



SJECCD DISTRICT BUDGET COMMITTEE MEETING MINUTES  
February 25, 2021  
1:30-3:00 p.m.  
Via Zoom

Committee Members Present:

Andrea Alexander  
Jessica Breheny  
Jonathan Camacho  
Joseph Chesmore  
Jorge Escobar  
Frank Espinoza  
Fabio Gonzalez  
Chris Hawken  
Dan Hawkins  
Lisa Hays  
Deanna Herrera  
Philip Hu  
Garry Johnson  
Alejandro Lopez  
Andrea Lopez  
Bianca Lopez  
Joe Lugo, Jr.  
Carlos Marques  
Jose Luis Pacheco  
Steve Mentor  
Randy Pratt  
Edina Rutland  
Lena Tran  
Brandon Yanari

Committee Members Absent:

None

Other Attendees:

Jennifer Le  
Manuela Kolpin  
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 1:33 p.m.

### Approval of the February 25, 2021, Meeting Agenda

M/S/C (Dan Hawkins/Andrea Lopez) to approve the agenda as submitted.

The committee unanimously approved the meeting agenda as submitted.

Mr. Escobar encouraged committee members to send him any items they would like to add to the agenda.

### Approval of the January 28, Meeting Minutes

M/S/C (Fabio Gonzalez/Andrea Lopez) to approve the meeting minutes as amended.

Mr. Escobar thanked Dr. Gonzalez for sending his revisions early. There were no substantive changes made, and Mr. Escobar recommended approval as amended.

The committee unanimously approved the meeting minutes as amended by Dr. Gonzalez.

### Property Tax Data Point

Mr. Escobar informed the committee that he had sent a formal written communication to the entire district over the weekend. He inquired if the committee had any questions regarding that communication. We met with the property tax assessors and county officials last week. They reported the status as Stable; however, there is still hesitation in the final evaluation of property taxes. There is also an 83% increase in tax appeals, primarily in residential tax assessments. The County staff also mentioned that they are monitoring for any negative impact on commercial real estate as vacancies are noticeable. This shows a contradiction when you see all the construction announcements posted in downtown San Jose. The positive side is that the 3<sup>rd</sup> data point was positive, and on May 7 we'll be looking at the 4<sup>th</sup> data point.

Mr. Jose Luis Pacheco, President, CSEA, inquired if there would be more information coming regarding Proposition 19. Was that discussed? Mr. Escobar stated Prop 19 will impact the future year. The total valuation was increased by \$15 billion. Mr. Randy Pratt, EVC Academic Senate President, inquired about the actual data point. Mr. Joseph Chesmore, Executive Director, Fiscal Services, reported that it is 1.15%. Mr. Escobar stated there is \$4-6 billion related to appeals, which would impact the amount of property taxes. There is a secured roll, which is positive. There are things such as airplanes and boats included in the calculation, and this has not been decided by the county yet. Mr. Frank Espinoza, District Academic Senate President, stated that a very small percentage of appeals actually get approved. Mr. Escobar stated he would agree based on patterns. We feel right now the 1.15% is trending up. But, historically, this is one of the lowest 3<sup>rd</sup> data points we have received. He is remaining optimistic that the 4<sup>th</sup> data point will be an increase.

Ms. Jessica Breheny, AFT, inquired about how many appeals are represented by the 83%. In answer to Ms. Breheny's questions related to appeals, Ms. Deanna Herrera, Controller, showcased the appeals section on the Santa Clara County website, which included the number of appeals. Mr. Escobar stated that for FY2019-20, the number of appeals are about 3,800 to 4,025, and the amount at risk is \$6.93 billion. That's the amount of work of the appeals. Mr. Espinoza inquired if they could find out the percentage and number of denials. It would be helpful to have that information available.

### Review of remaining Fiscal Calendar activity

Mr. Escobar reported that there are three months left in the FY. Last year we had a total of 45K vouchered transactions. The magnitude of the activity and transactions that take place throughout the year is often not comprehended by the district. Mr. Chesmore displayed the Fiscal Calendar for 2020-21, and stated that the goal is to strengthen the DO's partnership with the campuses. The calendar is sent every Monday to the campuses with highlights as to what is coming up, and he's working to make it easy to read. He showed highlights regarding grant reports and payroll reports that are due soon. The District Budget Committee reports are also included. It's important for everyone to know about the work that's done behind the scenes. Mr. Chesmore display the upcoming deadlines and time-sensitive information for the week of February 22. He inquired if anyone is interested in receiving this report to please let him know.

Ms. Andrea Lopez, SJCC Classified Senate President, suggested that it would be helpful if this calendar could be sent out to the .dl for administrative assistants. Items such as the Cal Works deadline would be very helpful. Mr. Escobar agreed with that recommendation. He stated this will help everyone prepare for the massive amount of work that's coming up. We'll share as much information as possible. Mr. Escobar discussed the importance of the collaboration between the district office and the campuses. A lot of work is going on behind the scenes. Mr. Pratt inquired if RAM implementation steps are planned in this calendar. Mr. Escobar answered that the dependency of RAM is for the preparation of the Tentative budget but that RAM has its pathway, However, the RAM framework and definition has to be finished so that the Tentative Budget is approved in May.

