



District Budget Committee

2017 Meeting Minutes

Click date to view

Press Home key to return to table of contents

[February 2, 2017](#)

[April 27, 2017](#)

[May 25, 2017](#)

[August 31, 2017](#)

[October 26, 2017](#)

[November 16, 2017](#)

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.

DISTRICT BUDGET COMMITTEE
Meeting Minutes
April 27, 2017 – EVC, Mishra Room

Members Present: Peter Fitzsimmons, Andrea Alexander, Jorge Escobar, Jonathan Camacho, Dan Hawkins, Yesenia Ramirez, Kathy Tran, Eugenio Canoy, Doug Smith, Lauren McKee, Carlos Marques, Faustino Villa

Members Absent: Barbara Hanfling, Robert Brown, Eric Narveson, Arthur Azevedo, Linda Wilczewski, Mark Newton, Jesus Covarrubias, Fabio Gonzalez

Also Present: Jennifer Le, Carol Anderson (Recorder), Paul Fong, Mark Gonzalez

- 1) Call to Order: – the meeting was called to order at 3:06 p.m.
- 2) Approval of Agenda: – M/S/P; Ayes – 14, Opposed –0, Abstentions – 0, Absent –7, Motion made by Jorge Escobar; Seconded by Jonathan Camacho.
- 3) Approval of 02-02-17 Meeting Minutes: M/S/P; Ayes – 13, Opposed –0, Abstentions – 1, Absent –7, Motion made by Eugenio Canoy; Seconded by Dan Hawkins. Lauren McKee abstained.
- 4) Membership Vacancies:
 - a) Mr. Smith reviewed the committee member list and it is noted that Arthur Azevedo is no longer a part of the DBC, which leaves a vacancy at EVC. CSEA has one vacancy at both EVC and SJCC. Both student positions are also vacant. There was question as to whether Mr. Robert Brown is still a committee member. Mr. Smith will follow up.
 - b) The question was posed as to why we can't compensate students for their mileage and/or time to serve on the committee. Mr. Smith will look into the AP and see if there is anything that prevents such compensation. If we can compensate, Mr. Smith would like to move forward with it.
- 5) DRAFT FY2016/2017 Third Quarter Report

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

- Assumptions – Page 94:
 - a. Assumptions drive everything in Fund 10.
 - b. The state gives us \$5,000 per FTES, this does not help us financially because of our Basic Aid status but it does drive how far into Basic Aid we are. The Inflation Factor for the 2nd quarter was 2.42% for FY18/19 and it's now 2.40%. For FY19/20 it was 2.67% and is now 2.53%. This information is provided by School Services.
 - c. There was no change in our property taxes from 2nd to 3rd quarter. The next property tax update is May 17, 2017.
 - d. The health fee was \$19.00 and was increased in January to \$20.00
 - e. Re-evaluated the cost of Adjunct Faculty, which is done every few years. Our current Adjunct Faculty is at Column IV, Step 7, which is down two steps, the value is a little lower. This budget report does not

assume any COLA's as the district has not come to terms yet with the Unions. Once the Board adopts any COLA's, they are then included in the assumptions.

- f. The assumption for Blue Cross was 15% for next year, but it came in at -8.51%. The assumption for Kaiser was 5% and it came in at 5.88%. The Dental assumption was 5% but it came in at a nominal increase, Vision was assumed to be a 3% increase but there was no change to our premium and our EAP was assuming a 0% increase but it came in at a 2.91% increase.
- g. No change in the out years.
- h. For PERS we assumed a 15.5% increase and it came in at 15.8%. This may change but Mr. Fitzsimmons does not think it will. Assumptions for FY18/19 was 17.10% and is now 18.70% and the assumption for FY19/20 was 18.6% and is now at 21.60%.

