DISTRICT BUDGET COMMITTEE

April 30, 2015 Meeting Minutes

Present: Robert Brown, Jesus Covarrubias, Jorge Escobar, Peter Fitzsimmons, Henry Gee, Bruce Geer, Sandra Gonzalez, Barbara Hanfling, Carlos Marques, Mark Newton, Doug Smith, Kathy Tran

Absent: Mark Gonzales, Fabio Gonzalez, Steven Graham, Dan Hawkins, Lauren McKee, John Thompson

Also Present: Bryron D. Clift Breland, Lan Bui, Jonathan Camacho, Carol Coen, Kim Garcia, Lamar Thorpe, David Yancey

1) Call to Order – The meeting was called to order at 3:08pm.

2) Approval of Agenda – Ayes-10, Opposed-0, Abstentions-0, Absent-9
   The agenda was approved as submitted.

3) Approval of March 26, 2015 Minutes – Ayes-10, Opposed-0, Abstentions-0, Absent-9
   The March 26, 2015 minutes were approved as submitted.

4) FY 15/16 Proposed Meeting Schedule
   The meeting dates for FY 15/16 were discussed with the group. The proposed calendar will be edited, and approved at the next DBC meeting (May 21, 2015).

5) Board Initiatives Summary

Mr. Smith noted that the Chancellor’s Cabinet has vetted the list of positions shown on the Board Initiatives Summary. Approximately $1.6M has been allocated for the new positions. Ms. Hanfling commented that some of the constituent groups feel that the first Redesign concentrated on the DO.

The Summary lists “CS” (College Service) in the “Area Served” column. Mr. Smith noted that the “Area Served” column was intended to reflect the location of service for each position, thus the use of “CS”.

The request was made to discontinue use of “CS”, and instead, that column should reflect each position’s budgeted location. This change will allow the document to be more accurate and transparent.

Mr. Escobar noted that the benefit of this summary is that it shows both headcount and cost. Therefore, the list could have 2 columns; one reflecting the service area and the other reflecting funding source.

Ms. Garcia shared that there have been many conversations about understanding and defining centralization/decentralization. Mr. Fitzsimmons clarified that Custodial and Grounds are decentralized at each campus and Maintenance is centralized to the DO.

Mr. Covarrubias expressed concern in basing the “Area Served” column upon the location of service. One could argue that every position ultimately is in direct support of the Campuses. Therefore, he suggested listing the positions based upon funding source.
Mr. Geer noted that Katie Vang is listed as the SharePoint Developer, but she is the Sr. Systems Administrator. This will be corrected.

Mr. Fitzsimmons reminded the group that this summary is an update from the document previously reviewed on November 20, 2014. He noted all the changes that have taken place since then:

A. Redesign Appropriation
   - Third Year Appropriation (Ongoing): FY 15/16 – FY 17/18 was $750k, now is $2.5M.

B. Redesign Activity
   - Contracts and Risk Manager: was a Director (range 28), now is a Manager (range 20).
   - Director, College Fiscal Services is a new position. EVC defunded the College Fiscal Coordinator position; Redesign is paying for the differential.
   - Dean, Business & Technology: Funding is coming from Redesign.
   - 2 part-time Traffic & Campus Services Officers updated to full-time.
   - 1 new Traffic & Campus Services Officer position was created.
   - VC WERD is now funded through Redesign.
   - All positions at the bottom of this section from Executive Assistant, WI through Budget Analyst, DO are newly approved. They are not funded in FY 14/15, and it is assumed they will be filled in FY 15/16.
   - Mr. Covarrubias requested further clarification of the changes to the Director of Community Relations EEO and Diversity’s job description.
     - Ms. Garcia clarified that the public relations duties were removed from that job description. This position doesn’t necessarily have marketing assignments, but it does have community outreach assignments.
     - Mr. Covarrubias asked whether the Director of Marketing/Community Relations at SJCC (new position) and the Director of Community Relations EEO and Diversity will work together. President Breland replied that they are completely separate. The SJCC position will be focused on activities specific to the College: creating brochures, email distributions, website upkeep, etc. The Director of Community Relations EEO and Diversity is an extension of what the Chancellor desires to do in the greater San Jose community.
   - Ms. Hanfling asked about the Redesign Appropriation Third Year increase (FY 15/16 – FY 17/18 was $750k, now is $2.5M). The numbers are not matching up with what was previously discussed.
   - When new positions are created, the initial total cost is based upon current vacant position budget assumptions (i.e. Step 1, Blue Cross 2 Party, etc.). When the person gets hired, those amounts get updated to reflect reality. The changes in total cost from year to year are based on assumptions – medical benefits, step change, COLA, etc.
   - Mr. Yancey asked if this sheet reflects “Redesign I” or “Redesign II”. Mr. Smith clarified that this summary lists all Redesign efforts. Some of the new positions went to the Board for approval this week. They are expected to be filled in FY 15/16.

C. Student Success Appropriation
   - Third Year Appropriation (Ongoing): FY 15/16 – FY 17/18 was $100k, now is $400k.

D. Student Success Activity
   - SharePoint Designer (range 142) changed to SharePoint Developer (range 150).
   - Program Assistant changed to Program Coordinator. Range increased accordingly.
The Board Initiatives Summary will be on the agenda at the next DBC meeting (May 21, 2015), reflecting the changes discussed.

