



SJECCD DISTRICT BUDGET COMMITTEE MEETING MINUTES

April 22, 2021

1:30-3:00 p.m.

Via Zoom

Committee Members Present:

Andrea Alexander  
Jessica Breheny  
Jonathan Camacho  
Joseph Chesmore  
Jorge Escobar  
Frank Espinoza  
Chris Hawken  
Dan Hawkins  
Lisa Hays  
Deanna Herrera  
Philip Hu  
Alejandro Lopez  
Andrea Lopez  
Carlos Marques  
Jose Luis Pacheco  
Yesenia Ramirez  
Edina Rutland  
Lena Tran  
Brandon Yanari

Committee Members Absent:

Garry Johnson  
Bianca Lopez  
Joe Lugo, Jr.  
Steve Mentor  
Randy Pratt

Other Attendees:

Justine Huynh-Cheng  
Jennifer Le  
Amber Machamer  
Vikki Menzies  
Kathy Tran

Recorder:

Joy Pace

## Call to Order

Mr. Jorge Escobar, Vice Chancellor, Administrative Services, called the meeting to order at 1:32 p.m.

Mr. Escobar announced it is with mixed feelings, happiness for Joy and sad for the district that she will be leaving the district in July. She has been a soldier for 13 years and was helpful in guiding him through complex issues, the understanding of how things work at the District Office, Board policies and administrative procedures and Board flows. He congratulated Joy for moving to the next phase of enjoying her life and that she knows the SJECCD is her second home. Ms. Pace thanked Mr. Escobar for the kind comments and stated she enjoyed working with everyone and is very impressed with how engaged, dedicated, and intelligent this committee is and how hard they work on behalf of the district.

## Approval of the April 22, 2021, Meeting Agenda

M/S/C (Dan Hawkins/Jessica Breheny) to approve the agenda as submitted.

The committee unanimously approved the meeting agenda as submitted.

## Approval of the March 25, 2021, Meeting Minutes

M/S/C (Dan Hawkins/José Luis Pacheco) to approve the meeting minutes as amended by Dan Hawkins.

Mr. Dan Hawkins, CSEA representative and Chair of the RBOA, added the following sentence on Page 4 where the RBOA was discussed: There are four seats of voting members and proxies. There is a requirement that two are active employees and two are retirees currently receiving OPEB benefits. The committee will be reporting to the Board next month.

The committee unanimously approved the meeting minutes as amended.

## Board Budget Principles

Mr. Escobar reported that everyone has seen this item come on and off the agenda, but the discussions regarding the budget principles are being led by the Board of Trustees. They want to review it and will work internally to make any changes. There is a strong interest in ensuring it goes through the whole constituency review process before it goes back to them for approval.

Mr. Frank Espinoza, District Academic Senate President, inquired about the timeline for the Board to go through the process of reviewing. Mr. Escobar stated he had no information to report. There is another Board meeting on April 27, and there may be some other items added to that meeting. If the Board doesn't give us many changes, reviewing it should be a couple of month's project. If we can have these in place before we have a fully adopted budget, that would be great.

## Budget Study Session - Data

Mr. Escobar displayed some information that the committee had not yet seen. Since the item was pulled from the agenda at the last minute, he wanted to share some of those slides. He stated the total deck is 45 slides. It's been 14 months now that we have been in a pandemic. The Tentative Budget should be approved by the Board at the June 8 meeting. We are using FY18-19 as a baseline. The next data point will be announced the Friday before the May board meeting. Enrollment projections are being monitored. We are thinking of projections for the Fall semester. Across the state the numbers have declined between 7-10%. Mr. Escobar stated that we pay attention to health and welfare costs. Over 85% of the total budget for the district is compensation. We have categorical funds that are not

