



District Budget Committee

2013 Meeting Minutes

Click on date to view
Press Home key to return to the table of contents

January 31

May 16

March 21

August 29

May 2

October 24



DISTRICT BUDGET COMMITTEE

Minutes of January 31, 2013 Meeting

Present: Robert Brown, Peter Fitzsimmons, Henry Gee, Bruce Geer, Steven Graham, Barbara Hanfling, Romero Jalomo, Lauren McKee, Greg Nelson, Mark Newton, Marjorie Rico, Doug Smith, Roi Ann Thompson, David Yancey

Absent: Michael Casas, Anthony DiSilvestre, Charles Heimler, Carlos Marques, Jan Tomisaka

Also Present: Adil Ahmed, Tamela Hawley, Lori Krouse, Marilyn Morikang, Linda Wilczewski

1) Call to Order – the meeting was called to order at 3:02 p.m.

2) Approval of Agenda – **M/S/P; Ayes-14, Opposed-0, Abstentions-0, Absent-5**

The agenda was approved as submitted.

3) Approval of December 13, 2012 Minutes – **M/S/P; Ayes-14, Opposed-0, Abstentions-0, Absent-5**

The following amendments to the minutes were requested: Mr. Yancey asked that under 5.h. “showed concern” be changed to “expressed concern”; Mr. Newton asked it be noted under 5.i. that Mr. Smith agreed to communicate the Committee’s budget alignment discussion to the Chancellor. The minutes were approved following these amendments.

4) Fiscal News & Information

Mr. Smith highlighted the hand-outs and the Committee discussed the related current fiscal news. Information discussed included:

- California Community Colleges Summary of Unrestricted General Fund Balances 2011-12.
- Governor’s Budget Highlights: ACCCA/ACBO Workshop information which included a summary and a presentation of the Governor’s Proposal for 2013-14 State Budget and Education.
- Budget Summary from the Community College League of California.
- ACCCA Legislative Update January 18, 2013.

Mr. Smith stated the information provided pertaining to the CCC unrestricted general fund balances for 2011-12 shows it as a percentage. He wanted to know where

SJECCD stands among others statewide and whether 7% is good and whether the current 12% is good. He stated that he was surprised as to where some of the other districts currently are.

Mr. Smith noted that although it still needs to go through legislation, the State Chancellor's Office has stated for FY2013-14 there will be a 3.6% budget increase. For the first time in many years the legislature will not distinguish how much will be allocated between growth/restoration and COLA, but that this responsibility rests with the Chancellor's Office.

Mr. Smith indicated there are questions as to the difference between restoration and growth and what impact this may have to SJECCD. He will provide additional information as he has it.

Mr. Smith noted that a State initiative proposes to move the adult education programming from K-12 to community colleges to increase statewide access with new courses delivered through technology, new funding through proposition 39 for energy efficiency projects, and proposed policy changes that may have a significant impact on community college students and funding. He also stated his understanding is that lottery has been very steady and dependable.

5) Enrollment Update

Dr. Hawley provided a handout related to enrollment. She indicated the information provided was just for one week into the semester, so it's not the final numbers. Dr. Hawley noted that when compared to the same day of the previous year seat count and FTES are slightly behind this year. However, students are still enrolling. Mr. Gee noted that there are fewer students, as well as students taking a lighter course load. Classes that were previously filled to capacity are closer to 95%.

Ms. Hanfling asked if the same information was provided for the Fall semester and whether this information included intersession. Dr. Hawley stated she would send information out regarding Fall and that the information provided at this meeting does not include intersession. She also noted that it was interesting that Summer session numbers weren't much different than prior years despite the fact there were fewer course offerings; the seats were full whereas when there were more course offerings, the classes weren't as full. Mr. Smith suggested this information be provided to the Committee at each of the monthly meetings. Mr. Nelson suggested that intersession also be included in the report.

6) FY2012/2013 Draft Second Quarter Report

Mr. Fitzsimmons reviewed the budget assumptions with the Committee.

Ms. Hanfling proposed that the 1% deficit reduction not be used. Mr. Smith stated he's been giving that a lot of thought and he's leaning in that direction, but would like

to wait a bit; he doesn't like to have a budget with big surprises as it undermines the credibility of the budget as a whole. Ms. Hanfling stated she's agreeable to wait until the third quarter report. Mr. Fitzsimmons indicated he concurs, but believes that projections should be on the conservative side versus liberal.

Ms. Hanfling stated that the 5% increase for dental benefits is contrary to what has been discussed at the Benefits Committee meetings. She will ask for it to be discussed at the next one. Mr. Fitzsimmons stated that for every quarterly report he requests the information from Michelle McKay and she then contacts Alliant to provide the most updated information. When the information was solicited two weeks ago for the second quarter report, it was different than what was discussed at the Benefits Committee meeting at 1:00 p.m. today (1/31/13).

