DISTRICT BUDGET COMMITTEE

DRAFT January 29, 2015 Meeting Minutes

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

Absent: Bruce Geer, Mark Gonzales, Steven Graham, Carlos Marques, Corinne Salazar, John Thompson

Also Present: Byron D. Clift Breland, Lan Bui, Jonathan Camacho, Jesus Covarrubias, Kim Garcia, Kathy Tran

1) Call to Order – The meeting was called to order at 3:03pm.

2) Approval of Agenda – Ayes-12, Opposed-0, Abstentions-0, Absent-6

   The agenda was approved as submitted.

3) Approval of November 20, 2014 Minutes – Ayes-11, Opposed-0, Abstentions-1, Absent-6

   The November 20, 2014 minutes were approved after making the following changes:

   a) All pages – Header date was corrected from October 30, 2014 to November 20, 2014.
   b) Page 1 – The spelling of Mr. Yancey’s name was corrected.

4) Student Success and Support Program FY 14-15 Budget

   Mr. Fitzsimmons reviewed the Student Success and Support Program FY14-15 Budget. Mr. Gonzalez thanked Mr. Fitzsimmons for reviewing this, acknowledging that it is a topic currently being discussed State-wide.

   Ms. Hanfling clarified that this is not one-time money; that these funds are being allocated to the District. Mr. Gonzalez informed the group that there were several comments made at the Board of Governors’ meeting that administrators should be hiring permanent employees and focusing on spending this money. The State Chancellor is very concerned that the California Community Colleges are aware of this.

   Mr. Newton questioned why we are not already spending this money. Mr. Gee replied that the college is analyzing the situation. We are reminded that, years ago, the State cut these funds when crisis struck. There is uncertainty whether these funds will stick around, depending upon the economy.
Mr. Gonzalez agreed that the colleges should examine how the monies are being spent, as this is permanent money, not soft money. Mr. Smith acknowledged the different perspectives, and assured the group that due diligence will be done.

Ms. McKee commented that this budget was never discussed at EVC, which concerns her. Mr. Escobar suggested that this group remain informed of the additional impacts these programs might have so we can help the campuses with ideas and recommendations.

Mr. Gonzalez commented that SJCC already has this money earmarked to continue hiring faculty. Mr. Smith trusts that Mr. Gee will carry this message and work with his campus to move forward.

5) **FY 2015-2016 Proposed Budget Calendar**

The steps listed in the Budget Calendar are essentially the same each year. March and April is when a lot of the hard work happens: Campuses/DO evaluate the baseline budget, and make adjustments. In June and July, the budget is re-evaluated based upon the May Revise. Then, the Adopted Budget is presented to and approved by the Board of Trustees in September.

Ms. Garcia commented that there are some operational issues connected with loading the budget between closing out in June and going live in September. Mr. Fitzsimmons replied that Datatel can only accept one budget per year. Fiscal Services is working with IT to mitigate this issue. Ms. Garcia noted that there’s a gap in understanding when it comes to the summer months.

Mr. Newton commented that this schedule seems like it would be different if we weren’t a Basic Aid district. Mr. Fitzsimmons stated that being a Basic Aid district doesn’t change the steps toward budget development. Mr. Newton replied that our status doesn’t diminish what the Governor’s Budget says. Mr. Fitzsimmons acknowledged that this group will discuss the Governor’s Budget plans. Mr. Gee commented that while the State Budget may seem diminished to us because of our status, there are still many valid points from the State Budget. Mr. Smith suggested adding the dates we usually receive data points from the County to this calendar.

6) **FY2015 – 2016 Governor’s Budget Summary**

*Communication from Dan Troy re: Governor’s Proposed Budget*

**Proposed 2015-16 Augmentations for CCCs**

**$200M for Student Success:** Each of our colleges received approximately $800k. SJECCD represents about 1.2% of the CCC system, so next years’ allocation is likely to be in excess of $1M.

Ms. Hanfling commented that some of this money can go to adjunct because it relates to Student Success. The consultation group came up with a lot of areas that can be funded, but the message was that we can spend the money on full-time faculty; we have local control.

Mr. Gonzalez wants to make sure this money is earmarked properly. Realistic dialogue needs to take place with the colleges to determine how it should be spent. Mr. Covarrubias commented that there’s a real need for the dollars to go as close as possible to the students/campuses.
Ms. McKee commented that when the District receives funds like this, the campuses tend to get territorial. There should be a full conversation between all representative groups. Mr. Smith confirmed that these are local dollars that will be spent at the colleges.

