

DISTRICT BUDGET COMMITTEE
Meeting Minutes
October 26, 2017
3:00—5:00 p.m.
EVC, Mishra Room

Members Present: Doug Smith, Peter Fitzsimmons, Linda Wilczewski, Jorge Escobar, Jonathan Camacho, Lauren McKee, Barbara Hanfling, Paul Fong, Guillermo Castilla (for Fabio Gonzalez), Carlos Marques, Yesenia Ramirez, Jesus Covarrubias, Jennifer (Diep) Le, Kathy Tran (for Andrea Alexander)

Members Absent: Andrea Alexander, Eugenio Canoy, Eric Narveson, Fabio Gonzalez, Maria Avalos, Sandra Gonzalez, Faustino Villa, Randy Pratt, Danny Hawkins

Also Present: Kim Garcia, Marilyn Morikang, Robert Gutierrez, Bhargavi Bhatt

Recorder: Joy Pace

(1) Call to Order: - meeting was called to order at 3:05 p.m.

(2) Approval of Agenda: - M/S/C Lauren McKee/Yesenia Ramirez to approve the agenda. All voted yes.

(3) Approval of August 31, 2017, meeting minutes: - M/S/C Barbara Hanfling/Lauren McKee to approve. All voted yes, with the exception of two abstentions: Guillermo Castilla and Paul Fong.

(4) Draft FY 17/18 1st Quarter Budget Report:

Mr. Peter Fitzsimmons, Executive Director, Fiscal Services, began his presentation reviewing SJECCD Budget Assumptions. He noted the changes in growth (workload reduction) 11.11% versus the 10.03% in the adopted budget. This is a legacy assumption and doesn't drive our budget because we are a basic aid district.

Property tax is still at 2.92%. Our next meeting with the County is on November 8, and we should actually receive an updated property tax figure a few days before that meeting.

Mr. Fitzsimmons noted the addition of estimated assumptions for FY2020-2021 to the quarterly report.

Mr. Fitzsimmons stated there were no changes to the assumption for the step/column for average cost of a faculty; however, the value has changed because of the recently approved COLA. During a review of FT faculty and adjunct faculty salaries, Mr. Fitzsimmons stated that for adjuncts, salary and benefits are included in the number but for full-time faculty, only the salary is shown. AFT Executive Director Barbara Hanfling requested the statutory benefits be removed from the assumptions for adjunct faculty.

He also stated the good news that Blue Cross assumption was reduced to 5.10% and Kaiser to 4.40%. He stated the Cadillac tax will kick in on January 2020, which will be mid fiscal year.

Mr. Fitzsimmons reviewed the SJECCD Fund 10 (general fund) three-year projections. In his discussion on the Milpitas extension, he stated the question was how to fold Milpitas into the Resource Allocation Model. This is a topic of discussion for the RAM Taskforce. Vice Chancellor Garcia stated the increase of step/column and benefits for staff are not shown in the report. We gave COLA last year, but the number is still represented as \$750K. Vice Chancellor Smith answered that FY2016-17 should be fine since we spent only one-half for the full year that was funded. But in the future we should work this out. During his review of salary expenditures, Ms. Hanfling expressed concern about MSC growing by 5% whereas full-time faculty shows negative growth.

Mr. Fitzsimmons reviewed SJECCD three-year Fund 10 projections for the DO, Districtwide, SJCC, EVC, and the SJECCD consolidated report. He stated that all locations are projected to end in the black this year. Mr. Fitzsimmons also reviewed the Fund 10 State Categorical Programs for quarter ended September 30, 2017, and the money the district receives from the state for full-time and part-time faculty. He noted that as a basic aid district, the State initially took the position that basic aid districts were not to get the full-time faculty money. However, even though the state initially said no, they changed their mind in FY2016-17, and provided the FY2015-16 money retroactively. The data from the State indicates that we will receive the money in FY2017-18; however, at the ACBO Conference, he learned the Department of Finance is saying they do not believe basic aid districts should be getting that money. This opinion differs from that of the State Chancellor's Office.

Mr. Fitzsimmons reviewed Fall enrollment history and noted both colleges' enrollment is up for fall. He stated statewide 30 districts are up and 30 are down with 12 in restoration/stability. Vice President Jorge Escobar requested the information presented on Page 91 Historical Credit and Non Credit 320 report by college be put in graph format.

When reviewing Parking Fund 11, Mr. Fitzsimmons reported the Parking Fund is projected to draw from Fund 10, in part, because the VTA has doubled its price for Eco Passes. Student fees stayed the same. We need an organization discussion about the parking fund because of the significant burden it will put on Fund 10. Mr. Smith stated he has scheduled a meeting with Chancellor Budd, Mr. Fitzsimmons, and Chief Morales to discuss parking fee trends and the VTA issue. We have come from break-even to a significant jump. Mr. Smith will bring options to the Chancellor and will come back to the DBC for further discussion. AFT President Paul Fong expressed concern about the increase of VTA prices to the District. Mr. Fitzsimmons answered that the District had a one-year contract with the VTA, which cost \$9 per pass per year. In year two VTA required \$20 per pass per year.

In a discussion regarding Fund 12 "Rainy Day" Fund, Mr. Smith stated his plans to bring this topic forward for a focus group discussion of the DBC and then study session to the Board. He requested DBC members think about this topic for future discussion. Mr. Fitzsimmons continued with a review of each of the other funds. He noted the negative balance in Fund 45 for Measure X is due to the cost of the election. The Board has not approved the project list yet as this bond measure is still in its infancy. Mr. Fitzsimmons also reviewed the appendices.

Vice Chancellor Smith reported the excellent news that our district has received another perfect financial audit. There were no findings or recommendations made regarding any of our funds or programs. This is a truly incredible achievement.

(5) Adjournment: M/S/C Jonathan Camacho to adjourn the meeting at 4:50 p.m.