A motion was made to accept the budget assumptions as submitted in the Draft Second Quarter Report – **M/S/P; Ayes-14, Opposed-0, Abstentions-0, Absent-5**

Mr. Fitzsimmons reviewed with the Committee the FY2012-13 Second Quarter Report.

In reference to the three-year projections Ms. Hanfling inquired about a \$4.8M increase in total expenditures as it seemed excessive. Mr. Fitzsimmons responded that the 2012-2013 column represents estimated actuals, whereas the 2013-2014 column represents the estimated budget and assumes the entire amount will be spent; moving forward it's more about budget planning versus actuals.

7) FY2013-2014 Budget Calendar

Mr. Fitzsimmons provided an updated FY2013-14 Budget Calendar. It was noted that May 23rd is the same date as the commencement ceremony for SJCC. The calendar will be revised and provided to the Committee.

8) FY2012-2013 Meeting Schedule

Mr. Fitzsimmons communicated to the Committee that there is a conflict for the March 7th meeting and requested that particular meeting be moved or cancelled since it was one of the placeholders for additional budget discussions. The Committee determined the placeholders for the additional meetings were not necessary for the remainder of FY2012-13. As a result, the following dates will be removed from the meeting schedule: February 14th, March 7th, and April 4th. It was agreed that due to the conflict with SJCC commencement ceremony, the May 23rd meeting would be moved to May 16th at 1:00 p.m., prior to District Council.

The meeting was adjourned at 5:00 p.m.



DISTRICT BUDGET COMMITTEE

DRAFT Minutes of March 21, 2013 Meeting

Present: Peter Fitzsimmons, Henry Gee, Bruce Geer, Barbara Hanfling, Carlos Marques, Lauren McKee, Greg Nelson, Mark Newton, Doug Smith, Roi Ann Thompson, Jan Tomisaka, David Yancey

Absent: Robert Brown, Michael Casas, Anthony DiSilvestre, Steven Graham, Charles Heimler, Romero Jalomo, Marjorie Rico

Also Present: Linda Robinson

1) Call to Order – the meeting was called to order at 3:02 p.m.

2) Approval of Agenda – **M/S/P; Ayes-12, Opposed-0, Abstentions-0, Absent-7**

The agenda was approved as submitted.

3) Approval of January 31, 2013 Minutes – **M/S/P; Ayes-12, Opposed-0, Abstentions-0, Absent-7**

The minutes were approved following the correction of the date of the minutes that were approved; it read as January 31, 2013 and should be December 13, 2012.

4) Apportionment Calculation – March 18, 2013

A hand-out was provided to the Committee. Mr. Fitzsimmons indicated the first portion started off with the available FTES, which becomes the base. The funded FTES is 14,070, the difference is growth of 177.53. Total local and EPA revenue is \$71,705,198; the State says the District is entitled to \$70,944,793. Ms. Hanfling indicated that is \$2M more than what the State previously stated. Mr. Fitzsimmons confirmed this.

Mr. Fitzsimmons stated that Prop 30 money (education protection money) guarantees \$100 minimum per FTES. The District has \$65M in property taxes, which the State cannot take from the District. For State apportionment there isn't anything for the District. When the District reports student enrollment fees, the State gives the District 2% outside the calculation. They factor in 98% and the 2% is the District's; considered administration fees, etc.

Mr. Yancey inquired as to whether there will be EPA money. Mr. Fitzsimmons confirmed that there will.

Mr. Fitzsimmons listed items that the State cannot "take away after which \$71.7M is left, which exceeds the District's revenue by \$760K. The District isn't Basic Aid

by traditional definition; however, throw in EPA and the District's revenue entitlement is less than the three sources the State cannot take away. In practice, the District is Basic Aid. Mr. Fitzsimmons stated that West Valley-Mission CCD and Sierra CCD are also in this status. He noted that the funded cap is not as relevant.

Mr. Yancey inquired about when the calculation is made next year, as then the District may be required to achieve cap. Mr. Smith confirmed that may be the case and that they'll be keeping their eye on it.

Ms. Garcia noted the role of property taxes in the District's being Basic Aid. Mr. Smith stated that the Basic Aid status is only as secure as the District's property tax base. If the property taxes slide then the District would be at risk. The District will need to be careful at this point. Some districts treat this as one-time money as it's not as dependable.

Mr. Newton noted that the District is now in a more predictable situation for 2013/2014. Mr. Fitzsimmons concurred as the State's deficit factor is no longer relevant to the District.

Mr. Yancey inquired as to how the money is going to come to the District and the certainty of receiving the money. Mr. Fitzsimmons referred to the hand-out's 13/14 box. He stated that 12/13 available FTES carries down. Three months ago 3.6% growth was assumed, which has since been revised to 2% growth. The difference of 1.6%, what the District is now assuming as COLA, is what the State calls inflation.

