DISTRICT BUDGET COMMITTEE

October 30, 2014 Meeting Minutes

Present: Peter Fitzsimmons, Henry Gee, Fabio Gonzalez, Barbara Hanfling, Carlos Marques, Lauren McKee, Mark Newton, Doug Smith, David Yancey, Jorge Escobar, Robert Brown, Dan Hawkins, Sandra Gonzalez, and Jan Tomisaka

Absent: John Thompson, Anthony DiSilvestre, Bruce Geer, Mark Gonzales, and Steven Graham

Also Present: Fareha Bakre, Marilyn Morikang, Richard Su, Saloshni Lata, Tamela Hawley, Lan Bui, and Kim Garcia

Call to Order – The meeting was called to order at 3:10 p.m.

1) Approval of Agenda – M/S/P; Ayes-15, Opposed-0, Abstentions-0, Absent-5

The agenda required the following changes: the faculty information listed on the bottom of the agenda was incorrect. (Faculty Association needs to be changed to AFT; Ms. Hanfling and Mr. Newton are not representatives of a particular campus; Mr. Brown and Mr. Graham are representatives of the Academic Senate at EVC; and Mr. Gonzalez and Mr. Yancey are representatives of the Academic Senate at SJCC.)

2) Approval of August 29, 2014 Minutes – M/S/P; Ayes-15, Opposed-0, Abstentions-2, Absent-5

The August 29, 2014 minutes were approved as submitted.

3) FY 2013/2014 Fund 10 Discretionary Student Success Initiative Expenditures

Mr. Fitzsimmons walked through the Fund 10 Discretionary Student Success Initiative Expenditures.

San Jose City College spent $17k of the $100k received for FY 2013/2014. This was spent on salaries, and non-instructional licenses.

Evergreen Valley College spent $49k of the $100k received for FY 2013/2014. This was spent on hourly salaries, non-instructional licenses, supplies, contracts, and equipment.

Workforce Institute spent $50k of $50k given. This was spent on software and contracts.
Ms. Hanfling asked where these funds come from and who decides where the money should go. It is agreed to discuss this at the next meeting.

Mr. Newton asked if this money is dispersed every fiscal year, and if so is there a rollover of any unspent funds. Mr. Fitzsimmons responded yes this amount is dispersed every fiscal year, and there is a rollover with any unspent discretionary funds in keeping with the budget principles developed by this committee.

There was also a discussion regarding the State Categorical Student Success and Support Program. Mr. Fitzsimmons advised that the State provided a one-time allowance carryover unspent FY 2013/2014 funds; however, they must be spent by December 31, 2014.

There was also a request to bring back the updated Board Initiative Summary.

Mrs. Gonzalez asked if funds can be “bid on” by other groups or is it mainly in the President’s Office. The committee was informed that these budget decisions are made at the campus level.

Mr. Newton asked about the role of the Campus Budget Committees: how is it decided where the money goes and does it need to be reorganized. Mr. Smith agrees that more transparency may be needed with campus budget decisions. Mr. Fitzsimmons agreed to provide the FY 2014/2015 State Categorical Student Success and Support Program’s budget at the next meeting.

4) FY 2014/2015 1st Quarter Budget Report

Mr. Fitzsimmons reviewed the changes to the budget assumptions from the FY 2014/2015 Adopted Budget to the FY 2014/2015 1st Quarter Budget Report. He also highlighted the introduction of FY 2017/2018.

He also highlighted the introduction of the projected Cadillac Tax. That will take effect in FY 2017/2018 per the Affordable Healthcare Act. Ms. Hanfling inquired as to how the amount is established. Mr. Smith asked Ms. Garcia to gather this information and send it to him so that the analysis may be dispersed to the committee for group discussion at the next meeting.

Projected revenues for FY 2014/2015 are projected to be slightly less than projected expenditures resulting in a projected deficit of $266,472 with a projected ending fund balance of 14.82%. Next year with property taxes driving an increase in revenues, the organization is projecting a $1.5m surplus resulting in a projected ending fund balance of 16.37%. This trend is projected to continue through FY 2017/2018; however, it was noted that the projections do not include any assumption for cost-of-living adjustments.