- Fund 10 – General Fund

- i. Workforce Institute will spend the \$21,000 in Fund 10 and then will be in fund 10 in an indirect way due to three positions that were provided to WI through the redesign effort that are embedded in Fund 10. These positions are paid for through Fund 16. Fund 10 ultimately makes Fund 16 whole through an inter-fund transfer. Affects the District-wide expense in the inter-fund transfer out at a value of \$477,668.60.
- j. Milpitas has a budget this year of \$750,000 and based upon projections will spend \$524,801. Next year they will get their \$750,000 plus their projected carryover of \$227,227. With the Discount Factor applied, their budget for next year is \$809,352 and in the outlying years they will have a projected budget of approximately \$737,100, with the Discount Factor included. (Page 7)
- k. EVC has an estimated revenue of \$4.4M for FY16/17 and revenue projections are relatively flat for the outlying years. Expenses for EVC are projected at \$40.5M for FY16/17, \$40.8M for FY17/18, \$40.5M for FY18/19 and \$41.6M for FY19/10. (Page 6)
- l. SJCC has an estimated revenue of \$4.3M for FY16/17 including transfers-In. Estimated revenues for the outlying years are: \$4.6M for FY17/18, \$4.3M for FY18/19 and \$4.4M for FY19/20. Expenses for SJCC are projected at \$38.8 for FY 16/17, \$39.7 for FY17/18, \$40.4M for FY18/19 and \$41.4M for FY19/20.
- m. District Services has income in Fund 15 from tenant rentals that is transferred to Fund 10 to cover parking costs for District Services. District parking fees also include validation for visitors. Expenses for DS are projected at \$15.5M for FY16/17, \$15.6M for FY17/18, \$15.8M for FY18/19 and \$16.3M for FY19/20. (Page 4)
- n. District Wide is where we recognize the bulk of our non-campus generated revenue, which is primarily property taxes. Projected revenue for FY16/7 is \$12.4M, \$12.7M for FY17/18 and FY18/19. Projected DW expenses for FY19/20 are \$14.4M which includes the assumption of \$1.6M for the Cadillac Tax associated with the Affordable Care Act. (Page 3)
- o. Page 2 shows the consolidated picture for the District. FY16/17 shows an assumption of \$108M of revenue coming into the District with expenses projected at \$107.8M, adding to the fund balance by approximately \$400K, leaving an ending fund 10 balance of \$16.8M. The following are the consolidated assumptions for the outlying years:

FY	Revenue	Expenses	Ending Fund Balance
17/18	\$109.5M	\$109M	\$17.4M (Discount Factor applied)
18/19	\$112.4M	\$110.3M	\$19.5M (Discount Factor applied)
19/10	\$116M	\$114.3M	\$21.1M (Discount Factor applied)

** COLA is not applied in these projections so it is likely they will change.

- p. Mr. Fitzsimmons reviewed pages 10-15, which is FY16/17. While District Wide is currently in the red, primarily due to interpreters, all other entities are currently in the black. Mr. Fitzsimmons predicts that by year-end, all entities, including District Wide will end in the black, with a possible abatement by SJCC to District Wide for the interpreters.
- q. Page 9 shows the consolidated picture and as a District we have recognized \$71.5M in revenue which is 67% of our revenue budget. Mr. Fitzsimmons reminded the group that we have not yet received our

property tax. On the expense side we have spent \$79M, or 72% of our budget. COLA is not included in the expenses but it's important to note that COLA doesn't affect the budget, it affects the fund balance. Fund balance is calculated at a point in time, which is June 30th. It is not tracked throughout the year.

- r. The graph on page 18 shows Spring enrollment at both colleges as compared to previous years. EVC's enrollment increased by approximately 300 students, SJCC's enrollment slightly decreased compared to last year.

- Fund 11 – Parking Fund

- s. The biggest expense for Fund 11 is the Campus Police Department. With enrollment declining and parking machines not working properly, expenses are increasing but revenue is not. Fund 10 is being used to cover expenses in Fund 11 via a transfer-in of \$346,853. New parking machines will be installed over the next several months.
- t. Mr. Fitzsimmons reviewed a parking analysis of what we charge and what our neighbors are charging, with proposed increases to our current parking fees. This fund has been in the black until recently with the Campus Police Department vacancies being filled. Parking fund is being underwritten with general fund support which precludes us from being able to put it into operations in another way. Conversely, we are very strong advocacy for the College Promise and that is counter to fee increases. It has a financial as well as a political implication.
- u. Mr. Smith believes that the \$15.00 jump for summer is high and would be an outrageous escalation and should be phased in, if anything. The increase of \$5.00 to \$10.00 is a natural progression. Mr. Fong agrees that the proposed summer increase is outrageously high and would like to see it happen in \$5.00 increases as well. This type of an increase is something he would mobilize his students to protest against. Mr. Hawkins believes this really needs to be vetted by students directly. If we are trying to do the promise and trying to increase the District's image and at the same time increase fees, the timing is wrong. Let's talk about it but not implement it right away as it defeats the purpose of the promise. We need to be aware of the messages we are sending. Mr. Escobar agrees with both Mr. Fong and Mr. Hawkins.
- v. Mr. Hawkins believes that salaries should not be funded through fund 11 and should be funded through fund 10. Ms. McKee agrees and feels we need to make a commitment to ensure our students feel safe and secure. On the other side, we need for Campus Police personnel to act like they care and that they are here to serve the students and that they care about them. Mr. Hawkins agrees with Ms. McKee that all staff, especially Police personnel, need to let students know they are cared about. This is an issue that needs to be looked at all the way around.
- w. Mr. Hawkins and Ms. Ramirez feel that the fee increase needs more investigation and needs to include students. Need to attend ASG meetings and roll the proposed increase out slowly.
- x. The general consensus is no change to the parking fees with further vetting with the campus leadership through ASG for their input and feedback. It is also agreed that we would like to see Police Services burden be a general fund burden rather than being underwritten by the parking program.