Ms. Hanfling inquired as to whether there is a buy-down that is separate. She noted the hand-out where Mr. Fitzsimmons called it the 1.6% inflation. She would like to see that called what it was called in the past, which was COLA, not inflation. Mr. Smith stated that it is a reference to the documents from the State, where they call it an inflation adjustment. Mr. Yancey also inquired as to whether COLA could be used for their clarification. Mr. Fitzsimmons stated he was tying the internal document to the State's document for easier reference. Mr. Smith stated they were attempting to show it in the most authentic way.

Mr. Gee noted that although this year it looks to be a situation of Basic Aid, next year the numbers are too close and are dependent upon the amount of property taxes received. Mr. Fitzsimmons indicated it is also predicated on 2% growth, as well as a number of variables that could flip it forward or backward. Mr. Smith noted that the number of FTES served is not applicable unless the cap is not reached, and then there is a risk of losing the State funding if the other numbers come in lower. Mr. Smith also noted that the simulation shows the District moving back to slight State support for 15/16.

In regards to achieving the cap Mr. Smith stated that questions that need to be asked would be whether to stimulate summer school, potentially keep summer in the bank, not utilizing the Academy's FTES. It is something to be mindful of if the District falls out of Basic Aid down the road.

Ms. Hanfling asked about property taxes. Mr. Fitzsimmons stated that they meet with the County every quarter, which includes the tax collector's office, assessor's office, and this is what they're telling us and is their simulation.

Mr. Smith stated that going into the third quarter the good news is that the District will be looking at about \$1.3M in additional apportionment money. Fitzsimmons stated it is primarily attributable to the EPA money.

Mr. Fitzsimmons stated that on the expenditure side health and welfare still need to be looked at. Kaiser is coming in a little higher, whereas they're hearing that Blue Cross may come in lower. The numbers could change.

Mr. Gee noted that the District continues to have a structural deficit. Until that is addressed, the amount just gets the District by.

Ms. Hanfling stated that the District always end up with more than anticipated. Since the college budgets are three-quarters through the year, there will be less variance. Mr. Smith responded that the information is shared as it becomes known.

Ms. Hanfling inquired as to who is making the decision about enrollment. Mr. Smith responded that the Chancellor makes a recommendation and the Board of Trustees makes the decision.

Ms. Hanfling inquired as to how the Committee communicates this information to the Board. Mr. Smith stated that he will be delivering the information to the Chancellor, and ultimately, with input throughout the organization, she'll make her decision; quality, quantity, what are the risks. He indicated that it's a different paradigm as the District has always had to achieve cap to make enrollment.

Mr. Yancey communicated that if the money is there and there are students that have a need, then it seems counter-intuitive to not go after it; to be bold and do what's right by the students.

Mr. Marques asked about the allocations of the fund balance. Mr. Smith responded that it's a whole new standard that the organization will need to develop; it hasn't yet been discussed in the organization.

5) FY2011-12 Recalculation Worksheet

This document was included in the discussion of item #4.

6) FY2012-2013 First Principal Apportionment

This document was included in the discussion of item #4.

7) Enrollment Update

Mr. Smith went through a document provided to him by Dr. Hawley.

Mr. Newton inquired of Mr. Nelson about how this will affect P.E. Mr. Nelson responded that the repeatability is going to hurt the college next year, but they're working on courses that have different levels; beginning, intermediate, etc. Ms. Hanfling stated that they met with both presidents. EVC said they were okay as they were expecting positive attendance. SJCC was talking about borrowing from summer.

Mr. Fitzsimmons stated that in looking at the FTES there is positive attendance for spring and summer; the District is tracking at about 500 below cap. Mr. Yancey said that the District would multiply that by \$100, EPA is \$50,000. Mr. Fitzsimmons stated that strictly from a financial standpoint, if it costs \$50,000 it doesn't make sense to chase 500 FTES; from another perspective it might make sense.

Ms. Hanfling stated that they had asked for the fall and intersession at the last meeting and would like to get that. Mr. Fitzsimmons stated that intersession is included in spring.

Mr. Smith stated that the goal of meeting was to share what is coming through. The Committee has the raw data as it comes from the Chancellor's Office.

The meeting was adjourned at 2:27 p.m.



DISTRICT BUDGET COMMITTEE

Minutes of May 2, 2013 Meeting

Present: Robert Brown, Michael Casas, Peter Fitzsimmons, Henry Gee, Steven Graham, Barbara Hanfling, Carlos Marques, Lauren McKee, Greg Nelson, Mark Newton, Marjorie Rico, Doug Smith, Roi Ann Thompson, Jan Tomisaka, David Yancey

Absent: Anthony DiSilvestre, Bruce Geer, Mark Gonzales, Charles Heimler

Also Present: Carol Coen, Kim Garcia, Saloshni Lata, Anthony Oum, Linda Wilczewski, Henry Yong

1) Call to Order – the meeting was called to order at 3:05 p.m.

2) Approval of Agenda – **M/S/P; Ayes-15, Opposed-0, Abstentions-0, Absent-4**

The agenda was approved as submitted.

