



SJECCD DISTRICT BUDGET COMMITTEE MEETING MINUTES

October 24, 2019
2:00-3:30 p.m.
EVC Mishra

Committee Members Present:

Jonathan Camacho
Eugenio Canoy
Jesus Covarrubias
Jorge Escobar
Chris Frazier
Robert Gutierrez
Dan Hawkins
Joe Lugo, Jr.
Alejandro Lopez
Andrea Lopez
Joe Lugo, Jr.
Carlos Marques
Marilyn Morikang
Randy Pratt
Linda Wilczewski
Brandon Yanari

Committee Members Absent:

Andrea Alexander
Paul Fong
Breyana Parker

Other Attendees:

Jennifer Le
Kathy Tran

Recorder:

Joy Pace

Call to Order

Mr. Jorge Escobar, Vice Chancellor, Administrative Services, Interim, called the meeting to order at 2:05 p.m. when a quorum of members was reached.

Approval of the October 24, 2019, Meeting Agenda

Mr. Escobar suggested moving agenda item 6, Board Audit Committee Meeting Update, to item number 4 of the agenda.

M/S/C (Chris Frazier/Dan Hawkins) to approve the agenda as amended.

Approval of the September 26, 2019, Meeting Minutes

Mr. Chris Frazier, SJCC Academic Senate, requested that his comment on the last sentence of page 2 be removed. Mr. Jonathan Camacho, CEM, corrected a sentence on page 3 to replace Mr. Covarrubias's name with his name.

M/S/C (Dan Hawkins/Jonathan Camacho) to approve the meeting minutes as amended.

Board Audit Committee Meeting Update

Mr. Escobar reported that Board Audit Committee members, Trustees Rudy Nasol (chair) and Craig Mann, met on Tuesday to review the district's audit results with the auditors. To summarize the meeting, he stated that we are keeping the audits clean as we have previously done. The district is being recognized as being efficient and compliant. Although it's good to have clean audits, Mr. Escobar stressed that we still need a tool to ensure the expenditures at the colleges roll up to the district level because it's not just about compliance, but analysis.

One finding reported by the auditors concerns the issue of the separation of duties in the hiring process of new adjunct faculty. For full-time faculty, the setup is managed by the district's Human Resources department. For adjuncts, the person doing the setup is the same person making the payments. Although we may find it very difficult for staff to use this situation to pay a fabricated individual, it could happen; and the auditors are asking us to make a modification of this setup. We agreed to make this modification and will come up with a solution soon so that the person in Academic Affairs who makes a change is not the same person who approves the payment. Committee Chair Nasol was emphatic that we make this change, and our solution will be reported to the full Board at the November board meeting. Ms. Linda Wilczewski, Interim Executive Director, Fiscal Services, stated this is a repeat finding; and we will have to submit a formal action plan with the district's responsible holders and timeline to the State Chancellor's Office. We are trying to put together an immediate actionable plan tomorrow.

Mr. Escobar thanked everyone who worked with the auditors, including the staff working on the OPEB and bonds as well.

Q-1 Budget Report

Ms. Wilczewski stated that at the last meeting, the committee discussed making changes to the Q-1 budget report. She reviewed a new document with the committee that has the same look and feel of the reports everyone is used to receiving, although it's been streamlined and organized in a way for greater efficiency. All the information contained in the report is coming out of the system. This draft report begins with the Budget Assumptions and Page 5 shows the FY2019-20 1st Quarter Budget Summary. These pages are followed by Fund 10 General Unrestricted Change in Fund Balance from FYs ending 2010 through 2019, revenue trends, property tax data points, expense trends for Fund 10, and revenue and expense trends for Funds 11,12,14,15,16,17, and 18. The report continues with Capital/Bond project funds, Internal Service Fund, Fiduciary Funds, and OPEB Related Funds. The

usual appendices will be included at the end of the report. The transmittal page and narratives will be added to the report that will go to the Board at the November meeting.

Ms. Wilczewski made some observations about the report as follows:

- The discount factor for FY2018-19 was listed at 1.7%; however, when we looked back at that, it was actually closer to 1.5%. Otherwise, everything is the same.
- The 1st Quarter Budget Summary page looks the same as prior reports.
- This report doesn't link FY2020-21, but will do so with the report that will be submitted to the Board.
- The ending fund balance is missing from the general report page. Linda will correct.

Mr. Frazier inquired about the reduction of revenues. Ms. Wilczewski explained it was because the one-time redevelopment money for asset liquidation was eliminated from the current year's total revenue number. Mr. Randy Pratt, EVC Academic Senate, requested information about the asset valuation increase and if the number of units change that percentage. Mr. Escobar stated there are 250K buildings that are ratable, including commercial and residential. Ms. Wilczewski stated the assumption reflects year over year. It was 4.3% over and above what we had last year, but we are fairly confident in our conservatism.

Mr. Escobar reported that Fiscal Services met with the County Office where they received a lot of information about valuation. It was fascinating to receive information about property values.

Mr. Eugenio Canoy, EVC MSC member, inquired about how the committee should interpret the ending fund balance chart. Mr. Escobar answered that from a financial perspective, the district's ending fund balance increased in dollars. We are around \$18 million of reserves and/or ending fund balance of 15%.

Mr. Frazier inquired about the reduced amount of revenue from international students. Ms. Kathy Tran answered that our international students are having difficulties obtaining the necessary documentation they need to enroll in courses.

Mr. Escobar reported on Fund 14 and stated that \$250K would be provided for each campus toward the San Jose Promise. Mr. Covarrubias inquired if Milpitas was included in the disbursement, especially in light of the concerns expressed at the last board meeting. Mr. Escobar answered that by law the San Jose Promise funds were designated for San Jose, but the FTES will follow the college. He stated that the district had to address concerns about the public gifting of funds to students via the Promise through such items as books, health fees, transportation fees, parking vouchers, supplies, etc. This was handled through the Board approving a resolution to fiscally support the Promise Program. The Foundation has also provided funds in support of the Promise Program.

Mr. Frazier recommended the draft report be circulated to the constituency groups so they could provide feedback to the District Budget Committee.

Mr. Escobar thanked Ms. Wilczewski and her team, as well as the colleges, for providing a report that contained the data that was needed for everyone to analyze the meaning of the numbers. This report will be fully automated and real-time numbers could be downloaded.

The DBC discussed the issues around everyone having access to the ODS system. Mr. Hawkins stated the need to discuss this access with ITSS. Ms. Wilczewski responded that the goal is to work with ITSS to program these reports into CROA once we have established all the business requirements.

The meeting adjourned at 3:18 p.m.