Districtwide operating expenses are projected to increase $750k in FY 2016/2017 due to the Milpitas Center. Then in FY 2017/2018 an additional $425k is projected to accommodate the Cadillac Tax.
District Office operating expenses are projected to increase $150k in FY 2016/2017 to accommodate the Board Election Expense, which occurs every other year.

Consolidated Fund 10 revenues are projected to come in close to budget and expenditures are projected to come in $888k under budget. As a District, 23% of the budget was spent in the first quarter. Districtwide expenses were at 24% of the budget in the first quarter, with a projected year-end surplus of $244,534. District Office expenses were at 21% of the budget for the first quarter, with a projected year-end surplus of $698,627 (primarily due to salary savings from vacant positions). San Jose City College expenses were at 23% of the budget for the first quarter, with a projected year-end deficit of $175,861. Evergreen Valley College expenses were also at 23% of the budget for the first quarter, with a projected surplus of $121,415.

Ms. Hanfling requested that adjunct budgets be discussed at the next meeting.

Parking Fund – The FY 2014/2015 Adopted Budget assumed an inter-fund transfer from Fund 10 in the amount of $58,369. The current projection is $41k because the filling of vacancies is not happening as quickly as anticipated.

Facility Rental Fund – District Office has recognized 25% of anticipated annual revenues, San Jose City College has recognized 44% of anticipated annual revenues, while Evergreen Valley College has recognized 16% of anticipated annual revenues.

Workforce Institute Fund – FY 2014/2015 projected revenues are at $1.275m with projected expenses of $1.5m. This is improved from the FY2014/2015 Adopted Budget. Current estimates are that Fund 10 may have to augment this fund beginning in FY2016/2017.

State Categorical Fund – Mr. Fitzsimmons recommended that the committee study pages 29 through 36 as there is much detail regarding the financial status of all the categorical and grant programs.

Student Health Fees Fund – San Jose City College has recognized 45% of anticipated revenues and is projecting a slight surplus. Evergreen Valley College has recognized 50% of revenues and is also projecting a slight surplus. This fund will be monitored as there is not a sufficient fund balance to offset over-expenditures.

Measure G 2004 Series B – As a district only $66k was spent in the first quarter.

Measure G 2004 Series C (the last series of the Measure G 2004 program) - This quarter only $23,499 was spent.

Fund 36 Capital Projects Fund – Spent $41k focusing on the non-bond funded capital projects.

Measure G 2010 Series A – A fund balance of $2k remains.
Measure G 2010 Series B – Sold $20m worth of bonds and currently at about $20.5m with no expenditures to date, which is expected given the endowment provisions.

Measure G 2010 Series C – Spent $4.6m in the first quarter.

Measure G 2010 Series D (Future sale of bonds) - Once these bonds are sold in the future this is the last of the Measure G 2010 Bond Program.

Cafeteria Fund – A fund balance of $52k remains.

Child Development Fund – this fund is a pass-through for SJCC primarily associated with the relationship with St. Elizabeth’s Day Home.

Bookstore Fund – As of October 1st the bookstores transitioned from self-operation. The books are still in the process of closing. The estimates may change in the second quarter once the books are finalized to potentially close with a surplus that will revert to the district to offset the money given to the bookstores in FY 2013/2014.

Self-Insurance Fund – this fund is a pass-through for certain benefit expenses.

Financial Aid Fund– San Jose City College dispersed $1.5m in financial aid in the first quarter while Evergreen Valley College dispersed $2.7m during the same period. Mr. Newton questioned the disparity. The campuses will provide more data at the next meeting.

Scholarship Fund – San Jose City College dispersed $27k in scholarships in the first quarter while Evergreen Valley College dispersed $15k in scholarships during the first quarter.

OPEB – In July 2015 the rental income from the shopping center next to the District Office increases18% increasing Fund 81’s portion of the debt service and thus decreasing Fund 10’s contribution to the OPEB Debt Service.

5) **Next Meeting Schedule**

Mr. Smith will send out possible dates to the committee to decide on the next meeting date given scheduling conflicts of fiscal services and business services staff.

The meeting was adjourned at 5:17 p.m.