3) Approval of March 21, 2013 Minutes – **Ayes-15, Opposed-0, Abstentions-0, Absent-4**

The March 21, 2013 minutes were approved following a requested edit on page two (6th paragraph, changed 'edification' to 'clarification').

4) FY2012/2013 Draft Third Quarter Report

a) Budget Planning Assumptions– **Ayes-15, Opposed-0, Abstentions-0, Absent-4**

Mr. Fitzsimmons discussed the revenues, noting the inflation and growth assumption. Mr. Smith explained the state apportionment assumption as it has not been determined who will provide this data; more will be known on May 14th. Mr. Fitzsimmons also discussed the deficit factor and property tax growth with the Committee.

Ms. Hanfling reiterated her objection to the use of a deficit factor in the years going forward.

Mr. Fitzsimmons noted the Blue Cross reduction, Kaiser increase, and other health and welfare decreases. He also noted the decrease to unemployment insurance and the potential increases to PERS in future years.

Mr. Nelson asked what percentage of employees are Blue Cross/Kaiser. Ms. Garcia stated it is 53%/47%. Mr. Newton inquired whether Obamacare implications are fully understood. Ms. Garcia stated that they are not and Mr. Fitzsimmons noted concern over "Cadillac tax."

b) Review of Third Quarter Report Detail

Mr. Fitzsimmons reviewed the report detail with the Committee.

Mr. Newton asked about FTES assumptions. Mr. Fitzsimmons pointed out growth of 2% is assumed for FY2013-2014 and 4% per year in subsequent years.

Ms. Hanfling inquired about an increase in OPEB debt service. Mr. Fitzsimmons explained that overall expense has not increased; however, Fund 10 will now be contributing more.

Ms. Hanfling inquired about the SJCC contingency. Per Mr. Nelson the SJCC contingency will be spread out.

Mr. Newton questioned page 7 other financing sources. Mr. Fitzsimmons stated that it's yard sale income.

Mr. Fitzsimmons stated that all locations are projected to be in the black, which is very good news.

Mr. Smith noted \$1M in one-time cuts in FY2012-13 to defund vacant positions. Mr. Smith also noted that there was a 50% restoration approved yesterday (\$500K) by the Chancellor's Executive Cabinet and will be considered by the Board of Trustees at their next meeting. The full value of the defunded positions will be restored in FY2013/14.

Mr. Yong noted there had been many cuts at EVC and there hasn't been adequate community outreach. Approximately 1,000 district students have gone to competitors. Perception is that DeAnza is a superior college. He would like to purchase software that the State Chancellor's Office uses to manage curriculum. Mr. Graham stated that the Academic Senate Enrollment Task Force concurs (independent of Administration).

Mr. Smith noted the ending fund balance graph on page 13. He noted the major indicators had to do with the District's new basic aid status and an aggressive effort to lower health and welfare costs provided a substantial savings.

Mr. Fitzsimmons noted that the District has permission to increase the Health Services fee from \$18 to \$19. Mr. Nelson stated that SJCC has approved this moving forward to the Board for consideration. Mr. Gee stated that EVC will review this in the Fall. Both campuses need to approve prior to moving this forward to the Board for consideration.

Mr. Casas inquired as to why the Consortium for Middle-Eastern Studies and Title 5 Grant hasn't been spent. Mr. Nelson explained that the expenses come

out of multiple departmental budgets, after which budget transfers are made to reflect the accurate use of the funds as appropriate.

Mr. Fitzsimmons stated that the District will need to go out for bond sales in the Fall for Measure G-2004. Mr. Newton inquired about the timing of the market. Mr. Smith stated that the market has been good, although diminishing.

There was an inquiry as to why contingency funds are needed. Mr. Gee explained that it's for unforeseen events.

Mr. Fitzsimmons discussed Fund 96, which is a new fund to track the disbursements of scholarships.

Ms. Hanfling noted that a budget of \$425K for legal expenses doesn't seem necessary when the District historically spend approximately \$250K.

5) STRS/PERS Employer Contribution Budget Assumptions

Mr. Fitzsimmons advised that the PERS Board has the authority to raise rates; however, any rate changes to STRS must be approved by the State Legislature. The STRS rate has been 8.25% for many years and STRS has a huge unfunded liability that needs to be addressed. Mr. Fitzsimmons recommended that this be monitored very closely as the current assumption for the future years remains 8.25% and may be too low. Mr. Yancey noted a two-tier system with new employee's coming in at different rates that should have a positive impact on the unfunded liability. Ms. Garcia stated that employees must contribute 50%; with the implementation of the new law, employee rates will increase. Mr. Yancey stated that 79% funded liability is reasonable as no one has it funded 100%.

6) FY2012/2013 Education Protection Account Spending Plan

The document provided illustrated how the money was spent. It cannot be spent on administrative costs.

