

DISTRICT BUDGET COMMITTEE
MEETING AGENDA

Thursday, September 1, 2022 · 1:30 – 3:00 PM

San Jose City College
2100 Moorpark Ave., L114
San Jose, CA 95128

[Zoom Link](#)

1.) 1:30PM	Call to Order	Jorge Escobar	ACTION
2.) 1:30-1:35	Approval of September 1, 2022 Meeting Agenda	Jorge Escobar	ACTION
3.) 1:35-1:40	Approval of May 19, 2022 Meeting Minutes	Jorge Escobar	ACTION
4.) 1:40-2:40	FY 2022-23 Adopted Budget Report	Joseph Chesmore	INFORMATION
5.) 2:40-2:55	FY 2021-22 Audit Report – Update	Joseph Chesmore	INFORMATION
6.) 2:55-2:59	Future Agenda Items	All	INFORMATION
	a) Foundation: the structure, fund structure, supporting evidence (Yesenia Ramirez)		
	b) OPEB: orientation/training (VP Hawken, VP Alexander)		
	c) Status on campus food services (Jose Luis Pacheco)		
	d) Final review of updated Chapter 6 revisions (Jorge Escobar)		
	e) Annual Committee Evaluation survey results (Amber Machamer)		
7.) 3:00PM	Adjournment	Jorge Escobar	ACTION

DISTRICT BUDGET COMMITTEE MEMBERS

ADMINISTRATORS

CHAIR

Jorge Escobar

BUSINESS OFFICERS (4)

Andrea Alexander, EVC
Christopher Hawken, SJCC
Joseph Chesmore, DO
Vacant, DO

MSC (2)

J. Edward Stevenson SJCC
Jonathan Camacho, DO

STUDENTS (2)

Ayan Dalmar, EVC
Leif Benson, SJCC

FACULTY

ACADEMIC SENATE – EVC (2)

Lisa Hays
Garry Johnson

ACADEMIC SENATE – SJCC (2)

Fabio Gonzalez
Judith Bell

ACADEMIC SENATE – DISTRICT (1)

Emily (Phuong) Banh

AFT 6157 (2)

Steven Mentor
Philip Hu

CLASSIFIED

CSEA 363 (4)

Brandon Yanari
Dan Hawkins
Joe Lugo, Jr.
José Luis Pacheco

CLASSIFIED SENATE - SJCC (2)

Yesenia Ramirez
Claudia Amador

CLASSIFIED SENATE – EVC (2)

Sarai Minjares
Abeer Abdel Halim

DISTRICT BUDGET COMMITTEE
MEETING MINUTES

Thursday, May 19, 2022 · 1:30 – 3:00 PM

District Office
40 South Market Street, CR112
San Jose, CA 951113

Zoom option: <https://sjeccd-edu.zoom.us/j/92560928495>

DISTRICT BUDGET COMMITTEE MEMBERS

ADMINISTRATORS

CHAIR

Jorge Escobar

BUSINESS OFFICERS (4)

Christopher Hawken, SJCC
Andrea Alexander, EVC
Joseph Chesmore, DO

MSC (2)

Edina Rutland, SJCC
Maniphone Dickerson, EVC

STUDENTS (2)

Vacant, EVC
Vacant, SJCC

GUESTS:

Yumei Chen, Mark Hua,
Amber Machamer,
Kathy Tran, Hong Yang

FACULTY

ACADEMIC SENATE – EVC (2)

Lisa Hays
Garry Johnson

ACADEMIC SENATE – SJCC (2)

Fabio Gonzalez
Judith Bell

ACADEMIC SENATE – DISTRICT (1)

Alejandro Lopez
Phuong Banh (incoming)

AFT 6157 (2)

Steven Mentor
Philip Hu

(Attendance in color.)