- Fund 12 – Financial Stabilization Fund

- y. Rainy Day Fund - current balance is \$500K and is evaluated at the end of the year. (Page 20)

- Fund 14 – Student Success Enhancement Fund

- z. This is not an active fund but land lease money may be placed in this fund to support student success. (Page 21)

- Fund 15 - Facility Rental Fund

- aa. District Services uses the income from the tenants at the District Office to fund employee parking and parking validation. \$185K is transferred to Fund 10
- bb. SJCC does a good job with Facility Rentals. They have recognized \$250K in revenue (45% of their projection) with expenses of \$92,375K (9% of their projection). They will be doing a Transfer-Out to Fund 10 of \$150K.

- cc. EVC has recognized \$108K in revenue (63% of their projection) with expenses of \$63K (18% of their projection). They will be doing a Transfer-Out to Fund 10 of \$90K.
- Fund 16 – Workforce Institute
 - dd. WFI has recognized \$915K (41% of their projection) in revenue and has spent \$1M in expenses (54% of their projection). District Services and WFI have an agreement that at the end of the year, 15% of their operating projections will be transferred out to Fund 10 to cover expensed paid for and services provided to WFI by DS.
- Fund 17 – Restricted Fund
 - ee. The Fund 17 is very difficult to prepare and there is usually only one week to prepare it. There are currently three different views of Fund 17. Mr. Fitzsimmons is proposing a change to the way Fund 17. He would like the group to consider a report similar to the one on page 70, General Bonds. Revenue would still be recognized at the top and the expenses would look at every program and look like page 36. Page 36 shows every program, grant and categorical at the Federal, State and Local level. The change would take place for FY17/18. We will add this to a future agenda item prior to the 1st quarter report.
- Fund 18 – Student Health Fees Fund
 - ff. The primary driver in this fund is the health fee. SJCC has recognized \$265K in revenue (90% of their projection) and has expensed \$196K (59% of their projection). Projecting to end with a fund balance of \$39K. (Page 49)
 - gg. EVC has recognized \$299K in revenue (98% of their projection) and has expensed \$271K (73% of their projection). They are projecting to spend \$364K leaving a \$0.00 fund balance. (Page 50)
- Fund 32 – Measure G 2004 Series C
 - hh. The big projects associated with Fund 32 are Milpitas and the PE building at SJCC. Expenses are \$11.6M (52% of projection). There are no out years as Measure G 04 is ending. (Page 52)
- Fund 56 – Capital Projects Fund
 - ii. The new parking machines will be funded from Fund 56. \$1M in revenue has been recognized (48% of projection), with \$2.3M projected by year end. Expense projection is \$1.3M, leaving a fund balance of \$4.3M. (Page 56)
- Fund 42 – General Obligation Bond – Measure G 2010 Series B
 - jj. No expenses projected this year. Ending fund balance is \$22M. (Page 60)
- Fund 43 – General Obligation Bond – Measure G 2010 Series C
 - kk. Expenses of \$6.4M (75% of projection). Plan to spend this fund out this year. (Page 64)
- Fund 44 – General Obligation Bond – Measure G 2010 Series D
 - ll. This is the last series of Measure G 2010. The YTD fund balance is \$6.6M. (Page 70-71)
 - mm. Fund 45 will be introduced at Tentative Budget for Measure X. Election expenses of \$600K will be moved to Fund 45 from Fund 10.
- Fund 70 – Cafeteria Fund
 - nn. Have recognized \$39K in revenue (59% of projection). The projection is \$74K of revenue with and ending fund balance of \$80k projected. (Page 77)
- Fund 12 – Child Development

oo. We received funds from the state and we didn't spend it. We don't currently have a provider so the amount may be reduced. We are hoping to have a provider for the fall. This is a pass through account. (Page 78)