Mr. Casas announced that the next meeting may be his last.

The meeting was adjourned at 4:38 p.m.



DISTRICT BUDGET COMMITTEE

Minutes of May 16, 2013 Meeting

Present: Peter Fitzsimmons, Henry Gee, Bruce Geer, Steven Graham, Barbara Hanfling, Carlos Marques, Lauren McKee, Greg Nelson, Mark Newton, Marjorie Rico, Doug Smith, Jan Tomisaka, David Yancey

Absent: Robert Brown, Michael Casas, Anthony DiSilvestre, Mark Gonzales, Charles Heimler, Roi Ann Thompson

Also Present: Adil Ahmed, Seher Awan, Carol Coen, Kim Garcia, Richard Su

- 1) Call to Order – The meeting was called to order at 1:15 p.m.
- 2) Approval of Agenda – The agenda was approved as submitted. **M/S/P; Ayes-13, Opposed-0, Abstentions-0, Absent-6**
- 3) Approval of May 2, 2013 Minutes

Two changes were requested by the Committee. Section 4.b. paragraph 8, change Latino to District. Section 5, following the sentence “Mr. Yancey noted a two-tier system with new employees coming in at different rates” add “that should have a positive impact on the unfunded liability.” The minutes were approved following the noted changes. **M/S/P; Ayes-13, Opposed-0, Abstentions-0, Absent-6**

- 4) DRAFT FY2013/2014 Tentative Budget

Mr. Fitzsimmons provided an overview of the Draft Tentative Budget.

- The assumptions did not change from the Third Quarter.
- The total budget resource is \$90.2M; that’s the sum of the beginning fund balance, as well as anticipated revenues of \$79.6M.
- It’s anticipated the District will spend almost \$76.5M this year, leaving an estimated ending fund balance of \$10.6M, which will carry forward to next year.
- The three-year projections are underpinned by the assumptions that are found in the Appendices of the Tentative Budget.

An inquiry was made regarding the assumption that every position that’s vacant will be filled in the upcoming year. It was noted that any savings incurred by a vacant position

during the year is used to offset overages such as Adjunct, which has historically been overspent. It was discussed that a document showing the value of vacant positions would be beneficial.

A discussion ensued regarding Prop 98 and what would be considered new money and what would be considered backfill; what is restoring cuts that were made and what is potentially available for salary increases.

Mr. Fitzsimmons noted that for the Milpitas RDA they're estimating \$1.4M residual payment for this year and a little more for next year. For San Jose RDA, they're still under water, and subsequently borrowing money from the City of San Jose to meet their day-to-day obligations. It's anticipated they will not reach a break-even point until the year 2018. RDA comes from property taxes. Dollar for dollar whatever is received from the RDA adds to the District's revenues.

Mr. Fitzsimmons noted that the OPEB Debt Service is impacting the general fund. He also noted other areas where the budget increased, and stated that detail of the specific increases can be seen by drilling down. There were positions defunded in FY2012/2013 that will come back in FY2013/2014. SJCC did not experience the same level of defunding of positions that the District Office and especially EVC did; as a result the same level of uptick with regards to SJCC's budget will not be seen.

Ms. Hanfling was appreciative of Contingency being shown as a line item. Mr. Fitzsimmons stated that those numbers will change once the books close for FY2012/2013.

The Board of Trustees voted to restore approximately \$500K for one-time cuts that occurred in FY2012/2013. As such, the numbers will grow since that data is not reflected in this tentative budget. It was also noted that EVC will be taking a portion of the money they were spending to buy FTES from The Academy to incorporate into the Adjunct budgets.

Fund 11 – The parking fund is anticipated to begin the FY2013/2014 with \$90K and bring in \$725K. Expenditures are expected to be \$802K, which assumes that all positions are filled and everything is spent. This might not occur as it didn't for FY2012/2013. If everything holds true, the fund will be in the black, but not by much. It's not expected they will spend \$802K as there are still some vacancies. The parking fees had an increase in FY2012-2013.

Fund 12 – Apprenticeship Fund – The Governor's May Revise is proposing to not allow flexibility to transfer out of funds such as the Apprenticeship Fund as has been allowed. This may change by the Adopted Budget depending on what the Legislature does.

Fund 15 – The Consolidated Facility Rental Funds is projecting to begin the year with a \$180K fund balance, bringing in total budget resources of \$680K, spending \$441K, and then City College transferring out \$43K to Fund 10 to offset part of the expenditures associated with the Dean position that Romero previously held. Ending fund balance is just short of \$200K. The details of the three locations, District Office, City College, and

District Budget Committee Meeting Minutes

May 16, 2013

Page 3 of 4

EVC are on subsequent pages. It was noted that the District Office facility rental information is entirely the tenants at the new District Office Building at 40 S. Market.

Fund 16 – Workforce Institute – Workforce Institute anticipates beginning the year with \$1.25M fund balance, drawing on that fund balance next year, and ending June 30, 2014 with \$850K.