CLASSIFIED

CSEA 363 (4)

Dan Hawkins
Joe Lugo, Jr.
José Luis Pacheco
Brandon Yanari

**CLASSIFIED SENATE -
SJCC (2)**

Andrea Lopez
Yesenia Ramirez

**CLASSIFIED SENATE – EVC
(2)**

Sarai Minjares
Abeer Abdel Halim

1.)	Call to Order Vice Chancellor Jorge Escobar called the meeting to order at 1:36pm.	Jorge Escobar	ACTION
2.)	Approval of May 19, 2022 Meeting Agenda M/S/C (Chesmore/Lugo) To approve the amended May 19, 2022 Meeting Agenda. Judith Bell requested a discussion on the RAM meeting. This item will be added to the agenda after the Tentative Budget Report.	Jorge Escobar	ACTION
3.)	Approval of April 28, 2022 Meeting Minutes M/S/C (Ramirez/Chesmore) To approve the April 28, 2022 Meeting Minutes. Andrea Lopez suggested checking to ensure quorum is met prior to taking action items.	Jorge Escobar	ACTION
4.)	Final Review of Chapter 6 Revisions Vice Chancellor (VC) Escobar, shared Chapter 6 was reviewed in 2019. This went back to the District Policy Committee, and the Board	Jorge Escobar	INFORMATION



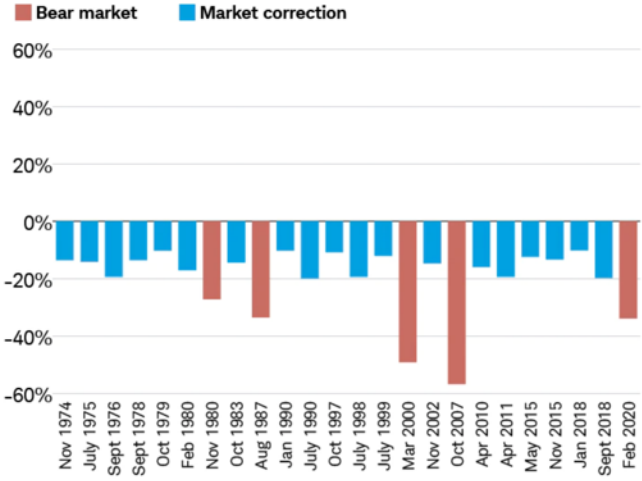
	<p>of Trustees requested additional language be added about equity. This has now gone through a complete cycle of review.</p> <p>Executive Director Joseph Chesmore confirmed all of the feedback received from each campus fiscal officer and each constituency group has been captured in the updated version of Chapter 6 revisions. If there is additional feedback that needs to be captured, please submit immediately. This process is now streamlined through BoardDocs.</p> <p>Andrea Lopez pointed out a concern that the committee is being bypassed and this is being moved forward with the changes quickly.</p> <p>VC Escobar responded he will not move anything forward for further review or final approval until the District Budget Committee (DBC) has had more time to review and give approval.</p>		
5.)	<p>FY 2022-23 Tentative Budget Report FY2022-23 Tentative Budget Preliminary 5-18-22 VC Escobar shared this is a preliminary Tentative Budget Report; the state budget will be approved in September. Once the fiscal year is closed, there will be three months to ensure all revenue and expenses are finalized prior to submitting the Adopted Budget.</p> <p>He began by sharing research he gathered to make the DBC aware of what is coming.</p> <div data-bbox="178 1113 487 1554"> <p>Cisco's stock dives to 52-week low on surprise revenue drop, disappointing outlook</p> <p>Cisco stock hits a new 52-week low on Thursday. It's lost nearly a third of its value so far in 2022.</p> <p>Here's how to protect your money in a struggling market</p> <p>No one's finances are immune to plunging stocks, global unrest and climbing inflation, but there are some ways people can guard against losses</p> <p>Experts say recession is looming. But what could it look like?</p> <p>Is the worst finally over for the market? Stocks stage a comeback</p> <p>Rents in the US just hit another record high</p> <p>Lawmakers grill interior chief over oil and gas drilling plans amid high prices</p> </div> <div data-bbox="503 1113 1071 1554"> <p>POLITICS Despite \$97.5-billion surplus, Legislative Analyst's Office warns of California 'fiscal cliff'</p> <p>2021 Assessment Roll Growth slows to \$25.4 billion, but escapes worst COVID projections</p> <p>California Community Colleges PRESS RELEASE</p> <p>Revised State Budget Proposal Calls for Historic Investments in Community Colleges to Advance Equity and Economic Mobility</p> <p>Roll growth due to new construction declined by 21 percent to \$6.7 billion from \$8.5 billion the prior year. During the pandemic, new construction was disrupted by work stoppages, and labor and material shortages. Local planning and building departments were disrupted as they scrambled to adapt to shelter-in-place mandates. Going forward, however, construction is expected to resume to pre-pandemic levels as the corporate commitment to Silicon Valley remains strong.</p> </div> <div data-bbox="178 1575 1071 1953"> <p>The charts show the US DJIA volume and price trends. The top chart displays the DJIA price from June 14, 2021, to May 16, 2022, with a notable dip around July 27, 2021, and a subsequent recovery. The bottom chart shows the volume of trading, with a significant peak in late 2021 and early 2022.</p> </div>	Joseph Chesmore	INFORMATION