Since SJECCD is a Basic Aid District, it will not receive money from the following proposed funding areas: $125M to increase base allocation funding, $106M for increased access, $92M for COLA, $49M to fund CDCP rate equalization.

$48M for Career Technical Education, $29M for apprenticeship, $39M for Proposition 39: The District will receive a small portion from these funds.

$94.5M to retire deferrals: This will retire an old debt.

$353.3M to pay down outstanding mandate claims: The District may receive $308 per FTES, which amounts to about $3.8M in one-time funds. The Board of Trustees will determine how to spend these funds.

7) 2nd Quarter Report
   a) Assumptions (pg 85-87): Anticipated changes from 2nd Quarter to 3rd Quarter
      - The District will receive an updated property tax data point at the next meeting with the County on February 9th. The 3rd Quarter report will reflect the new data.
      - There is currently no COLA assumed because the negotiations are not yet concluded. The 3rd Quarter report will reflect the negotiations.
   b) General Fund
      - Noted that page 2 “Other Outgo” is representative of Board initiatives.
      - Noted that page 3 “Transfers-In” is representative of facility rentals.
      - Page 6: Ms. Hanfling commented that SJECCD is overspending the adjunct budget. Mr. Fitzsimmons replied that the District anticipates being in the black by the year’s end.
      - Mr. Fitzsimmons noted that the campuses are able to move their budgets around throughout the year to accommodate changes. At the end of the year, any unspent discretionary funds increase the carryover. Requests for changes to the budget come in from the campus via budget change requests.
      - Page 7: Districtwide expenses are projected to slightly overspend the budget. Spend-out is assumed for the FMP, which came in higher than planned. The request will be made to the Board of Trustees to augment the budget, so this “overspend” will change.
      - Page 8: District Office expenses are projected to be under budget by $1.2M due to salary savings.
      - Page 9: SJCC expenses are projected to be over budget by $375k.
      - Page 10: EVC expenses are projected to be under budget by $115k.
   c) Categorical
      - Page 11: “SF AA 2% Adm.” is an allowance for Financial Aid in the form of unrestricted funds.
   d) Ending Fund Balance
      - The legally mandated reserves amount is 3%, recommended is 5%, our Board of Trustees’ principle is 7%, Statewide average is about 15%, Basic Aid average is about 16%. Mr. Smith commented that the goal is to stabilize SJECCD for years to come; to protect the district, protect the programs and bring quality to the classrooms.
e) Fund 11: Parking
   - Projecting to draw from the fund balance for this year.

f) Fund 15: Facility Rental
   - DO tenants’ income goes into this fund. It then pays for DO parking expenses and costs to support tenants.
   - SJCC anticipates transferring $213,050 from Fund 15 to Fund 10 to supplement operating expenses. Mr. Gonzalez asked why wait until the year’s end to transfer the funds? Mr. Escobar explained that rentals are not the campus’ main goal. SJCC will use the transferred funds to purchase supplies.
   - EVC anticipates transferring $47,430 from Fund 15 to Fund 10 to supplement operating expenses.

g) Fund 16: Workforce Institute
   - WI plans to draw from the fund balance, which will leave a projected ending fund balance of $400k. The District will continue to monitor this situation.

h) Fund 17: Noted that beginning on Page 30, a breakdown of every categorical and grant program is provided.

i) Fund 18: Student Health Fees
   - SJCC plans to overspend by $25k, requiring an augmentation from Fund 10.
   - EVC is projecting a slight surplus.

j) Bond Funds
   - $1.4M has been spent from Measure G 2004, Series B.
   - Not much has been spent from Measure G 2004, Series C. After Series B is exhausted, the Milpitas Joint-Use Project, SJCC PE building, EVC Central Green, and miscellaneous smaller EVC projects will come from Series C, 2004.
   - $6k has been spent from Measure G 2010, Series A.
   - $18.5M has been spent from Measure G 2010, Series C.
   - Fund 44 represents the bond series that is yet to be sold.

k) Bookstore
   - The District is still working to close out the Bookstore, and hope to have final numbers by the 3rd Quarter.

The meeting was adjourned 5:05pm.