Fund 17 – Categoricals and Grants – anticipated to begin the year with just under \$300K. For FY2012/2013, \$542K is expected to come from Fund 10 to support Categoricals. A reduction is anticipated for FY2013/2014, which will place less of a burden on the General Fund. It's possible that the Adopted Budget will lower the number again as the May Revise suggests more money to be added into the Student Success Support Program (Matriculation).

Fund 18 – Student Health Services – is being monitored closely as it's currently projected to come in with a zero fund balance. The District has permission to raise the Health Fee from \$18 to \$19. SJCC has gone through the process to do this and EVC is currently going through the process. It cannot go to the Board for approval until both colleges approve moving forward with the increase.

Fund 36 – Non-general obligation bond fund where the District receives money through the pass through from the Redevelopment Agency. This is also money that comes from capital outlay fees that non-residents pay, which for FY2013-2014 is \$4 per unit.

Fund 37 – Student Center Fee Fund – Represents residual activity (\$27)

Funds 31, 41, 42, and 43 – Measure G General Obligation Bond Funds – Activities illustrated by project. Note that Measure G 2010 projects cross Funds 41, 42, and 43

Fund 70 – Cafeteria Fund – Anticipated to begin the year with a fund balance of \$57k. Generate \$67K in revenues. Spend \$77K and budget anticipated ending fund balance (\$47K) in contingency if a need arises to replace equipment in the cafeterias.

Fund 72 – Child Development – Pass-through for SJCC's contract with St. Elizabeth's Day Home

Bookstore Fund – Anticipated to begin the year with a fund balance of \$284K. Generate Income of \$885K. Expected to spend a little over a \$1M. Projected to end the year with a fund balance of \$131K. Currently working on multiple strategies to reverse declining fund balance.

Fund 61 – Self Insurance Fund – Represents a pass-through for costs associated with certain benefits

Fund 48 – Financial Aid Fund – Anticipated to award \$26M in financial aid

Fund 96 – Scholarship Fund – Anticipated to grant \$370K in scholarships

District Budget Committee Meeting Minutes

May 16, 2013

Page 4 of 4

Fund 75 – OPEB Trust Fund – Anticipated a beginning fund balance of \$47M and an ending fund balance of \$46.5m

Fund 81 – Retiree Benefit Fund – Anticipate spending \$3.8M due to the increase in retiree medical benefit costs

Funds 83, 84, and 86 - Long-Term Debt Funds – Funds not presented in quarterly budget reports. Reflect the activity associated with debt retirement for Measure I, Measure G-04, and Measure G-10

5) May Revise Update

Mr. Smith provided an overview on the May Revise. Historically the Governor comes out in January as to what he thinks is going to happen for funding in the following year, which would be effective July 1. In May they've now collected the bulk of the taxes for the year. The budget will be adopted by the State in July; we're now getting very close to what we should expect from the State. May revision highlights include 1.57% Cost of Living Adjustment and \$89M for growth. What we know now is that money is coming in for education, for community colleges in four categories: inflation, growth, something called Student Success (previously called Matriculation), and the fourth is they're paying back a portion of the deferral.

6) FY2013/2014 Meeting Schedule

The Committee discussed the 2013/2014 meeting schedule. It was determined to move the January 23rd meeting to January 30th at 3:00 p.m. and move the May 29th meeting to May 22nd at 1:00 p.m.

The meeting was adjourned at 2:55 p.m.



DISTRICT BUDGET COMMITTEE

Minutes of August 29, 2013 Meeting

Present: Seher Awan, Robert Brown, Anthony DiSilvestre, Peter Fitzsimmons, Henry Gee, Steven Graham, Barbara Hanfling, Carlos Marques, Lauren McKee, Mark Newton, Doug Smith, Jan Tomisaka, Roi Ann Thompson, David Yancey

Absent: Michael Casas, Bruce Geer, Mark Gonzales, Charles Heimler, Marjorie Rico

Also Present: Byron Clift Breland, Lan Bui, Carol Coen, Marian Dadayan, Henry Yong

- 1) Call to Order – The meeting was called to order at 3:35 p.m.
- 2) Approval of Agenda – The agenda was approved as submitted. **M/S/P; Ayes-13, Opposed-0, Abstentions-0, Absent-6**
- 3) Approval of May 16, 2013 Minutes – The minutes were approved as submitted. **M/S/P; Ayes-13, Opposed-0, Abstentions-0, Absent-6**
- 4) FY2012/2013 Fund 10 Carryover

The Committee was provided with a summary spreadsheet showing the amounts of Fund 10 carryover from each location from FY2012/2013 to FY2013/2014. The standard is that money can be carried over one time and must be spent in the following year. It was discussed that the amounts are higher than expected as the Board of Trustees restored 50% of the FY2012/2013 reduction associated with vacant positions.