6) **Draft FY 14/15 3rd Quarter Report**

   A. **Assumptions**
      a. Projected property tax for FY14-15 is now 8.82% and the out years are now 3.5%.
      b. AFT (4.5%), MSC (5.00%), and Executive (5.00%) COLA are reflected. CSEA negotiations are not completed so no assumption has been made.
         i. Ms. Garcia asked how the creation of Step 9 creates change. Mr. Fitzsimmons replied that the average cost of an Adjunct faculty was calculated about a year ago, which was found to be Column 3, Step 8. We are working to re-evaluate the median cost for an Adjunct. AFT 6157 asked to review the re-evaluation once completed.
      c. Blue Cross is increasing costs by almost 30% next year. We are assuming 11% in future years. This impacted our budget by about $1M. Conversely, we assumed 4% for Kaiser, which came in at -5%. Dental came in at -7.80%, Vision came in at 10.70%.
      d. FY 17/18: $891,506 is the Cadillac Tax assumption, which is only reflective of 6 months. Mr. Smith mentioned that this is still several years away, and things are likely to change.
      e. Mr. Escobar asked whether we do anything to manage the households that have double insurance? Mr. Fitzsimmons replied that if an eligible employee elects to waive benefits, the District contributes towards a 403(b) on behalf of the employee.

   B. **General Fund**
      a. Income: State Revenue includes the assumption that one-time funds from the State will come through. It only decreases the next year because we may not receive any additional State one-time funds.
      b. The District projects to draw on the fund balance in the amount of $1.5M, which translates to a 12.86% ending fund balance. FY 15/16 assumes spend down, which rarely happens.
      c. Ms. Hanfling noted that Certificated Salaries Adjunct is funded incorrectly as has been stated before. We need to be more realistic with this budget.
      d. Page 7: This year is the last year the District has to pay for Employee Benefits (SERP), so there is no budget in future years. We are assuming the Milpitas Joint-Use Center (opening Fall 2016) will cost $750k. The Cadillac Tax is shown at $891k.
      e. **District Office**
         i. Mr. Newton asked whether the contingency in District Office is considered surplus. Mr. Fitzsimmons cited the budget principle that allows for any unspent discretionary funds to be carried over to the next year.
         ii. Mr. Covarrubias questioned whether our District is frugal when it comes to spending, as that has not what’s been seen or felt on the campuses. Mr. Smith would prefer to manage a budget contingency rather than ask the Board to review, modify, and augment the budget every month.
         iii. Ms. Hanfling noted that between the 3 entities, there is $737k surplus. What’s never reflected here is salary savings, which is another area of contingency.
      f. **SJCC and EVC**
i. Operating expenses in FY 16/17 diminishes $500k because the previous year, they will be given $500k in one-time funds. Discretionary funds will carry over.

ii. District Office spent 68% and is projecting to have significant year-end savings; approximately $656k primarily due to salary savings.

iii. SJCC is projecting to overspend by $433k. $168k in discretionary carries over.

iv. SJCC: Received 92% of estimated revenue. Will supplement general fund with $213k (showing under “transfer out”).

v. EVC: Received 98% of estimated revenue. Will supplement general fund with $47k.

j. WFI is projecting revenues of just over $1M, and plan to draw on their fund balance by $600k, which leaves them with a small fund balance.

k. Pages 30 to 32 – Mr. Fitzsimmons encouraged each individual to take a closer look at these pages. This section includes every grant, every categorical. Changes are made as information from the State comes in.

iv. Page 31 – Scheduled Maintenance Repairs. Funds must be encumbered by June 30, then spent within one year. Both colleges have projects in the works.
v. Mr. Newton asked if the District ever gets data showing the total number of students these funds impact. President Breland replied that yes, we do, in conjunction with compliance guidelines and reports. Mr. Escobar commented that we need to make sure the investments SJECCD is making are truly impacting student success. Mr. Fitzsimmons added that the auditors look at those programs as well.

l. Fund 18 Health Fees
   i. Ms. Hanfling suggested increasing health fees by $1. This small change would allow for more robust campus health services programs.

m. Measure G 2004 & G 2010 Bond Funds
   i. Measure G 2004 Series B: Spent over $2M.
   ii. Measure G 2004 Series C: This is the last series of bonds. Spent $36k (Series B will be completely exhausted before fully utilizing Series C.)
   iii. Measure G 2010 Series A: Spent $5k, have $5k more to spend. Will close out by year end.
   iv. Measure G 2010 Series B: This is the endowment – won’t touch this for a few more years. This will allow us more to spend more on technology and scheduled maintenance.
   v. Measure G 2010 Series C: This is where most of the 2010 activity is happening. We have spent $28M in the first nine months of the year.
   vi. Measure G 2010 Series D: This series ($58M) has not yet been sold.

n. Fund 48: Financial Aid
   i. SJCC has dispersed almost $9.2M in Financial Aid funds; EVC has dispersed almost $13.5M.

o. Fund 96: Scholarships
   i. SJCC has awarded about $130k; EVC has awarded about $118k.

p. Fund 75: OPEB Funds
   i. Page 82 – For the first 9 months, earnings are at 24% of projections.

q. Fund 81: Retiree benefits – Revenue is from the rent receipts from the shopping center by EVC. In 15/16, we are 11 years into that lease, so the rent increases.

r. The Foundation Report shows only a balance sheet. Payroll is not an “item” listed individually, but it is embedded in related categories.

7) Adjournment – The meeting was adjourned at 5:10pm.