Student Enrollment Report Summer (Current offset)						
Data as of: 5/19/22						
District-wide	2020SU		2021SU		2022SU	
	#	Pct Change Prior Yr	#	Pct Change Prior Yr	#	Pct Change Prior Yr
Total Headcount	6,597		5,828	-11.7%	4,344	-25.5%
FTEs	980		811	-17.2%	629	-22.5%
Seat Count	9,120		7,962	-12.7%	6,139	-22.9%
Section Count	362		407	12.4%	402	-1.2%
FTEF	76.2		83.2	9.2%	89.1	7.1%
FTEs/FTEF	12.85		9.74	-24.5%	7.05	-27.2%

EVC	2020SU		2021SU		2022SU	
	#	Pct Change Prior Yr	#	Pct Change Prior Yr	#	Pct Change Prior Yr
Total Headcount	3,837		3,339	-13.0%	2,390	-28.4%
FTEs	558		470	-15.8%	337	-28.3%
Seat Count	5,020		4,384	-12.7%	3,308	-24.5%
Section Count	193		224	16.1%	226	0.9%
FTEF	43.8		48.7	11.4%	49.8	2.3%
FTEs/FTEF	12.75		9.64	-24.0%	6.76	-30.6%

SJCC	2020SU		2021SU		2022SU	
	#	Pct Change Prior Yr	#	Pct Change Prior Yr	#	Pct Change Prior Yr
Total Headcount	3,065		2,794	-8.8%	2,179	-22.0%
FTEs	422		341	-19.2%	292	-14.4%
Seat Count	4,100		3,578	-12.7%	2,831	-20.9%
Section Count	169		183	8.3%	176	-3.8%
FTEF	32.5		34.5	6.2%	39.3	14.0%
FTEs/FTEF	12.99		9.89	-25.2%	7.43	-22.7%

Since 1974, only five market corrections have become bear markets



Source: Schwab Center for Financial Research with data provided by Morningstar, Inc.

California has a record surplus of \$97B. The district is in a fiscally positive position. We have funding, but need to be wise about how we handle our finances moving forward.

We are experiencing declining enrollment; it is currently at 50% of our highest enrollment. We will not be as impacted as others will, but revenue is not matching the board principle of 3.5%. Adjustments will need to be made on the Adopted Budget this year.

This is not meant to cause concern, but to make everyone think, be prepared, and not lack financial foresight.

<p>Andrea Lopez commented she hopes the college leadership is given this information. 70% of funding is from FTE. It is a good time for leaders to look ahead at enrollment as the market goes down. This is good information to plan for next year.</p> <p>Judith Bell shared her concern. If enrollments are declining, how will we improve them and invest in what will improve retention, including technology?</p> <p>VC Escobar responded this is a good point. He suggested not continuing to spend at the same level, to invest, and to be smart about reading the numbers. A lot of change needs to take place with the use of our resources.</p> <p>Jose Luis Pacheco emphasized the importance of utilizing and leveraging the Classified professionals in the District that already have the needed skill sets instead of outsourcing.</p> <p>VC Escobar emphasized delineation of functions needs to be reviewed. This was discussed in the Future of Work conversation.</p> <p>VC Escobar acknowledged and thanked the fiscal team for their hard work on preparing the Tentative Budget.</p> <p>Director Chesmore thanked his team, and EVC and SJCC for the hard work they put into the Tentative Budget.</p> <p>Director Chesmore reviewed the Tentative Budget Report by selected pages.</p> <p>He began on page 131, Historical Review and Property Tax Data: The tax data point released is 2.65%. This results in a 3% salary increase for FY 2022-23.</p> <p>Page 118, Budget Assumptions: COLA was at 5.33% when this document was prepared. During the May Revise, the amount released is 6.56% for COLA. Inflation is rising and the stock market is not performing as well.</p> <p>Page 116, Fund 85, OPEB Liability Page 115, Fund 81, Retiree Benefit Fund Page 114, Fund 75 OPEP Trust Fund</p> <p>VC Escobar commented for the past few years we have offset the OPEB cost with the bond portfolio. Currently the stock market is dictating the trend.</p> <p>Page 109, Fund 96, Scholarships Page 103, Fund 48, Student Financial Assistance Fund</p> <p>Page 102, Fund 72, Student Representative Fund: This is a new fund. The student is charged \$2; one dollar goes to ASB, and one dollar goes to the state. We will capture revenue in our books.</p>		
---	--	--