There was concern expressed by some of the Committee Members that the budgets aren't being adjusted each year according to use. If there were funds left in a particular account the account should be adjusted down for the next fiscal year versus using the same number year after year.

Ms. Hanfling noted the fact that there still has not been an agreement as to how much each entity can carry over each year. She noted that it had been discussed in the past to do it that way as otherwise there could potentially be very large sums that are not made available for items such as pay increases.

It was reiterated that restoration of unspent discretionary budgets late in the fiscal year accounted for the high carryover into FY2013/2014.

5) FY2013/2014 Adopted Budget

Mr. Fitzsimmons provided an overview of the FY2013/2014 Adopted Budget.

- No change in health fee. Both colleges overspent as forecasted revenues came up short. There is the opportunity to raise the health fee, but both colleges must be in agreement in order to advance a recommendation for an increase to the Board of Trustees.
- Lottery income has changed. It was forecasted to be \$125 per FTES and is coming in at \$126 per FTES.
- Long-term disability and life insurance both came in lower than expected.
- Blue Cross and dental went down, whereas Kaiser went up.
- PERS came in lower than projected at Tentative Budget.
- The Apprenticeship Program for FY2014/2015 will be rolled into Fund 17 and show as a categorical.
- Fund 16, Workforce Institute, is expected to operate in the red for FY2013/2014.
- Student Success and Support received an additional \$50M+ statewide.
 - Mr. Newton asked if those monies were not allowed flexibility. Mr. Fitzsimmons confirmed that is the case; there is no longer flexibility with the funds. Ms. Hanfling stated it can go to a number of different places.
- Mr. Fitzsimmons stated that previously three years was allowed to spend the Basic Skills appropriation, but now it's two years.
- It has been a number of years since the Instructional and Library Categorical Program has received funds; this year they will receive \$172K.
- The Bookstore deficit-spent \$276K for FY2012/2013. Mr. Smith stated that the District is in the process of having an external consultant assess options to improve the financial position of the Bookstore. Finances, policies, and procedures are being benchmarked against industry norms. This report should be received by end of October. It's hoped this will provide a tool to turn the on-going loss around. Continuing to operate as they are now, the Bookstore will cross the line this year and become a drain on the District's funds.
 - Mr. Marques inquired as to what other college bookstores do that we don't do. Mr. Smith replied that the District is in the process of finding this out.

- \$1.9M of general fund went toward funding Retiree Benefits. The amount to fund this expenditure would have been much greater were it not for the OPEB Trust Fund.
 - Mr. Yancey noted this is the largest increase from general fund the District is expected to see. Mr. Smith concurred.

Ms. Hanfling inquired about Facility Rental, noting other operating expenses and other outgo. Mr. Fitzsimmons indicated that they would need to drill down into the location for more detail. He noted that there could be unforeseen expenses to support the tenants at 40 S. Market and funds need to be there to address those in order to be fiscally responsible. Mr. Newton inquired about SJCC. Mr. Fitzsimmons stated that expenditures related to facility rentals may be transferred out of Fund 15 at the request of the college to support general operations.

Mr. Newton inquired about the changes to the EVC budget as SJCC budget is pretty much the same. Mr. Smith stated that no new money came in; the funds were moved around.

Mr. Fitzsimmons stated that there were a number of years that the District was serving many FTES over cap. For FY2012/2013 the District fell short of cap, but this was okay since the District is now Basic Aid. He noted that the campuses will make every effort to make cap for this year.

Mr. Yancey noted that at some point the District needs to define the term Basic Aid and what it really means; it's more complicated than just not needing FTES to be funded.

There was a discussion about the contractor that was hired to perform the website redesign for all three locations (DO, WI, EVC, SJCC).

- Mr. Gee stated that as it currently stands, the websites are unsupportable; for EVC they require a third-party to perform the updates as there aren't people in the various departments that are able to do this task. The redesign will bring it down to the groups of people in a consistent template so that it would be user-friendly at the department level. The cost includes programs, training, and implementation.
- Mr. Yong stated that the goal is to have linkage between the four different web sites, which will allow an individual to easily maneuver between them.
- Ms. Hanfling inquired as to why this was not noted in the third quarter since it was known since spring this would occur. Mr. Yong answered that the project stretched out a bit due to discussions about abandoning what others had already put in place.
- Mr. Smith stated that ultimately there was a difficult decision by the Executive Team for the good of the District. Ms. Coen added that even once the

decision was made, further discussion was needed regarding allocating funds for the project; a decision that did not occur until toward the end of the fiscal year.

- Mr. Yancey stated that there was an orientation for full-time faculty and everything was functioning fine with SJCC's new web site; he didn't see the purpose of spending these dollars to get a website that looks similar and would like to know why the decision was made.
- Mr. Gee reiterated that the website redesign is much more than what you actually see on the websites. They cannot be maintained without a third party. They want to bring it down to the level of the departments so they can put their information up there using Sharepoint. This will be doable with this investment.

