

SJECDD DISTRICT BUDGET COMMITTEE MEETING MINUTES

January 31, 2019

3:00—5:00 p.m.

SJCC Technology Center – T-112

Attendees:

Jorge Escobar
Andrea Alexander
Fareha Bakre
Jose Cabrera
Jonathan Camacho
Eugenio Canoy
Justine Cheng
Chris Frazier
Robert Gutierrez
Dan Hawkins
Deanna Herrera
Jennifer Le
Alejandro Lopez
Joe Lugo, Jr.
Marilyn Morikang
Carlos Marques
Eric Narveson
Randy Pratt
Kathy Tran
Linda Wilczewski

Absent

Paul Fong
Joe Lugo, Jr.
Sandra Gonzalez
Yesenia Ramirez

Recorder:

Joy Pace

Mr. Jorge Escobar, Vice Chancellor, Administrative Services, Interim, thanked everyone for attending his first District Budget Committee meeting and apologized for not bringing an agenda. However, the purpose of this meeting is for Ms. Linda Wilczewski, Executive Director, Fiscal Services, Interim, to review the draft FY2018-19 Quarterly Report. Mr. Escobar stated he is very proud of what is contained in the reports being reviewed today and that he will be looking at efficiencies at the district's Administrative Services Office. We always want to recognize that while we are here, it's about the students. He also announced that Joy Pace would be providing administrative support for his office on an interim basis.

Ms. Linda Wilczewski did a page-by-page review of the SJECDD FY 2018-2019 Quarterly Report and Three-Year Projection, including income, expenditures, discount factors and ending fund

balance. She reviewed the General Fund 10 Consolidated, Districtwide, District Services, San Jose City College, Evergreen Valley College, San Jose Evergreen Community College Extension and Consolidated Budgets. She also reviewed the historical ending fund balance for General Fund 10, and reported the projection for FY2018-19 was 16.93%; FY2019-20, 16.86% and FY2020-21 was 18.83%. She provided the Fall Enrollment History (credit FTES).

Ms. Wilczewski reviewed other funds for all locations and consolidated, including Fund 12 (Financial Stabilization Fund), Fund 14 (Student Success Enhancement Fund), Fund 15 (Facility Rental Fund), Fund 17 (Restricted Fund), Fund 18 (Student Health Fees Fund). She also did a review of the Capital/Bond Project Funds for Measures G-2010 and Measure X for Consolidated, Districtwide, District Services, San Jose City College and Evergreen Valley College. Ms. Wilczewski did a review of special revenue funds: 70 Cafeteria Fund; 72 Child Development Fund; 61 Self Insurance; 48 Student Financial Aid Fund; 96 Scholarship and Loan Agency Fund. She ended her presentation with a brief review of Fund 75 OPEB Trust Fund, and the appendixes of budget assumptions, estimated fund balances, benefits, and collective bargaining.

Some key points during Ms. Wilczewski's review:

- The district spent less than 50% in mid-year, one-time funds.
- Neighboring districts are looking at us as a threat due to our increased enrollment; EVC enrollment is great.
- The forecast for expenditures is that we are similar to last year unless the property taxes change.
- Property tax growth went from 3.33% to 3.81%, and we have a meeting scheduled for February 13 to get that new number. A point shift will generate \$1 million in revenue incrementally; but we received a half-point shift, which equates to \$500K.
- Non-resident enrollment fee is steady. We are looking at the fee now to determine what it will be.
- STRS increase peaks at FY2020; PERS continues climbing but we don't have an exact read.
- We haven't taken into account any COLA's.
- We will not augment rainy day fund when property taxes are below \$2.5 million.
- The land development funds will be budgeted to the Foundation to support the Promise program.
- Cost of units for international students is 5X more than resident students. We can generate a lot of income through increasing enrollment of international students.

Concerns/questions expressed at the meeting:

- Messrs. Eric Narveson and Chris Frazier expressed concern about the Board seeing a large fund balance and wanting to spend that money. There needs to be communication and planning. We need to make our case to the Board to be productive and plan better for when the downturn takes place.
- Mr. Eric Narveson expressed about use of the student success fund, especially for Promise Students.
- Mr. Chris Frazier inquired about if we have a tenant, don't we have to have insurance for them; and where is that indicated in the budget.
- Mr. Jorge Escobar stated that at some point, we'll need to have hard conversations about how we are using facility rentals and if those facilities could be used for something else.

Mr. Escobar stated he will work with his team to make these budget reports more user friendly and formatted and color-coded in a way to make it easier to read and follow the details.

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The meeting adjourned at 4:50 p.m.