<p>Andrea Lopez asked for clarification on charging students a fee in addition to the ASB fee they are already charged.</p> <p>Director Chesmore responded that is correct. The ASB fee was passed by the ASB Council.</p> <p>Page 101, Fund 71, ASB Fund: This is a new fund, and has never been reflected in our books before. This is the first year of capturing this, and it is a great accomplishment. This is available in PowerBI.</p> <p>Andrea Lopez asked if this is also done for the Foundation.</p> <p>Director Chesmore responded historically, all ledgers have been kept separately. The goal is to consolidate everything into one book. This will take time.</p> <p>Page 99, Fund 61, Self-Insurance Fund Page 96, Fund 70, Cafeteria Fund</p> <p>Page 95, Fund 33, Child Development Fund: This is a new fund. Director Chesmore pointed out we are trying to align our books with BAM.</p> <p>VC Escobar pointed out Director Chesmore has been working closely with the auditors to align this with BAM, to be in compliance and make it cleaner with the state. We have two grants for child development. This is a pass through type of fund.</p> <p>Director Chesmore emphasized that adding these new funds does not impact our books. It is about centralizing it to reflect it accurately.</p> <p>Andrea Lopez asked when we would begin providing child development services to students. She requested adding this to a future agenda for review as childcare is a big issue for our students.</p> <p>VC Escobar responded on behalf of SJCC, the construction of the child development center is one initiative. He will follow up on the construction. Getting an operator to allow use of these funds is something the VP of Administrative Services has been working on for a while. VP Hawken should be able to provide further guidance on this plan. This will be added as a future agenda item.</p> <p>VC Escobar provided additional follow- up information regarding the Child Development Center:</p> <p>The Child Development Center (CDC) at SJCC was closed in 2009 due to the high cost of personnel. The college (faculty, students, board, and community) shared their interest of reopening the CDC with a Partnership model in mind. The supporting documentation can be found by clicking on this OneDrive link: https://sjeccd-my.sharepoint.com/:f/g/personal/jorge_escobar_sjeccd_edu/EmueBi yz1UJPsmyuYSEgMAoBb_awj420rcgwNXio3o-xHw?e=1ofldg</p>		
---	--	--