- Fund 16 – Self Insurance
 - pp. Fund 61 is a pass through fund. (Page 80)
- Fund 48 – Student Financial Aid Fund
 - qq. Year to date, SJCC has dispersed \$7M in Financial Aid and EVC has dispersed \$11.5M. (Page 83-84)
- Fund 96 – Scholarship and Loan Agency Fund
 - rr. SJCC has dispersed \$155K in scholarships and EVC has dispersed \$142K. (Page 86-87)
- Fund 75 – OPEB Trust Fund
 - ss. The trust has made \$4.3M in 9 months. (Page 90)
- Fund 81 – Retiree Benefit Fund
 - tt. Year to date, \$2.6M has been paid out for retiree benefits. (Page 91)
- Fund 85 – Long Term Debt OPEB Fund
 - uu. Estimated expenditures for FY16/17 is \$2.5M. (Page 92)
- Page 97 – Snapshot of all funds
- Page 98 – Next year's estimated fund balances
- Page 105 – Historical 320 report
- Page 106 – Snapshot of legal expenses. \$286K spent YTD in legal fees Districtwide.
- Page 107 – EVC ASB Balance Sheet (\$386,767)
- Page 108 – SJCC ASB Balance Sheet (\$346,988)
- Page 109 – Foundation Balance Sheet (\$1.4M)
- Page 110 – Consolidated 320 Report for P2
- Page 122 – Property tax summary for Fund 10
- Page 123 – Apportionment worksheet. Shows we are \$30M into Basic Aid.

Meeting adjourned at 4:59 p.m.

DISTRICT BUDGET COMMITTEE
Meeting Minutes
May 25, 2017 – EVC, Mishra Room

Members Present: Peter Fitzsimmons, Andrea Alexander, Jorge Escobar, Jonathan Camacho, Dan Hawkins, Kathy Tran, Eugenio Canoy, Doug Smith, Carlos Marques, Faustino Villa; Linda Wilczewski, Barbara Hanfling, Mark Newton

Members Absent: Robert Brown, Eric Narveson, Jesus Covarrubias, Fabio Gonzalez; Yesenia Ramirez; Lauren McKee

Also Present: Jennifer Le, Carol Anderson (Recorder), Paul Fong,

- 1) Call to Order: – the meeting was called to order at 1:17 p.m.
- 2) Approval of Agenda: – M/S/P; Ayes – 13, Opposed –0, Abstentions – 0, Absent –7, Motion made by Eugenio Canoy; Seconded by Dan Hawkins.
- 3) Approval of 04-27-17 Meeting Minutes: M/S/P; Ayes – 13, Opposed –0, Abstentions – 0, Absent –7, Motion made by Dan Hawkins; Seconded by Jonathan Camacho.
- 4) Proposed DBC FY17-18 Meeting Schedule: The following proposed DBC Calendar was approved with the noted changes:

<u>Date</u>	<u>Location</u>	<u>Time</u>
8/31/17	SJCC – Tech Center T-112	3:30 pm - 5:00 pm
9/21/17	EVC Library, Mishra Room	3:00 pm – 5:00 pm
*10/26/17	SJCC – Tech Center T-112 EVC Library, Mishra Room	3:00 pm – 5:00 pm
11/9/17 11/16/17	EVC Library, Mishra Room	3:00 pm – 5:00 pm
12/7/17	SJCC, Tech Center T-112	3:00 pm – 5:00 pm
*2/1/18	EVC Library, Mishra Room	3:00 pm – 5:00 pm
3/22/18 3/15/18	SJCC, Tech Center T-112	3:00 pm – 5:00 pm
*4/26/18	EVC Library, Mishra Room	3:00 pm – 5:00 pm
*5/31/18 5/24/18	SJCC Tech Center, T-112	1:00 pm – 2:30 pm

The changes noted in red above are the approved changes for the DBC FY17/18 schedule

- 5) RAM Update: Mr. Smith gave an update on the progress being made by the Resource Allocation Model Taskforce. Mr. Stutzman has completed his work with the Taskforce and we are currently waiting for his final report. Once the final report is received we will meet as a group to discuss.