The meeting was adjourned at 5:11 p.m.



DISTRICT BUDGET COMMITTEE

Minutes of October 24, 2013 Meeting

Present: Seher Awan, Robert Brown, Peter Fitzsimmons, Henry Gee, Bruce Geer, Steven Graham, Barbara Hanfling, Charles Heimler, Carlos Marques, Lauren McKee, Mark Newton, Marjorie Rico Doug Smith, Roi Ann Thompson, Jan Tomisaka, David Yancey

Absent: Michael Casas, Anthony DiSilvestre, Mark Gonzales

Also Present: Byron Clift Breland, Lan Bui, Marina Dadayan, Kim Garcia, Saloshni Lata, Anthony Oum, Linda Wilczewski

- 1) Call to Order – The meeting was called to order at 3:06 p.m.
- 2) Approval of Agenda – The agenda was approved as submitted. **M/S/P; Ayes-16, Opposed-0, Abstentions-0, Absent-3**
- 3) Approval of August 29, 2013 Minutes – The minutes were approved following deletion of the last sentence of the third paragraph on page three. **M/S/P; Ayes-16, Opposed-0, Abstentions-0, Absent-3**
- 4) FY2012/2013 State Deficit Update

Mr. Smith provided a brief update to the Committee. A hand-out was disseminated to the Committee that provided an analysis of 2012-13 deficit at P2.

- 5) County of Santa Clara Assessor & Tax Collector Data

Mr. Smith discussed the hand-outs provided to the Committee, which included property tax estimates. As SJECCD is now Basic Aid, property taxes drive the District's budget; it's no longer driven by State funding. The first quarter projects an increase of 5.28% for this fiscal year.

Mr. Fitzsimmons noted that there is an amount currently lost to the RDAs. The District will not fully receive this lost tax increment until the RDAs fully dissolve.

Mr. Smith provided a graph showing the history of assessed valuation in Santa Clara County in relation to the property taxes received by the District. He stated that SJECCD is part of the county, but does not encompass the entire county.

6) FY2013/2014 First Quarter Report

Mr. Fitzsimmons reviewed the Draft FY2013/2014 First Quarter Report with the Committee.

Mr. Fitzsimmons noted that they are projecting an increase in property taxes of 5.28%. Ms. Hanfling suggested the number should be increased. Mr. Smith stated that he needs to be more cautious to protect the District from having to make unscheduled reductions.

Ms. Hanfling inquired as to who determined \$1M for student success; what data point was used. Mr. Smith stated he led the process with the Chancellor and the Trustees. They took a measured approach at the Chancellor's direction to help address the board's other priorities.

Ms. Hanfling requested there be a separate line item for student success. Mr. Fitzsimmons stated this will be very challenging, but he will assess whether this might be attainable.

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

- It's projected districtwide will overspend; projecting \$288K utilities savings, net impact \$206K over-expenditure. The District Office projects savings of \$285K; SJCC projects savings of \$248K; EVC projects savings \$113K.
- Fall enrollment projections - EVC is tracking approximately where they were last year, SJCC is a little less, but will pick up some in positive attendance.
- The parking fund is in the black, but that will erode in 2014/2015.
- Fund 15 is projecting to end the year with an ending fund balance of \$46K. The D.O. represents revenues of the three remaining tenants at 40 S. Market; one tenant has left. SJCC transferred funds to a vacant position, although if that position remains vacant, the transfer won't happen. EVC will transfer \$70K to their general fund.
- Fund 16 (Workforce Institute) is projecting to operate in the red. The agreement is that 15% of their net profit is transferred to the District general fund. If there is no profit, there won't be a transfer. Mr. Yancey noted that they have \$1M in reserves.
- Fund 17 – on page 28 consolidated State categorical programs are shown. It was thought that the District would receive \$1.4M for student success, but it turned out to be \$1.1M. EOPS projected \$1.1M and is receiving \$1.4M.
- The bookstore is losing money and projects to end the year at a loss of \$213K. Their revenues are down \$134K from what was anticipated. Expenditures continue to be greater than revenues.
- A significant increase in retiree benefits is expected, but because of OPEB the general fund will not be affected. Ms. Hanfling noted that our district is one of the few in the State that doesn't have to worry about it.

District Budget Committee Meeting Minutes

October 24, 2013

Page 3 of 3

Ms. Hanfling noted that Fund 10 supplemental has gone down considerably over the next year and asked whether the District was going to supplement EOPS. Mr. Fitzsimmons stated it will not be as much as originally planned.

Mr. Heimler inquired as to whether any of the District's funding is tied to enrollment. Mr. Smith stated that the District is now Basic Aid and thus not driven by enrollment, but other areas such as Categoricals and EPA money are still driven by enrollment. Mr. Yancey noted that it shouldn't affect the commitment to achieve enrollment. Mr. Smith stated that the goal is to maintain enrollment numbers to cap.

The meeting was adjourned at 5:00 p.m.