



DISTRICT BUDGET COMMITTEE
MEETING AGENDA

April 27, 2017
3:00 p.m. to 5:00 p.m.
EVC – Library – Mishra Room

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| 1) Call to Order | SMITH |
| 2) Approval of Agenda | ACTION |
| 3) Approval of February 2, 2017 Meeting Minutes | ACTION |
| 4) Membership vacancies | SMITH |
| 5) New Business | DISCUSSION |
| a) 3 rd Quarter Budget Report | Peter Fitzsimmons |
| b) Parking Fees | |
| c) Potential Formatting Revision to Quarterly Report (Fund 17) | |
| 6) Adjournment | |

DISTRICT BUDGET COMMITTEE MEMBERS

ADMINISTRATION

Doug Smith, Vice Chancellor, Administrative Services - DS
Peter Fitzsimmons, Executive Director of Fiscal Services – DS
Linda Wilczewski, Controller-DS
Kathy Tran, Budget Analyst – DS
Andrea Alexander, Vice President, Administrative Services - EVC
Jorge Escobar, Vice President, Administrative Services – SJCC
Jonathan Camacho, Business Services Supervisor, WI

MSC

Eugenio Canoy, Supervisor, CTSS - EVC
Lauren McKee, Administrative Services Supervisor - EVC

FACULTY

Barbara Hanfling - AFT6157
Mark Newton - AFT6157
Robert Brown, Academic Senate - EVC
Eric Narveson, Academic Senate - EVC
Jesus Covarrubias, Academic Senate - SJCC
Fabio Gonzalez, Academic Senate – SJCC/District

STUDENTS

Vacant - EVC
Vacant - SJCC

CSEA

Dan Hawkins - DS
Carlos Marques - DS
Arthur Azevedo - EVC
Yesenia Ramirez - EVC
Vacant - SJCC
Faustino Villa-SJCC/District

DISTRICT BUDGET COMMITTEE
Meeting Minutes
February 2, 2017 – SJCC, T-112

Members Present: Peter Fitzsimmons, Andrea Alexander, Jorge Escobar, Jonathan Camacho, Mark Newton, Dan Hawkins, Fabio Gonzalez, Yesenia Ramirez, Kathy Tran, Linda Wilczewski, Eugenio Canoy

Members Absent: Doug Smith, Lauren McKee, Barbara Hanfling, Robert Brown, Eric Narveson, Jesus Covarrubias, Phil Crawford, Carlos Marques, Arthur Azevedo, Faustino Villa

Also Present: Kim Garcia (VCHR – District), Sherri Brusseau (Recorder), Paul Fong, Mark Gonzalez

- 1) Call to Order: – the meeting was called to order at 3:32 p.m.

- 2) Approval of Agenda: – M/S/P; Ayes – 11, Opposed –0, Abstentions – 0, Absent –10, Motion made by Eugenio Canoy; Seconded by Jonathan Camacho.

- 3) Approval of 11-10-16 Meeting Minutes: M/S/P; Ayes – 11, Opposed –0, Abstentions – 0, Absent –10, Motion made by Eugenio Canoy; Seconded by Yesenia Ramirez.

- 4) FY2017-18 Budget Calendar:
 - a. Mr. Fitzsimmons reviewed the FY2017-18 Budget Calendar document, noting the addition of RAM Taskforce Meeting Dates.
 - i. Mr. Canoy requests that the RAM Taskforce meeting locations be added to the calendar.
 - ii. Ms. Garcia requests clarification as to when the new budget is available for the input of new requisitions?
 1. Mr. Fitzsimmons responds that individuals can start entering requisitions as of July 1st.
 - a. Ms. Garcia requests that the first date a requisition can be entered into the system be placed on the budget calendar.
 - i. Mr. Fitzsimmons adds that we will also include the date at which the Adopted Budget is uploaded into the system, on the calendar.

- 5) DRAFT FY2016/2017 Second Quarter Report

Mr. Fitzsimmons noted various items reviewing the quarterly report, including the following:

- Assumptions – Page 93:
 - a. Governor has proposed a change to the 17-18 COLA of 1.48%
 - b. Governor has proposed a change of \$23.6M Base Allocation. Mr. Fitzsimmons notes that this does not have any financial implications, however it does change our view into how far we are into basic aid.