Mr. John Morton from the University of Hawaii, Community College System, will be meeting with the RAM Taskforce on June 6th and all members of DBC are welcome to attend as well. Mr. Morton will be discussing his Performance and Innovation funding model.

- 6) 2017-2018 May Revision: The May revision was distributed and reviewed. There aren't many changes that affect SJECCD with the exception of Scheduled Maintenance and Instructional Equipment, which will impact this fund 17 categorically favorably.
- 7) Student Participation Compensation: Mr. Fitzsimmons surveyed other Community College Districts to see what they do to increase student participation. While most agreed that this is a significant challenge, of those surveyed none offer monetary compensation, with the exception of Contra Costa, who offer a small stipend that is paid by the ASB.

It was noted that we may want to consider offering Federal Work Study credit.

- 8) Tentative Budget: Mr. Fitzsimmons reviewed the tentative budget and noted the following:
 - a. The Adopted Budget will show where we finished FY16/17 at and will also include the first data point that is tentatively scheduled to be released on August 30th for FY17/18.
 - b. The base allocation increased from 1.09% to 2.84%. While this does not drive any dollars for us, it represents how far into basic aid we are. Mr. Smith noted that while the base allocation is new money coming in, it coincides with STRS and PERS increasing rates. It is intended to offset those increasing costs.
 - c. The format for the Tentative Budget changes from the quarterly report template. The first few pages show where we think we are ending for FY16/17 and what is the budget for next year and the variance between the two.
 - d. We had to recognize the Measure X bond election expense of \$626,341 this year as the funds were taken in February. Because we didn't sell bonds this year this expense pulls down the Fund 10 balance. When the bonds are sold, the expense will be moved to the Measure X bond fund which will pull the Fund 10 balance back up.
 - e. Board election costs are spread throughout the County, regardless of how many positions are open.
 - f. The Stabilization fund (Fund 12) has a balance of \$500K that was transferred in FY15/16. Mr. Smith noted that the general rule is when it's above 10% we have the option to transfer anywhere from \$0 to \$500K to this fund. Mr. Smith is not intending to make a recommendation to the Board but rather include the Board in dialogue and have the discussion be more interactive.
 - g. Fund 45 is the Measure X fund. Once bonds are sold, the money has to be spent within 3 years. You don't want to sell all your bonds at once, you have to plan and know what you will be able to spend in the 3 year time frame.
- 9) Meeting adjourned at 3:03 PM

DISTRICT BUDGET COMMITTEE
Meeting Minutes
August 31, 2017
3:30 pm – 5:00 pm
SJCC, T-112

Members Present: Peter Fitzsimmons, Andrea Alexander, Jorge Escobar, Jonathan Camacho, Dan Hawkins, Kathy Tran, Doug Smith, Faustino Villa; Linda Wilczewski, Barbara Hanfling, Yesenia Ramirez, Maria Avalos, Fabio Gonzalez, Jesus Covarrubias

Members Absent: Eugenio Canoy, Eric Narveson, Carlos Marques, Fabio Gonzalez; Lauren McKee, Paul Fong, Sandra Gonzalez

Also Present: Jennifer Le, Carol Anderson (Recorder), Marilyn Morikang, Kim Garcia, Phil Crawford, Mike Dziuba, Byron Breland, Guillermo Castilla

- 1) Call to Order: – the meeting was called to order at 3:38 p.m.
- 2) Approval of Agenda: – M/S/P; Ayes – 13, Opposed –0, Abstentions – 1, Absent –7, Motion was made by Jonathan Camacho; Seconded by Dan Hawkins. Jesus Covarrubias abstained. Motion carries.
- 3) Approval of 05-25-17 Meeting Minutes: M/S/P; Ayes – 13, Opposed –0, Abstentions – 1, Absent –7, Motion was made by Barbara Hanfling; Seconded by Faustino Villa. Jesus Covarrubias abstained. Motion carries.
- 4) Review Stabilization Fund criteria: Mr. Smith reviewed the Stabilization Fund handout and pointed out #3 and #4. Ms. Hanfling suggested postponing this discussion to a future meeting in the interest of time. All agreed to carry the Stabilization Fund to a future meeting.
- 5) Review RAM Consultant Recommendation: The final RAM report and recommendation prepared by consultant Roy Stutzman was distributed to the committee. Mr. Crawford had a question as to Attachment V – current resource allocation model- which begins on page 62. The attachment shows a revision date of April 20, 2016. Mr. Crawford stated that the Academic Senates never approved a new allocation model in April 2016 and questions if this was done without knowledge of the senates? Mr. Smith explained that the revision was simply a layout and format change, the details of the model were not changed in anyway.

