



SJECCD DISTRICT BUDGET COMMITTEE MEETING MINUTES

August 29, 2019
3:30-5:00 p.m.
DO – CR-112

Committee Members Present:

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

Committee Members Absent:

Eugenio Canoy
Jesus Covarrubias
Robert Gutierrez
Alejandro Lopez
Andrea Lopez
Carlos Marques
Randy Pratt

Other Attendees:

Fareha Bakre
Jennifer Le
Priscilla Louangrath
Kathy Tran

Recorder:

Joy Pace

Call to Order

Mr. Jorge Escobar, Vice Chancellor, Administrative Services, Interim, called the meeting to order at 3:40 p.m. once a quorum of members was reached.

Mr. Escobar discussed the fiscal strength of the district and how we grew from \$90 million to \$130 million in revenue. As a district that's strong, we shouldn't let our guard down on achieving student success. The budget represents our values. However, the production of the report is a nightmare; and part of the work we'll do as a committee is to come up with a better process of representing the numbers

of a \$170 million budget five times a year. As we become more knowledgeable and understand how to summarize information, we can do it in a way that is more actionable. Vice President Alexander presented at PDD and used charts that didn't include a printed report from Excel. We have to evolve. We are now just typing data without analyzing data. We'll have further discussions about how to move forward with budget reports.

Approval of the August 29, 2019, Meeting Agenda

M/S/C (/Dan Hawkins/Joe Lugo, Jr.) to approve the agenda as submitted.

Approval of the May 23, 2019, Meeting Minutes

M/S/C (Chris Frazier/Dan Hawkins) to approve the meeting minutes as submitted.

FY2019-20 Adopted Budget Review

Mr. Escobar showed portions of the adopted budget presentation, including budget principles, fiscal assumptions, shared governance inputs, beginning fund balance, revenues, actuals, and expenditures leading to a new ending fund balance. The emphasis is on outcomes. How are the initiatives being funded in different ways linked to dollar amounts and how are they impacting the implementation of the programs?

There are a lot of adjustments and everything is being done manually. With the RAM agreement in place with the Academic Senates, we'll now be going through that implementation as well.

Ms. Linda Wilczewski, Executive Director, Fiscal Services, Interim, provided a brief overview of the state budget, which includes \$146 million in the general fund budget; \$245.7 million in ongoing funding and \$29.6 million in one-time funds for community colleges, focusing on student success allocations. CalSTRS and CalPERS statewide is experiencing the longest expansion in history.

The district's revenue is impacted because whenever the state makes a contribution to STRS on behalf of community college districts, we are also to record that contribution. Our contribution last year was \$2.6 million, and this year the initial cost was \$1.9 million. Four days ago we received an email regarding SB 90 requiring the state system to make a \$2 billion contribution, which we still have to account for in the books. They want to do the same with PERS at \$2 million, which would hurt us with the 50% law. Therefore, we have \$6 million for STRS and \$2 million for PERS, which hits our books as an offset.

Non-regular RDA liquidation is only one-time money, and we are at the end of that asset. This is \$5 million that we won't see next year. We also have one-time money for adjunct faculty office hours, and we don't know for sure if we will receive the \$600,000; but we'll know for sure before the board meeting.

We've been informed our tax point is 5.87%; and since we didn't reach 6%, we won't be making a change to our District's stabilization fund. The COLA averaged about 3½% across all groups.

Ms. Wilczewski stated the next few weeks will be focused on closing the books, preparing for the audit; and all these activities include extreme manual processes. She thanked the Fiscal teams for their excellent collaboration between the District Services and college staff.

Mr. Escobar also thanked the teams for working collaboratively. We also have significant opportunities to streamline the budgeting model we are currently using.

Ms. Wilczewski reviewed the Budget Assumptions, including the increase in enrollment fees for non-resident students, enrollment and capital outlay. She also reviewed the impact of vacant positions.

Mr. Escobar reported that non-instructional rates are around \$90/hr. and summer fees is an overload, which is very expensive. The college presidents are currently reviewing classes and situations to ensure things balance. We also need to consider that PG&E rates are higher in the summer months. Chancellor Breland has requested an analysis of the impact the 4/10 summer schedule had on energy costs and that would include the cost of summer classes.

Mrs. Wilczewski stated that the Blue Cross and Kaiser assumptions will change, but we expect little change for Dental. She reported the district is now \$39 million into basic aid.

Mr. Escobar stated the district has \$40 million more than the Foothill-De Anza Community College District, but what are we doing with that additional money? We have to continually keep that in perspective. We are monitoring four new districts that are becoming basic aid and also monitoring what could take the District off basic aid. Many districts seem to be chasing increased enrollments, but is that what we should be doing? What about focusing on the quality of our programs?

Mr. Dan Hawkins, CSEA representative, stated that with regards to the student centered funding formula, we would be in a world of hurt if we weren't \$39 million into basic aid. Mr. Escobar answered that we also need to consider the impact we are having on our local economy. If SJECCD at \$125 million is producing a \$4 billion impact into the local community, then we know we are on the right track.

Mr. Jonathan Camacho, Business Services Supervisor, CEM, provided a brief presentation on the Why of the CCCEM and the What We Do (coaching, creating pathways, building bridges, and providing financial resources to the college.)

Ms. Marilyn Morikang, SJCC Acting Vice President, Administrative Services, distributed and reviewed a summary sheet for the SJCC FY2019-20 Adopted Budget. She reported on the sources of funds: \$44.4 million (General on-going); \$771.5K (International Student Growth Fund); \$562.1K (Facility Rental Revenue one-time); \$442.9K (Carryover one-time); \$293.9 (International Student Insurance Pass-through); and \$266.1K (College Generated Funds).

Ms. Andrea Alexander, EVC Vice President, Administrative Services, reported the general fund budget is \$47 million, with 6% discretionary funds. She reported on the Promise Program, which has two cohorts with 240/250 students respectively. EVC is also reviewing how to accommodate students if the law passes to open up parking lots for homeless community college students.

Mr. Escobar stated the District Office is considering what we can do to help the colleges with the Promise Program. We have committed to \$250K for each campus, but we're finding there are additional expenses for students in the program that we want to offset for them. We need to hear from faculty what is needed so that we can have proactive dialogue about the program. Ms. Morikang stated the colleges look to the district to get information as we try to understand the student population and their needs. But we also need effective tools to reach out to these students. The entire process used for Promise students is all manual, and it's a mess. Mr. Escobar stated that one thing we could do is provide pre-payment upfront instead of doing refunds. The Board adopted the Promise program with parameters and guidelines, and we want to be clear about how these funds are being disbursed.

Mr. Escobar thanked everyone for their participation, stating it was good to discuss the issues instead of just focusing on the numbers. Mr. Chris Frazier, SJCC Academic Senate member, thanked the district's Fiscal Services team for working with the colleges in a transparent and collaborative manner.

The meeting adjourned at 5:10 p.m.