considered as part of the general fund, but they provide funding for student services. The enrollment of international students has declined. He reviewed the list of BP/APs related to fiscal affairs. He would like to include the RAM and DEI items in those BP/APs. For EVC the Fall 2020/Spring 2021 is down similar to SJCC. These numbers are posted on the Institutional Effectiveness website for review. As we continue to look into components related to the management of our services to students, we need to pay attention to strategic enrollment management, which also includes graduating them, transferring them and other issues related to student success. He showed the seat counts for both colleges. They are slightly different due to different programs, but overall both colleges are balanced. It's very difficult to compare side by side all the metrics. He showed the information requested by the AFT, such as FTES, overload, and adjunct faculty. He reported that 50% of our education is carried by adjunct faculty and showed the information we are required to submit to the state. He showed the breakdown into major groups. The chart includes the benefits as well. Mr. Espinoza stated it would be helpful to see how many faculty are associated with the \$6 million or administrators with the \$2 million. Mr. Escobar stated he can add a head count chart, but that would only show the numbers at that point of time. We may have empty positions up for hire; but if we are showing total expenses, we could probably meet that request. He'll look into it with the fiscal team.

Over the past seven cycles, the base salaries have increased 25.4% and does not include health benefits for retirement or step increases. When we passed the \$100 million budget, it is now \$129 million. We are not spending more in discretionary but more in employees across the board. He showed the ending fund balances compared to other districts. Although we believe we have a decent ending fund balance, we are just a notch above Ohlone.

Mr. Escobar reviewed the work of full-time faculty performing other duties, and reported that we have 34 full-time faculty not teaching. This may be justification for 50% of courses being taught by adjunct faculty. He reported that we would receive over \$40 million if we were not a basic aid district. We are crossing our fingers that the next data point will be stronger. On May 7 we will have the next data point.

Mr. Escobar thanked the work done by the research allocation model team. A lot of information that they needed has showed the need for more transparency. They have categorized every expenditure that the District Office manages on behalf of the organization. We've identified \$19.8 million that the district manages for everybody's benefits, such as utilities, insurance, maintenance and operations costs, legal, STRS and PERS, and OPEB. When we talk about how the District Office at 40 South Market is spending \$40 million, \$19.5 million in people, including campus police, maintenance and other district-wide operational needs, he hopes by having these groupings we will give additional perspective to the resource allocation model group and everyone.

He discussed the OPEB and how Mr. Dan Hawkins does a great job chairing that committee. Similar to a mortgage, you have to pay that bond on an annual basis. We pay this expense from Fund 10, \$2.6 million. He reviewed the HEERF, but the past few months and during the pandemic we did a great work by providing students over 2600 laptops and webs and chairs. Mr. José Luis Pacheco, CSEA President, inquired if this funding could be used to pay off student debt. Mr. Escobar answered that the CARES Act was very specific as to how we could use the funding, but HEERF is more flexible, such as paying off student debt. However, the funding would go to the students, and they would have to pay us. Some of the specifics are not very clear, but the VPs of Administrative Services are dealing with these details. We can get reimbursed for lost revenues, such as for facilities and parking; and we have flexibility in allocating to different categories.

Mr. Escobar reported on the review of the work being done with technology, such as improving the infrastructure by being strategic in our investments, such as the Cloud, Enterprise, revamping data warehouse/hub/storage and bigger plans for CANVAS. Lots of emphasis on this area, and he'll be working these plans with the District Technology Committee to get things in place for the next few years.

As an update to the Board, he put a check mark to show all the budget principles we applied and used through the decisions that were made. We all believe in opportunity, equity and social justice; but how do we document that we are using our funding to achieve these values. Mr. Espinoza liked the checks but didn't identify which budget principle it applies to; he should probably add the number of the principle. Mr. Escobar agreed he should add the numbers.

Mr. Espinoza requested that DBC members received a copy of the full budget presentation either before or after Mr. Escobar presents to the Board. Mr. Escobar added the presentation to the chat, but he asked everyone to consider that it's still in draft form. It will be posted to the website after he presents to the Board of Trustees.

Mr. Escobar reported that we exceeded faculty obligation number by 40 full-time faculty. Ms. Lisa Hayes, AFT Executive Director, thanked Mr. Escobar for the presentation and reported there will be a HEERF3, and two of her children have already received checks.