The committee also suggested tabling this discussion. Mr. Smith noted that he was simply asked by Chancellor Budd to distribute the report. His intent is to give all members a copy, not to discuss the details.

- 6) Adopted Budget Presentation: Mr. Smith reviewed the draft of his Adopted Budget Presentation that he will present to the Board of Trustees at the September 12th Board Meeting. The adopted budget is based on the 1st property tax data point, which is 2.92% for FY 2017-18.
 - a. Ms. Hanfling noted that with the District moving to a JPA for health benefits, the 15% increase for Blue Cross and the 5% increase for Kaiser needs to be revisited. Mr. Smith notes that we will be revisiting these costs and increases when the District has better information.

- b. Mr. Smith noted that the decline in Property Tax is most likely due to the reduction of turnover in home sales, which could also be associated with lack of housing inventory.
 - c. Property Taxes represent 83% of our operating budget.
- 7) Adopted Budget Detail: Mr. Fitzsimmons reviewed the adopted budget detail. The document is still being refined, Mr. Fitzsimmons will highlight those changes.
- a. FTES target for the colleges is 6500 FTES for EVC and 6000 FTES for SJCC. If the targets are met, that would be a 10.03% FTES increase. The target will be updated as we learn more about enrollment.
 - b. The next Property Tax data point is November 8th.
 - c. Lottery comes in two forms: restricted and unrestricted. Unrestricted goes to the general fund and restricted, which can only be spent on instructional supplies, goes to fund 17.
 - d. Assumptions for vacant positions does not include the 1.5% COLA increase for Faculty. Once the 1.5% is ratified, this will change.
 - e. Once we join SISC our Health and Welfare costs should go down, increasing our Fund Balance.
 - f. The adopted budget does not reflect the 1.5% COLA for faculty.
 - g. The discount factor is currently 1.78%.
 - h. Mr. Escobar noted that carryover is not an inefficiency but rather good, strategic financial management.
 - i. Workforce Institute does not play in fund 10 directly, indirectly there are 2.3 positions that fund 10 covers and transfers money to fund 16 to make WFI whole.
 - j. The budget for Milpitas is maturing as more unknowns become known. Peter was not given any direction to augment the budget for Milpitas beyond the \$750,000. As personnel costs increase it puts a squeeze on the discretionary.
 - k. Fund 17 currently looks like we are adopting a negative ending fund balance of \$900,000. Mr. Fitzsimmons corrected this and we are actually projecting a positive ending fund balance of \$400,000. This is what will go to the Board.
 - l. Fund 48 is still being reconciled and it will be done before the books are closed.
- 8) Membership update: Sandra Gonzalez and Maria Avalos are new CSEA members to DBC. Randy Pratt is now the AFT alternate and Paul Fong is an active AFT member. Need to ask Mark Gonzalez who is replacing Ms. McKee for MSC.
- 8) Meeting adjourned at 5:07 pm.

DISTRICT BUDGET COMMITTEE
Meeting Minutes
October 26, 2017
3:00—5:00 p.m.
EVC, Mishra Room

Members Present: Doug Smith, Peter Fitzsimmons, Linda Wilczewski, Jorge Escobar, Jonathan Camacho, Lauren McKee, Barbara Hanfling, Paul Fong, Guillermo Castilla (for Fabio Gonzalez), Carlos Marques, Yesenia Ramirez, Jesus Covarrubias, Jennifer (Diep) Le, Kathy Tran (for Andrea Alexander)

Members Absent: Andrea Alexander, Eugenio Canoy, Eric Narveson, Fabio Gonzalez, Maria Avalos, Sandra Gonzalez, Faustino Villa, Randy Pratt, Danny Hawkins

Also Present: Kim Garcia, Marilyn Morikang, Robert Gutierrez, Bhargavi Bhatt

Recorder: Joy Pace

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

(2) Approval of Agenda: - M/S/C Lauren McKee/Yesenia Ramirez to approve the agenda. All voted yes.

(3) Approval of August 31, 2017, meeting minutes: - M/S/C Barbara Hanfling/Lauren McKee to approve. All voted yes, with the exception of two abstentions: Guillermo Castilla and Paul Fong.

