DISTRICT BUDGET COMMITTEE
August 28, 2015 Meeting Minutes

Present: Fareha Bakre, Robert Brown, Phil Crawford for Jesus Covarrubias, Jorge Escobar, Peter Fitzsimmons, Bruce Geer, Fabio Gonzalez, Barbara Hanfling, Dan Hawkins, Mark Newton, Susan Rinne, Doug Smith

Absent: Arthur Azevedo, Mark Gonzales, Steven Graham, Carlos Marques, Lauren McKee, John Thompson

Also Present: Byron Breland, Lan Bui, Jonathan Camacho, John Hendrickson, Marilyn Morikang, Kathy Tran, Kishan Vujjeni, Linda Wilczewski, David Yancey

1) Call to Order – The meeting was called to order at 3:32pm.

2) Approval of Agenda – Ayes-12, Opposed-0, Abstentions-0, Absent-6
The agenda was approved as submitted.

3) Approval of May 21, 2015 Minutes – Ayes-10, Opposed-0, Abstentions-2, Absent-6
The May 21, 2015 minutes were approved as submitted.

4) Vacancy of Student Representatives
   a. Please communicate with your Presidents regarding our need for student representatives.
   b. Idea to offer a credit, stipend or other incentive to student participants.

5) Review of Exhibit C
   a. The Exhibit C document is generated by the State. We have provided 2 versions of this document; both FY 14/15 and FY15/16. Of 72 California districts, 66 depend on this report. This provides us with an understanding as to how far into Basic Aid we are.
   b. Mr. Newton requested clarification regarding the difference shown for “Stability FTES” between FY14/15 and FY15/16. Mr. Fitzsimmons clarified that this change is because the State is assuming we will meet our cap.
   c. Ms. Hanfling asked about page 134 of the Adopted Budget; the numbers shown there don’t match what’s shown in Exhibit C. Mr. Fitzsimmons responded that the Adopted Budget has the most current information. As a result, the numbers are different.

6) Draft FY 2015/16 Adopted Budget
   a. Mr. Fitzsimmons will highlight the changes between the Tentative and Adopted Budgets.
   b. Budget Assumptions - Revenue
      i. Inflation factor (COLA) has increased to 1.6% for FY16/17 and 2.48% for FY17/18.
      ii. Property tax percentage projection is 3.67%. The next property tax meeting is on December 4, 2015. The number we receive at that time will be reflected in the 2nd Quarter budget report.
iii. Doug distributed a graph showing the relationship between SJECCD’s Assessed Valuation and District Property Taxes. This graph will be included in the presentation to the Board.

c. Budget Assumptions – Expenditures
   i. Adjunct Base Adjustment: Increased the assumption at 1.00%.
   ii. Average cost of a full time Adjunct Faculty is now at Column 4, Step 9: $63,641.
   iii. PERS: FY17/18 is likely to be 16.6%.
   iv. Each October, a financial report is due to the State Chancellor’s office – the Annual 311 – which requires us to estimate STRS and PERS projections for upcoming years.
   v. Anticipated changes in upcoming years:
      1. Milpitas campus opens Fall 2016.
      4. These changes have been included in SJECCD’s budget projections.

d. Ms. Hanfling brought up adjunct salaries. FY14/15 shows $17.2M, but FY15/16 still shows $14.9M, which is $2.2M less than was needed the prior year. Mr. Fitzsimmons clarified that the $14.9M does represent a 1.00% increase from last year’s starting point.

e. Actuals for the prior year reflect 84.2% spending on personnel, and 15.8% operations, which is right in line with the State average.

f. Beginning fund balance for FY15/16 is $113.7M. We are estimating to spend $110M this year.

g. Ending fund balance FY14/15 was $12,706,736, which equates to about 13.7%. It was noted that the Tentative Budget ending fund balance only differed by about $200k.

h. The District is receiving almost $7M in one-time funds from the State in FY15/16.

i. Mr. Gonzalez wanted to readdress the topic of adjunct salary funding. He agrees with Ms. Hanfling’s viewpoint as stated earlier. Mr. Brown commented that the problem he sees is that we will go over the adjunct budget, so that means someone else will think they have more funds than they really do. Mr. Gonzalez noted that we should stick to the numbers we agreed to. If we have guidelines to follow while we make decisions, why change those now? Mr. Crawford mentioned that the President says that they are over budget on Adjunct budgets so they need to cancel classes. This budgetary issue has an impact on our enrollment management. Mr. Smith acknowledged that we need to analyze this issue, not simply throw money at it, but address it in an analytical way. Mr. Gonzalez showed concern that we are not following our principles. Mr. Yancey commented that we’ve got $14M in reserves. The District throws money at other board initiatives oftentimes without analysis. This has been going on for years. Let’s correct the problem. Ms. Hanfling commented that she agrees with Mr. Yancey, but would address it in a different way: we need to fix the budgets with the money already in the budget. We don’t need to use the reserves. We should look at where the budget transfers are coming from and then adjust; true it up based on the transfers that are taking place. Mr. Smith agreed that these conversations need to take place.

j. Mr. Crawford asked if AB86 funds are part of the budget. Mr. Smith replied that those are listed separately.
k. Fund 10 - Revenue
   i. State revenue was $10.6M, now assuming $10.9M
   ii. Local revenue was $89.0M, now assuming $89.4M
   iii. Total budget resources have grown about $1M.

l. Districtwide Expenditures (covers insurance, utilities, etc.)
   i. Expenses went over by $2M. This is because we paid out more in vacation/comp time than anticipated. Also, electricity costs were higher than anticipated. Mr. Escobar noted that all the construction happening around the campuses may be a reason for such an increase. Mr. Fitzsimmons agreed, and mentioned that there have also been rate hikes.

m. Mr. Breland asked whether any consideration has been given to the allocation of funds to the colleges for accreditation expenses. Mr. Smith replied that there has not been any additional allocations to the colleges since the $500k in the springtime.

n. DO came in under budget by $1M. This was primarily due to salary savings.

o. SJCC spent at about budget, spending almost $35M. SJCC did a lot of analysis to make sure the budget is as accurate as possible. Mr. Escobar noted that the prior year’s carryover has been allocated already; it is included in the budget.

p. EVC came in under budget, spending almost $35M.

q. Page 44 speaks to Student Support Programs and is based on the advanced apportionment, which we don’t usually worry about. However, we do need to monitor this.

r. Workforce Institute spent $1.6M, and Fund 10 covered about $400k of their expenses. They anticipate bringing in more money next year.

s. Each percent of basic aid equates to about $800k. We are about 25% into basic aid.

t. Mr. Hawkins asked if we should be talking about cash management. Mr. Fitzsimmons noted that historically, the District had to participate in a TRAN (short-term borrowing) for many years. Next year, we anticipate not having to participate in a TRAN.

7) **Round Table Check Out**
   a. Mr. Gonzalez requested that we take a look at the adjunct numbers. DO received a 1% increase but he’s not sure where or how that happened. We need to allow the colleges to run their own budgets. They need more flexibility.

b. Ms. Bui noted that EVC’s surplus is mostly tied up already in areas like the Central Green and Student Success. They need more equipment for their grounds to be managed properly.

c. Ms. Rinne noted that when we start looking at the adjunct budgets she’d like to participate in that.

d. Ms. Hanfling noted that she will be glad to work with whomever on the adjunct budgets. She’s concerned about Workforce Institute having to draw on Fund 10.

   e. Mr. Vujjeni – Workforce Institute just earned a $13.2M grant.

8) **Adjournment** – The meeting was adjourned at 5:17pm.