

SJECDD DISTRICT BUDGET COMMITTEE MEETING MINUTES

April 24, 2019

11:00 a.m. -1:00 p.m.

DO Multipurpose Conference Room

Committee Members Present:

Jorge Escobar
Andrea Alexander
Jonathan Camacho
Eugenio Canoy
Paul Fong
Chris Frazier
Dan Hawkins
Joe Lugo, Jr.
Marilyn Morikang
Linda Wilczewski

Committee Members Absent:

Robert Gutierrez
Alejandro Lopez
Andrea Lopez
Carlos Marques
Eric Narveson
Randy Pratt

Other Attendees:

Farena Bakre
Deanna Herrera
Jennifer Le

Recorder:

Joy Pace

Call to Order

Mr. Jorge Escobar, Vice Chancellor, Administrative Services, Interim, called the meeting to order at 11:05 a.m. He announced that the district has started negotiations with different groups, and there are a lot of moving parts. "We are also dealing with unfunded mandates. There's a lot of pressure everywhere." He thanked the teams who worked hard to put the 3Q budget report together. It's not yet an effective process, and we'll look to streamline it in the future. The report has a lot of data but little information. These numbers move and it's difficult to understand why they are moving. This committee shouldn't just look at the numbers but also the processes and practices and making connections to outcomes.

Approval of the April 24, 2019, Meeting Agenda

M/S/C (Jonathan Comacho/Dan Hawkins) to approve the agenda as submitted.

Approval of the January 31, and March 14, 2019, Meeting Minutes

Eugenio Canoy/Dan Hawkins to approve the meeting minutes as amended: Andrea Alexander was present at both meetings and Joe Lugo, Jr. was absent from the January 31 meeting.

Q3 Budget Report Overview

Ms. Linda Wilczewski, Interim Executive Director of Fiscal Services, did a page-by-page review of the SJECCD FY 2018-2019 Third Quarter Budget Report and Three-Year Projection and the estimated ending fund balances (General Fund 10) for FY2018-19 (17.41%), FY2019-20 (19.27%), FY2020-2021 (23.04%) and FY2021-22 (26.69%). 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 provided the Spring 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 36 (Capital Projects Fund), 42 (General Obligation Bond – Measure G 2010 Series B), 44 (General Obligation Bond – Measure G 2010 Series D), 45 (General Obligation Bond – Measure X 2016 Series A), 46 (General Obligation Bond – Measure X 2016 Series A-1) and 47 (General Obligation Bond – Measure X 2016 Series B) for Consolidated, Districtwide, District Services, San Jose City College and Evergreen Valley College. Ms. Wilczewski did a review of special revenue funds: Fund 70 (Cafeteria); Fund 72 (Child Development); Fund 61 (Self Insurance); Fund 48 (Student Financial Aid); and Fund 96 (Scholarship and Loan Agency). She ended her presentation with a brief review of Fund 75 (OPEB Trust), Fund 81 (Retiree Benefit) and Fund 85 (Long-Term OPEB Debt), and the appendixes of budget assumptions, estimated fund balances, cost analysis of salaries and benefits, collective bargaining, and historical credit and non-credit FTES 320 Report.

Some key points during Ms. Wilczewski's review:

- Through 3Q FY2018-19 (March 31, 2019) the District had \$88.9 million in revenues, which is 71% of the annual anticipated revenues. This is slightly higher than 3Q FY2017-18. Expenditures for 3Q FY2018-19 at 70% also exceeded the FY2017-18 expenditures. We are slightly less than where we would expect to be at Q3.
- Revenues are projected to be approximately \$128 million. Expenditures (net of discount factor) are projected to be approximately \$122 million and the ending fund balance is projected to be \$21,241,512 representing 17.41% of expenditures. 3Q budget for FY2018-19 anticipates a net change in fund balance of approximately \$5.9 million. Note this budget does not assume COLA so EFB is overstated and will likely be reduced. Still, we are enjoying an extremely healthy trend.
- Adjunct faculty expense is at 86%. Overtime expense at 98% of estimated budget, which is of concern.
- Districtwide and District Services revenue is trending slightly less than budget overall.
- EVC expenditures had an increase of \$200K, similar to SJCC.
- Parking fund revenue is trending slightly higher, although it still relies on the unrestricted general fund.
- CCCEM is not meeting its revenue targets, and it needs to hire a new Project Supervisor to bring in contracts.

- Property tax increase projections continue to provide fiscal health to the district. The Santa Clara County Tax Collector's Office provided a property tax adjustment to 4.55%, \$4,422,581 up from \$4,269,057 at adopted budget.
- The Measure G-2010 bond fund is expected to be completely spent out in FY2019-20.

The committee discussed the impact of the continued projected increase of the ending fund balance. Mr. Hawkins stated that at some point the state will go after basic aid districts. They would have to change the law to have the power to do that, but it's only a matter of time. Mr. Camacho agreed the ending fund balance is healthy, and can find a way to put that money to work. Mr. Escobar agreed that the District Budget Committee is in a good position to think about what we should do with the money. He also stated the colleges need to get into the process of defining what funds are needed for the implementation of AB 705. It has to be put in request format before we just give the colleges the money. There are many programs and initiatives we could fund, and the committee could review and suggest options for spending the money in line with our district values.

The meeting adjourned at 12:45 p.m.