(4) Draft FY 17/18 1st Quarter Budget Report:

Mr. Peter Fitzsimmons, Executive Director, Fiscal Services, began his presentation reviewing SJECCD Budget Assumptions. He noted the changes in growth (workload reduction) 11.11% versus the 10.03% in the adopted budget. This is a legacy assumption and doesn't drive our budget because we are a basic aid district.

Property tax is still at 2.92%. Our next meeting with the County is on November 8, and we should actually receive an updated property tax figure a few days before that meeting.

Mr. Fitzsimmons noted the addition of estimated assumptions for FY2020-2021 to the quarterly report.

Mr. Fitzsimmons stated there were no changes to the assumption for the step/column for average cost of a faculty; however, the value has changed because of the recently approved COLA. During a review of FT faculty and adjunct faculty salaries, Mr. Fitzsimmons stated that for adjuncts, salary and benefits are included in the number but for full-time faculty, only the salary is shown. AFT Executive Director Barbara Hanfling requested the statutory benefits be removed from the assumptions for adjunct faculty.

He also stated the good news that Blue Cross assumption was reduced to 5.10% and Kaiser to 4.40%. He stated the Cadillac tax will kick in on January 2020, which will be mid fiscal year.

Mr. Fitzsimmons reviewed the SJECCD Fund 10 (general fund) three-year projections. In his discussion on the Milpitas extension, he stated the question was how to fold Milpitas into the Resource Allocation Model. This is a topic of discussion for the RAM Taskforce. Vice Chancellor Garcia stated the increase of step/column and benefits for staff are not shown in the report. We gave COLA last year, but the number is still represented as \$750K. Vice Chancellor Smith answered that FY2016-17 should be fine since we spent only one-half for the full year that was funded. But in the future we should work this out. During his review of salary expenditures, Ms. Hanfling expressed concern about MSC growing by 5% whereas full-time faculty shows negative growth.

Mr. Fitzsimmons reviewed SJECCD three-year Fund 10 projections for the DO, Districtwide, SJCC, EVC, and the SJECCD consolidated report. He stated that all locations are projected to end in the black this year. Mr. Fitzsimmons also reviewed the Fund 10 State Categorical Programs for quarter ended September 30, 2017, and the money the district receives from the state for full-time and part-time faculty. He noted that as a basic aid district, the State initially took the position that basic aid districts were not to get the full-time faculty money. However, even though the state initially said no, they changed their mind in FY2016-17, and provided the FY2015-16 money retroactively. The data from the State indicates that we will receive the money in FY2017-18; however, at the ACBO Conference, he learned the Department of Finance is saying they do not believe basic aid districts should be getting that money. This opinion differs from that of the State Chancellor's Office.

Mr. Fitzsimmons reviewed Fall enrollment history and noted both colleges' enrollment is up for fall. He stated statewide 30 districts are up and 30 are down with 12 in restoration/stability. Vice President Jorge Escobar requested the information presented on Page 91 Historical Credit and Non Credit 320 report by college be put in graph format.

When reviewing Parking Fund 11, Mr. Fitzsimmons reported the Parking Fund is projected to draw from Fund 10, in part, because the VTA has doubled its price for Eco Passes. Student fees stayed the same. We need an organization discussion about the parking fund because of the significant burden it will put on Fund 10. Mr. Smith stated he has scheduled a meeting with Chancellor Budd, Mr. Fitzsimmons, and Chief Morales to discuss parking fee trends and the VTA issue. We have come from break-even to a significant jump. Mr. Smith will bring options to the Chancellor and will come back to the DBC for further discussion. AFT President Paul Fong expressed concern about the increase of VTA prices to the District. Mr. Fitzsimmons answered that the District had a one-year contract with the VTA, which cost \$9 per pass per year. In year two VTA required \$20 per pass per year.

In a discussion regarding Fund 12 "Rainy Day" Fund, Mr. Smith stated his plans to bring this topic forward for a focus group discussion of the DBC and then study session to the Board. He requested DBC members think about this topic for future discussion. Mr. Fitzsimmons continued with a review of each of the other funds. He noted the negative balance in Fund 45 for Measure X is due to the cost of the election. The Board has not approved the project list yet as this bond measure is still in its infancy. Mr. Fitzsimmons also reviewed the appendices.

Vice Chancellor Smith reported the excellent news that our district has received another perfect financial audit. There were no findings or recommendations made regarding any of our funds or programs. This is a truly incredible achievement.

(5) Adjournment: M/S/C Jonathan Camacho to adjourn the meeting at 4:50 p.m.