<ul style="list-style-type: none"> • 2009 CDC center closed • Kept CCTR and CSPP grants active after the closure of the CDC on campus • June 2015 - St. Elizabeth, which had been the provider, announced their closure. Due to the long and close relationship with SJCC, upon the closure of the St. Elizabeth center, The Sisters of the Holy Family made one of the largest donations for scholarships in ECD, the balance of \$400,000.00 is accounted in the Foundation. • In collaboration with County Office, selected another provider Estrella Family Services to operate with our CCTR and CSSP grants <ul style="list-style-type: none"> ○ Estrella Family Services then was acquired and they did not want to continue with our subsidized programs ○ Some issues limiting private providers to assume our subsidized programs: amount of paperwork and compliance; income qualification; frequent change of family status; additional subsidized funds given to community providers • SJCC was one of the first entities to work on a pilot subsidy program • April 2018 - visited Cerritos College to understand their facilities and programs • FMP updated to reflect Educational program and facilities need • Worked with faculty who were excited to pursue the NAEYC Accreditation • Fall'18 PDD update highlighting • Periodic discussions at Facilities and Safety committee that are posted with detailed minutes • Funded project 31161 - Child Development Center- Phase with \$4,2M • Developed pitch plan for funders • October 2018 - update to Board of Trustees • Phase 1: move the Construction Management companies from the K building to Tk3 and Tk4 portables • December 2018 - Summary of activities and next steps • March/April 2019 - Demolish K building • Phase 2: add modular buildings to allow an operator to execute the CCTR and CSPP • Phase 3: program, design and reallocate bond funds to build a permanent facility for CDC that is integrated with other services • April 2019 - met Superintendent Juan Ortiz and toured Educare • 2021- Project charter signed off <p>Hong Yang reviewed Bond Funds: Page 89-92 Fund 83, Fund 84, (Measure G 2004), Fund 86 (Measure G 2010) and Fund 87 (Measure X)</p> <p>Page 86, Fund 40, Measure X: This is the remaining balance of Measure X.</p> <p>Pages 81-84, Funds 45- 47. There are more than 70 projects in process districtwide.</p> <p>Page 78, Fund 42, Measure G. This will be mature in 2024.</p> <p>Page 73, Fund 36, Capital Projects Fund: This is trending positively.</p> <p>Page 69, Fund 18, Student Health Fees Fund –SJCC and EVC, both ending fund balance of \$0.</p>		
---	--	--

<p>Page 61, Fund 16, Consolidated: Nets to ending fund balance of \$0.</p> <p>Page 60, Fund 17, Grants/Categoricals: This shows a balanced workbook of \$0 and SJCC at \$26M for Tentative Budget.</p> <p>Page 49, Fund 17, Grants/Categoricals: This shows a balanced workbook of \$0 and EVC at \$34M for Tentative Budget.</p> <p>VC Escobar commented categorical funding is a great additional source of funding that goes into the general fund. Other funds, other than fund 10, are discretionary to campuses.</p> <p>Page 36, Fund 17, Grants/Categoricals: This shows a balanced workbook of \$0 and District Services at \$4.1M for Tentative Budget.</p> <p>Page 29, Fund 15, Facility Rental, District Services: Most of facility money comes from rentals and use of facilities.</p> <p>Page 28, Fund 15, Facility Rental, SJCC: Most of the funds came through HEERF due to loss of rental income. There is a \$1.3M reserve.</p> <p>Page 26, Fund 15, Facility Rental, EVC: There is a \$1.7M ending balance.</p> <p>Fund 14, Student Success Enhancement Fund: this is revenue from rental property.</p> <p>Page 24, Fund 12, Financial Stability Fund: If the tax data point ever reaches 6% between July 1 and June 30, \$250,000 is used to the discretion of the Board of Trustees. If the tax data point reaches 7% that is another \$250,000 that is transferred from Fund 10 to Fund 12. This is not currently added to the Tentative Budget.</p> <p>Page 23, Fund 11, Parking Fund</p> <p>Page 2, Fund 10, Consolidated: Shows \$142M adopted budget, which is .5% less than what was budgeted in 2022.</p> <p>2021 Actuals: Shows \$140M in revenue. We gained about \$2M from last year to this year. We are slowly trending up.</p> <p>Page 7, Fund 10, Consolidated: Anticipated expenses are \$138,842,544. We recognized \$136M for 2021.</p> <p>Reserve for 2022 is 23% for the ending fund balance. Projected reserve for 2023 is 21% and 23% for 2024.</p> <p>He is happy to announce we are projecting a net change of \$3.2M fund balance. This is comparable to last year's net change.</p> <p>VC Escobar commented that everything we have in our system is in those reports. That report format leaves no room for mistakes in the</p>		
---	--	--