Mr. Escobar reported that some non-basic aid district had to use TRANS and had to borrow money to pay their expenditures. Mr. Joseph Chesmore, Executive Director, Fiscal Services, added the information to the chat and reported on what we received. The teams now have the ability to do some outreach efforts. There is so much work being done behind the scenes.

#### Tentative budget update

Mr. Chesmore showed the actual template spreadsheets. Each section is specified to a certain entity. He displayed Fund 17, which is grant based. For Fund 10 we will change the dynamic, they need to fill out the estimated budget and we'll be filling out the Tentative Budget section. He highlighted that before filling out the spreadsheet. We need to ensure we properly put in the actual benefits in Analytics. He stated the impact this has on the budget totals. The DO Fiscal Services asked the campuses to submit the BCRs and BTs by April 30. On May 5 they'll be extracting the data from Colleague. By May 7 they'll receive further information from the campuses. Once that information is received, they'll be sending out to this committee the draft prior to the May meeting.

Mr. Escobar thanked Mr. Chesmore for the new strategies employed and for simplifying the process for the campuses. The Tentative Budget needs to be approved by the Board of Trustees and submitted to the state before we can spend money in July.

#### Audit Update

Mr. Chesmore reported they'll be putting more weight into the first part of it so we can catch anything that may be questionable. In the past we tended to test the bond items in the Fall. But why wait until then? We'll be testing 20 expenses in the interim and 20 in the Fall. Currently, we are collecting the items and they're being reviewed by the team.

Mr. Escobar stated that FY2019-20 set the bar very high, and we're confident this task is in good hands. The Board committee meets at least twice a year, and we don't see any deviations to the process. As it's a Brown Act meeting, we'll share those details with the committee.

#### RAM Update from Committee Chairs

Mr. Escobar reported there have been a lot of discussions on district-wide expenses. But this committee has the right to ask questions and make recommendations regarding those expenses. The expenses are to the benefit of everyone, but we take care to manage expenses in a judicial way but with a level of accountability. We really take care of business because there is a heightened level of scrutiny at the Chancellor and Vice Chancellor level.

Mr. Chris Hawken, SJCC Vice President of Administrative Services, stated that at the last RAM meeting they discussed not being as organized and agendaized as they would like to be. They want to be more focused on achieving the goals. They'll go back to the subcommittee, which meets tomorrow. The formula will go back to the group the following week, especially regarding the carry-over every year. At our future meetings, we'll allot a certain amount of time to the bigger items.

Mr. Pacheco agreed with Mr. Hawken's summary. We did miss the mark on trying to implement it by March but being back on target is the outcome they're looking for.

Ms. Kathy Tran, on behalf of EVC Vice President of Administrative Services Andrea Alexander, stated the committee is coming together with the subcommittee to discuss the 29 elephants in the room. The subcommittee perspective is they're still trying to hear from the larger RAM group.

Mr. Escobar expressed disappointment that this work hasn't moved forward as quickly as he would like. But the silver lining is that we are committed to doing this right, and we'll have a model in place for other districts to follow. The accountability for not getting it done is not on a single person but on us all.

Mr. Hawkins inquired if the District is on track with the annual actuarial report with Nyhart. He doesn't want a delay or for that not to happen. Mr. Chesmore reported this will be finalized in June, and that schedule is perfectly fine with the auditors. Mr. Hawkins thanked Mr. Chesmore for being on top of this issue. Mr. Escobar stated that although there are ups and downs with staffing, the market will be OK. He reported that Mr. David Yancey has come back to sit on the RBOA Board, which was a great surprise.

Ms. Amber Machamer, Executive Director, Institutional Effectiveness and Student Success, reminded everyone of the self-evaluation survey. Everyone will be receiving that survey soon, and it will be ready to review at the next District Council meeting. Mr. Escobar discussed the role of Institutional Effectiveness and how those numbers have impacted his Board presentation.

### Adjournment

The meeting adjourned at 2:54 p.m.