- c. Mr. Fitzsimmons highlights the Property Tax Growth at second quarter is still at 5.87%, however we will be receiving a new Data Point as of February 13th.
- d. Non-resident Tuition fee is going up to \$228/semester unit (minimum). Mr. Fitzsimmons notes that the Board is obligated to set the non-resident tuition rate by February 1st each year.
- e. Page 94 – Mr. Fitzsimmons notes to the group that the District was hoping to reevaluate the average cost of an Adjunct Faculty, however additional information is still needed from EVC before a median can be established. This is reviewed approximately every two years.
- f. Page 95 – Mr. Fitzsimmons highlights that we should begin to see what our medical premiums will be by the third quarter.
 - i. Mr. Fitzsimmons reminds the group of the Cadillac Tax that is scheduled to begin in January 2020.
- g. Mr. Newton requests clarification as to why the “Adjunct Base Adjustment” is 1.00%.
 - i. Mr. Fitzsimmons responds that historically the campuses overspend their adjunct budget, so in an attempt to remedy that each year the district adds 1.00% to that budget.
 - ii. Mr. Escobar adds that the value of an adjunct pertains to two aspects, 1) Summer and Winter Sessions are not budgeted for full-time, so the value of the adjunct is what we use for that overload, and 2) we use it as a way of augmenting the budget for sabbaticals.
 - 1. Mr. Fitzsimmons notes to the group that previously, when full-time faculty went out on sabbatical they were paid at a rate of 70%. Thus, the full-time budget would decrease to match that 70%, and the remaining 30% would be placed in the adjunct budget, assuming the adjunct budget would back-fill. However now, full-time Faculty get paid 100%. Mr. Fitzsimmons adds that hopefully this will be worked out with the establishment of the new Resource Allocation Model.
- Fund 10:
 - h. Page 8 – Mr. Fitzsimmons highlights the fact that Workforce Institute will spend \$21,464 in FY2016-17, and \$0 in the out-years.
 - i. Page 7 – Milpitas – Mr. Fitzsimmons notes that this budget is still in transition. Currently the operational costs are split based on the usage, however these decisions are currently in flux. Based on our current information, we approximate Milpitas to spend \$578K in FY2016-17.
 - j. Page 6 – EVC – Mr. Fitzsimmons notes that EVC will recognize approximately \$4.2M, and will spend approximately \$40.5M in FY2016-17.
 - k. Page 5 – SJCC – Mr. Fitzsimmons notes that SJCC will recognize approximately \$4.2M, and will spend approximately \$38.6M in FY2016-17.
 - l. Page 4 – District Services – Mr. Fitzsimmons notes that revenues are not recognized at the District level, aside from an inter-fund transfer from Fund 15 as a result of the tenant rents collected each month at the District Office, which offsets the parking costs at the District Office. On the expenditure side, we estimate that District Services will spend approximately \$15.6M.
 - m. Page 3 – District-wide – Mr. Fitzsimmons notes that DW revenues for this year will be approximately \$98M based on the current 5.87% property tax data point.
 - i. Mr. Escobar questions why the employee benefits are listed as \$2.2M - why – The largest portion of that is the STRS State on-behalf payment; an accounting entry. STRS is funded from State, Employees, and Employers, and all three pay a diff rate into STRS. The portion the State pays is considered to be paid on behalf of the Employers, thus the District has to recognize that as an expense, however it is offset by revenues (i.e. Budget neutral and does not affect our fund balance.).
 - n. Page 2 – Summary – Mr. Fitzsimmons notes that as an organization we estimate that we will recognize \$106.7M, and project to spend \$107.9M, thus drawing on our fund balance \$1.2M.
 - o. Page – 14 – Milpitas – Thus far, Milpitas has spent \$62K.
 - p. Page – 13 – EVC Detail – EVC has recognized 98% of their anticipated revenue, and 48% of their expenditure budget.

- q. Page – 12 – SJCC has recognized 81% of their anticipated revenue which is primarily driven by enrollment, and has spent 47% of their budget.
- r. Page 11 – District Services – 54% of revenue has been recognized, and spent 47% of its budget.
- s. Page 10 – District Wide – Recognized 40% of the revenues, and spent 43% of the budget.
 - i. Mr. Newton questioned why interpreters are a district-wide cost?
 - 1. Mr. Fitzsimmons responded that a couple of years ago the colleges and the district came to an agreement to make this a DW cost due to the heavy burden this service places on the colleges. Mr. Fitzsimmons notes that this will likely change with the development of the new Resource Allocation Model.
- t. Page 9 – Summary – Mr. Fitzsimmons notes the total income of 44% of expected has been recognized, and spent 47% of the expenditure budget.
- u. Page 17 – Mr. Fitzsimmons notes that the above details information can be seen visually via the graph located on page 17.
- v. Page 18 – Fall Enrollment – EVC’s enrollment has been fairly steady in the past three years, whereas SJCC’s enrollment has been in decline.
- w. Page 19 – Parking Fund – Recognized approximately 40% of the annual budget. Mr. Fitzsimmons notes that this fund will need to be augmented. Mr. Fitzsimmons further describes that a review of this fund is currently underway to find ways to make this fund more self-sustaining.
- x. Page 20 – Fund 12 – Financial Stabilization – There is a fund balance of \$500k.
- y. Page 21 – Student Success Enhancement Fund – Mr. Fitzsimmons notes that this fund is a fairly new fund with a reminder to the group that any new land development revenue will go into this fund. Mr. Fitzsimmons notes that the \$50k expenditure represent the two \$25k expenditures from last year and this year for the San Jose Promise.
 - i. Mr. Newton clarifies that the campuses are splitting the money evenly to assist with eliminating financial barriers to students.
- z. Page 22 - Fund 15 – Facility Rental Fund
 - i. Page 23 – Facility Rental Fund – District Services – We have recognized 54% of the revenue, and spent 24% of our anticipated budget.
 - ii. Page 24 – SJCC – Facility Rental Fund – Recognized 41% of their anticipated revenue and spent 7%. Mr. Fitzsimmons notes that SJCC anticipates transferring \$350K to Fun 10 in order to support their operating expenses.
 - iii. Page 25 – EVC – Facility Rental Fund – Recognized 49% of their anticipated revenue and spent 12%.
- aa. Page 26 – Fund 16 Workforce Institute – Recognized 23% of their revenues, and spent 33% of their budget.
- bb. Page – 27 – Restricted Fund – Consolidated – Mr. Fitzsimmons notes that this page and subsequent pages provide a snapshot of all activities taking place in categorical and grant programs.
- cc. Page 47 – Fund 18 – Health Fee Fund – SJCC has recognized 75% of the revenue, and spent approximately 41% of the budget.
- dd. Page 48 – Fund 18 – Health Fee Fund – EVC has recognized 83% of the revenue, and spent approximately 49% of the budget.
- ee. Page 50 – Measure G-2004 – Mr. Fitzsimmons notes to the group that this bond program should be completed by the end of this year.
- ff. Page 55 – Fund 36 – Capital Projects Fund – Recognized 15% of the revenue and spent 13% of budget. Mr. Fitzsimmons notes that the main project in this funnel is state money to be spent on projects that will reduce our carbon foot print.
 - i. Mr. Newton questions how we are spending this down.
 - 1. Mr. Fitzsimmons responds that in general this capital fund is not spent very quickly as our district is “bond rich”, thus our priority is spending down the bond money.