	<p>spreadsheets. We have streamlined these efforts and added checks and balances. Analytic has the capability to add budget assumptions.</p> <p>VC Escobar welcomed Emily Banh, the new District Academic Senate President, and thanked her for joining the meeting today.</p>		
6.)	<p>RAM Discussion – added during agenda approval Judith Bell shared at the last RAM meeting they discussed ensuring someone is overseeing the district’s budget for shared services. She suggested it might be difficult for VC Escobar to lead this part, as he is the lead financial officer.</p> <p>VC Escobar responded there has been an agreement there would be oversight as the committee needs to prioritize and make decisions. The natural designation of a committee for this is the DBC. He suggested a subgroup of the DBC might need to be formed. This could be part of the first meeting of next year, where the goals and objectives of the committee will be reviewed for the new members.</p> <p>He shared the District Budget Committee charter: https://www.sjeccd.edu/employees/district-budget-committee</p> <p>Jose Luis Pacheco commented it is in the DBC charter to provide oversight with respect to RAM. It would be the responsibility of this committee.</p>	Judith Bell	
7.)	<p>Required Annual Committee Evaluation Survey Amber Machamer shared she will send a survey to the members to assess the work of the DBC. This will come from InstitutionalEffectiveness.StudentSuccess@sjeccd.edu</p> <p>She requested information back by May 27. She will make the report available at the first DBC meeting in the fall.</p> <p>Judith Bell asked for clarity on this survey, and if it is just for District committee members. Amber confirmed this is true.</p>	Amber Machamer	INFORMATION
8.)	<p>CalPERS Employer Contribution Announcement Jose Luis Pacheco shared at their last CalPERS meeting they voted for the employer contribution rates. This was estimated at 25.4%, but will actually be 25.37%.</p>	Jose Luis Pacheco	INFORMATION

Employer Contributions (\$ in millions)

	Fiscal Year 2021-22	Fiscal Year 2022-23	
Employer Contribution Rate (%)		[estimated ¹]	[actual]
Employer Normal Cost	9.32%	9.9%	9.82%
Unfunded Liability Rate ²	15.75%	15.5%	15.55%
State Supplanting Payment (Section 20825.2) ²	(2.16%)	—	—
Required Employer Rate	22.91%	25.4%	25.37%
Projected Payroll in Contribution Year	\$ 15,295		\$ 15,181
Expected Employer Contribution (\$)	\$ 3,503		\$ 3,852

This will not affect those hired before 2013, but PEPRAs members will pay 8% effective July 1, 2022.

<https://www.calpers.ca.gov/page/about/laws-legislation-regulations/public-employees-pension-reform-act>

Director Chesmore confirmed this has been captured in our budget assumptions. The official letter from CalPERS has not yet been released, but should be released in June.

VC Escobar pointed out it is important to be aware of how our financial impact is affected. He highlighted, the rate in FY 2021-22 was 22.91% and now jumped to 25.4%. This is an additional \$1.3M expense to the district.

9.)	<p>Future Agenda Items</p> <ul style="list-style-type: none"> a) Foundation: the structure, fund structure, supporting evidence (Yesenia Ramirez) b) OPEB: orientation/training (VP Hawken, VP Alexander) c) Status on campus food services (Jose Luis Pacheco) d) Child Development Center, SJCC (Andrea Lopez) e) RAM discussion (Judith Bell) <p>Jose Luis Pacheco commented on (c) Status on campus food services.</p> <p>He shared his understanding was that we have an RFP out for food services for campus vendors.</p> <p>Mark Hua responded VP Hawken and VP Alexander are on the committee to select a new campus vendor. They are hoping to get this approved at the July board meeting to get a vendor on board in the fall.</p> <p>Emily Banh asked for the list of future agenda items and how she can access meeting minutes to understand the DBC.</p> <p>Shana will follow up with Emily and get her the information.</p>	All	INFORMATION
-----	---	-----	-------------

	<p>Yesenia Ramirez asked if Foundation information could be sent for reading over the summer and possibly removing item (a) from the Future Agenda Item list.</p> <p>VC Escobar will consult with the Chancellor on this request.</p> <p>Andrea Lopez commented based on the process of the RAM, she would like to look at the charge of the committees.</p> <p>VC Escobar responded this information is in the charter. He asked to be notified of any changes in constituency group representation to the committee, so Shana can update the distribution list.</p> <p>VC Escobar thanked everyone for their time, commitment and input. He truly appreciates it.</p>		
10.)	<p>Adjournment The meeting adjourned at 3:08pm.</p>	Jorge Escobar	ACTION