DISTRICT BUDGET COMMITTEE

Meeting Minutes

November 16, 2017

3:00—5:00 p.m.

EVC, Mishra Room

Members Present: Doug Smith, Peter Fitzsimmons, Jorge Escobar, Jonathan Camacho, Lauren McKee, Barbara Hanfling, Fabio Gonzalez, Carlos Marques, Jesus Covarrubias, Kathy Tran (for Andrea Alexander), Eric Narveson, Eugenio Canoy, Faustino Villa, Paul Fong

Members Absent: Andrea Alexander, Maria Avalos, Sandra Gonzalez, Dan Hawkins, Yesenia Ramirez

Also Present: Kim Garcia, Jennifer (Diep) Le, Owen Letcher, Mike Dziuba, Tom Morales, Linda Wilczewski, Carol Anderson (Recorder)

- 1) Call to Order: – the meeting was called to order at 3:08 p.m.
- 2) Approval of Agenda: – M/S/P; Ayes – 12, Opposed –0, Abstentions – 0, Absent –4, Motion was made by Jonathan Camacho; Faustino Villa. Agenda was approved with the following amendment:
 - Item #8 – Bond Program Update-Measure X Allocation was moved to the beginning of the agenda.

Carlos Marques and Jesus Covarrubias arrived after the vote.

- 3) Approval of October 26, 2017, meeting minutes: M/S/P; Ayes – 11, Opposed –0, Abstentions – 1, Absent –4, Motion was made by Barbara Hanfling; Seconded by Eric Narveson. Eugenio Canoy abstained. Motion carries. Carlos Marques and Jesus Covarrubias arrived after the vote.
- 4) Stabilization Fund - Vice Chancellor Smith will discuss the Stabilization Fund in February during the Board of Trustees Budget Study discussion. The Board of Trustees want more language regarding drawdown criteria as well as fixed funding criteria with the goal of avoiding a public debate yearly.

VC Smith distributed what the current Stabilization Fund language is and some possible new language options. After some discussion the following was agreed to:

- Drawdown Criteria (#3) – change 3c to read “Access to avoid or delay staffing reductions for non-grant funded positions.” Delete lines 3d and 3e.

- Fixed Funding Criteria (#4) – Delete 4d, 4e, 4f and 4g. Add the following to read “Allocate \$250,000 in any given year when property taxes are above 6% and an additional \$250,000 in any given year when property taxes are above 7%.

5) 50% Law – The District is at risk of falling below the 50% mark. The goal is to reach 50% of expenses on instruction following the Boards Ends Policies and the Strategic Priorities and to maintain compliance. The Chancellor’s direction is for the College Presidents to work with their teams to ensure compliance.

6) Parking Fee – The parking fund – Fund 11 – is at a deficit of \$400K. Chief Morales stated that we need to enforce AP 6750 which states that requests to waive parking fees must be pre-approved by the College President. Lt. Dziuba stated that in August, \$85,000.00 in parking fees were waived.

The new parking machines will be delivered and installed in December.

7) Transportation Fee/VTA – VTA has more than doubled their fees. The District will have to absorb the increase in Fund 10 or go to the students and recommend an increase in the transportation fee.

8) Bond Program Update – Measure X Allocation – Mr. Letcher reviewed the Measure X allocation and how the allocation was arrived at. The Measure X Bond allocations are as follows:

SJCC -	\$319,021,872
EVC -	\$319,024,617
DW -	<u>\$109,953,511</u>
	\$748,000,000

The above allocations were based on the Facilities Master Plan that was updated in 2015. Escalation costs and inflation are not accounted for in the allocations as stated in the FMP documents, it has been included in the bond allocation. Included in the DW allocation is the demolition of the old DO, demolition of the South Bay Academy and a new District corporation yard.

9) 2nd Property Tax Data Point – The second property tax data point is 4.94%, up from 2.9%. The next update from the County is February 14, 2018.

10) 5-Year Capital Outlay Plan – Mr. Letcher reviewed the 5-Year Capital Outlay Plan, which is an annual report that gets submitted to the State. Mr. Letcher will submit the report to the Board of Trustees at the next meeting. The report, in part, tracks all square footage in the District and is compared to data received on census day for FTES and calculated student contact hours. The report is submitted for State capital project funding in 2019/20. We are not currently eligible for State capital project funding. All of our current projects are proposed for local funding.

11) Adjournment – Meeting adjourned at 5:05 PM