- gg. Page 59 – Measure G 2010 Series B – Endowment Fund – Mr. Fitzsimmons notes that these funds are planned to be spent down beginning in April 2017 for upcoming technology and small capital projects.
 - hh. Page 70 – Measure G 2010 Series D – Mr. Fitzsimmons notes that we still have \$38M to spend down over approximately the next 2-years.
 - ii. Page 76 – Cafeteria – Mr. Fitzsimmons notes an estimation of ending the year with a \$80K fund balance.
 - jj. Page 77 – Fund 72 – Child Development – Mr. Fitzsimmons notes that this fund receives funds from the State and then they pass through to provide those services.
 - kk. Page 82 – Fund 48 – SJCC Student Financial Aid Fund – Mr. Fitzsimmons notes that as of this report, SJCC has dispersed \$3.8M.
 - ll. Page 83 – Fund 48 – EVC Student Financial Aid Fund – Mr. Fitzsimmons notes that as of this report, EVC has dispersed \$5.9M.
 - mm. Page 85 – Fund 96 – Scholarship and Loan Agency Fund, SJCC has dispersed \$96k.
 - nn. Page 86 - Fund 96 – Scholarship and Loan Agency Fund, EVC has dispersed \$99k.
 - oo. Page 89 – Fund 75 – OPEB Trust Fund – Mr. Fitzsimmons notes that we are expecting to draw on this fund balance approximately \$2M, but it is still a very healthy fund. Mr. Fitzsimmons further notes that this fund is due for an actuarial study this year.
 - pp. Page 90 – Fund 81 – Retiree Benefit Fund – Mr. Fitzsimmons notes that we are estimating to spend a little over \$4M by the end of the year.
 - qq. Page 96 – Estimated Fund Balance – Summary/snapshot of all funds.
 - rr. Page 97 – Estimated Fund Balances – Mr. Fitzsimmons draws the committee’s attention to an error to the ending fund balance of \$12.6M. This will be corrected in order to remain consistent with the entire document.
 - ss. Page 105 – Snapshot of legal funds – Mr. Fitzsimmons notes that in the last 6 months the district has spent \$152K in legal fees across all funds.
 - tt. Page 106 – SJCC ASB has a total of \$365K
 - uu. Page 107 – EVC ASB has a total of \$399K
 - vv. Page 108 – Foundation has a total of \$1.5M
 - ww. Page 109 – FON – Mr. Fitzsimmons notes that we are currently 43.69 FTE above the State requirement.
 - xx. Page 110 – Super Summary of 320 Report as of January 15, 2017.
 - i. Mr. Newton questions what the FON was in FY2015-16.
 - 1. Mr. Fitzsimmons responds that he does not have that information today, but it is available in the FY2015-16 Second Quarter Budget Report.
 - yy. Page 121 – Historical Review and Basis for Future Budgeting – Property Taxes
 - zz. Page 122 – Displays approximately how far SJECCD is into basic aid status. We are about \$30M into basic aid.
 - aaa. The committee requests that once the District receives the next property tax data point, that information be emailed to the committee.
- 6) Governor’s Budget for California Community Colleges
- a. Mr. Fitzsimmons reviews the Governor’s new Budget for California Community Colleges document.
- 7) The meeting was adjourned at 5:13 p.m.