McKee agrees and feels we need to make a commitment to ensure our students feel safe and secure. On the other side, we need for Campus Police personnel to act like they care and that they are here to serve the students and that they care about them. Mr. Hawkins agrees with Ms. McKee that all staff, especially Police personnel, need to let students know they are cared about. This is an issue that needs to be looked at all the way around.
- w. Mr. Hawkins and Ms. Ramirez feel that the fee increase needs more investigation and needs to include students. Need to attend ASG meetings and roll the proposed increase out slowly.
- x. The general consensus is no change to the parking fees with further vetting with the campus leadership through ASG for their input and feedback. It is also agreed that we would like to see Police Services burden be a general fund burden rather than being underwritten by the parking program.

- Fund 12 – Financial Stabilization Fund

- y. Rainy Day Fund - current balance is \$500K and is evaluated at the end of the year. (Page 20)

- Fund 14 – Student Success Enhancement Fund

- z. This is not an active fund but land lease money may be placed in this fund to support student success. (Page 21)

- Fund 15 - Facility Rental Fund

- aa. District Services uses the income from the tenants at the District Office to fund employee parking and parking validation. \$185K is transferred to Fund 10
- bb. SJCC does a good job with Facility Rentals. They have recognized \$250K in revenue (45% of their projection) with expenses of \$92,375K (9% of their projection). They will be doing a Transfer-Out to Fund 10 of \$150K.

- cc. EVC has recognized \$108K in revenue (63% of their projection) with expenses of \$63K (18% of their projection). They will be doing a Transfer-Out to Fund 10 of \$90K.
- Fund 16 – Workforce Institute
  - dd. WFI has recognized \$915K (41% of their projection) in revenue and has spent \$1M in expenses (54% of their projection). District Services and WFI have an agreement that at the end of the year, 15% of their operating projections will be transferred out to Fund 10 to cover expensed paid for and services provided to WFI by DS.
- Fund 17 – Restricted Fund
  - ee. The Fund 17 is very difficult to prepare and there is usually only one week to prepare it. There are currently three different views of Fund 17. Mr. Fitzsimmons is proposing a change to the way Fund 17. He would like the group to consider a report similar to the one on page 70, General Bonds. Revenue would still be recognized at the top and the expenses would look at every program and look like page 36. Page 36 shows every program, grant and categorical at the Federal, State and Local level. The change would take place for FY17/18. We will add this to a future agenda item prior to the 1<sup>st</sup> quarter report.
- Fund 18 – Student Health Fees Fund
  - ff. The primary driver in this fund is the health fee. SJCC has recognized \$265K in revenue (90% of their projection) and has expensed \$196K (59% of their projection). Projecting to end with a fund balance of \$39K. (Page 49)
  - gg. EVC has recognized \$299K in revenue (98% of their projection) and has expensed \$271K (73% of their projection). They are projecting to spend \$364K leaving a \$0.00 fund balance. (Page 50)
- Fund 32 – Measure G 2004 Series C
  - hh. The big projects associated with Fund 32 are Milpitas and the PE building at SJCC. Expenses are \$11.6M (52% of projection). There are no out years as Measure G 04 is ending. (Page 52)
- Fund 56 – Capital Projects Fund
  - ii. The new parking machines will be funded from Fund 56. \$1M in revenue has been recognized (48% of projection), with \$2.3M projected by year end. Expense projection is \$1.3M, leaving a fund balance of \$4.3M. (Page 56)
- Fund 42 – General Obligation Bond – Measure G 2010 Series B
  - jj. No expenses projected this year. Ending fund balance is \$22M. (Page 60)
- Fund 43 – General Obligation Bond – Measure G 2010 Series C
  - kk. Expenses of \$6.4M (75% of projection). Plan to spend this fund out this year. (Page 64)
- Fund 44 – General Obligation Bond – Measure G 2010 Series D
  - ll. This is the last series of Measure G 2010. The YTD fund balance is \$6.6M. (Page 70-71)
  - mm. Fund 45 will be introduced at Tentative Budget for Measure X. Election expenses of \$600K will be moved to Fund 45 from Fund 10.
- Fund 70 – Cafeteria Fund
  - nn. Have recognized \$39K in revenue (59% of projection). The projection is \$74K of revenue with and ending fund balance of \$80k projected. (Page 77)
- Fund 12 – Child Development

oo. We received funds from the state and we didn't spend it. We don't currently have a provider so the amount may be reduced. We are hoping to have a provider for the fall. This is a pass through account. (Page 78)

- Fund 16 – Self Insurance
  - pp. Fund 61 is a pass through fund. (Page 80)
- Fund 48 – Student Financial Aid Fund
  - qq. Year to date, SJCC has dispersed \$7M in Financial Aid and EVC has dispersed \$11.5M. (Page 83-84)
- Fund 96 – Scholarship and Loan Agency Fund
  - rr. SJCC has dispersed \$155K in scholarships and EVC has dispersed \$142K. (Page 86-87)
- Fund 75 – OPEB Trust Fund
  - ss. The trust has made \$4.3M in 9 months. (Page 90)
- Fund 81 – Retiree Benefit Fund
  - tt. Year to date, \$2.6M has been paid out for retiree benefits. (Page 91)
- Fund 85 – Long Term Debt OPEB Fund
  - uu. Estimated expenditures for FY16/17 is \$2.5M. (Page 92)
- Page 97 – Snapshot of all funds
- Page 98 – Next year's estimated fund balances
- Page 105 – Historical 320 report
- Page 106 – Snapshot of legal expenses. \$286K spent YTD in legal fees Districtwide.
- Page 107 – EVC ASB Balance Sheet (\$386,767)
- Page 108 – SJCC ASB Balance Sheet (\$346,988)
- Page 109 – Foundation Balance Sheet (\$1.4M)
- Page 110 – Consolidated 320 Report for P2
- Page 122 – Property tax summary for Fund 10
- Page 123 – Apportionment worksheet. Shows we are \$30M into Basic Aid.

Meeting adjourned at 4:59 p.m.