Mr. Espinoza inquired if the data points were added to the calendar. Mr. Chesmore confirmed that they were included. Mr. Espinoza recommended sending the calendar to all members of the District Budget Committee and thanked everyone who contributed to the calendar. Mr. Espinoza complimented the team for putting this together. It's very similar to a tool that's being used on another committee.

### Board Budget Study Session

Mr. Escobar stated that the Tentative Budget has to be approved in May for us to expend funds in July. We have a few months to tweak things up. The Board budget study session will be conducted in April, and part of the responsibility of the CBO is to provide the Board of Trustees with all the information so they can be informed and have the chance to deliberate and make the final judgment on how we expend the funds in context of the Tentative Budget.

Mr. Escobar stated the value of this group is to get guidance. He would like to provide more information to the Board. He's heard a lot about transparency lately and wants to share as much information as possible by showing the reserves, budget, data sources for revenue, budget principles and then break down Fund 10 to the two main categories; compensation and discretionary spending. He will break these down to ensure people understand how compensation and benefits have increased over time and are now projected to grow based on our salary schedules. We also need to understand headcount for executive management, faculty, classified professionals and MSC. From that point it's important to recognize the discretionary expenditures. What are the costs that are needed to run the district; i.e., the "lights on" expenditures? He inherited an organization that was efficient, but we can add a layer of transparency by adding another level of information. He doesn't want to overload the Board, but at what level should he share detailed information?

Ms. Andrea Alexander, EVC Vice President of Administrative Services, stated the Tentative Budget has always been done in June and not in May. We plan everything for the year, and if that's out of alignment we won't be able to get it out there. Mr. Escobar stated the importance of complying with submission of the Tentative Budget to the state. We'll get that date confirmed by the next meeting.

Mr. Dan Hawkins, CSEA representative, stated that he understands where Jorge is going, and he needs to ensure the employee groups are categorized as executive, MSC, classified staff and faculty. You will have to carry the verbiage through or there will be a lot of questions. Mr. Escobar stated that as part of all the activity, we also receive public information requests. We just submitted a response for every single compensation line item for every individual. He'll make sure it's broken down into the recognized employee group.

Mr. Pratt stated it was clear at the last board meeting that the board members asked for more detail, and he was surprised they didn't already have that information. With all the dashboards we have, he inquired if there was an electronic system for them to pull out all the detail they would like. It gives more confidence for all of us. When he saw there was a \$1 million discretionary budget in the Chancellor's office, he was surprised, especially since he was in a meeting regarding a \$1,000 textbooks item. It helps us all to have a better understanding with what we do with all that money. Mr. Escobar stated the system is not a problem, but reporting the data is complex. The more information that is available to everyone will help keep everyone accountable. However, he is concerned about people inferring a lot of things such as the Chancellor has \$1 million in discretionary funds. It will be responsible to understand the details of those expenses, such as paying for ACCJC and other institutional needs. He asked everyone to frame statements with caution and indicated that in preparation for the special board meeting where the Audit Reports were approved, the Chancellor had submitted to all Trustees the information ahead of time. We had provided the information, but based on statements heard, it feels as though the wrong assumptions are being made, which undermines the good work done by everyone. That's why we're bringing this topic up at this meeting. If the committee feels he's not providing the information or isn't open and transparent, it's important to let him know. We'll give you all the details you request.

Ms. Andrea Lopez stated the special board meeting was a good discussion where the Board made it clear they are not just rubber stamping anything. They are signing off on a lot of things. There are new Board members who have a lot of questions. It's not disrespect for the Fiscal Services team. Perhaps we need to be more proactive in allocating to the different areas instead of coming out of the Chancellor's Office. Mr. Escobar stated that having open discussions at the right level is important. You can then represent that information in a truthful and transparent way.

Mr. Alex Lopez, EVC Academic Senate President, stated the trust factor is missing. When letters or information are missing from a public institution, there are a lot of questions. Missing data and accounts need to go to the public. We all answer to our community. He's not well versed in finance, but it's important to put information in a format so the average Joe can look at the financials and can see how the money is spent. How can our taxpayers look at our audits and work and see that it's open and transparent? Anyone should be able to come and look at the documents. This is what the community is asking for, and they are asking us questions. This is where we are at now. That's how we start building trust.

Mr. Escobar stated we are circling back to his question. What do you want to see presented to the Board that will show transparency, i.e. details such as his credit card statement?

Ms. Lisa Hayes, EVC faculty, stated that Hazel from EVC provides all the information they need. Is there somewhere we can go to get the numbers? Mr. Escobar answered that our wonderful classified professionals do most of this work. They have access to Colleague, and the VPs of Administrative Services can also provide the information. We haven't discovered one information system that could handle all these requests. However, the audits are clean. When the auditors come to our office, they ask for everything, such as where are the POs, quotes, and invoices.

Ms. Breheny provided feedback on the presentation of the information. We get a lot of reports packaged with charts and graphs. It's great for a lay person but is very general. Just receiving numbers would be

more helpful. Probably we don't need the \$2.50 expense as a separate item. What we need really depends on the circumstances at the moment. We may have specific questions and need specific data.

Mr. Alex Lopez stated that when he read the reports posted online for the February 23 board meeting, he saw there were disclaimers on the reports that indicate they didn't get all the information. Mr. Escobar disagreed. He stated the disclaimers don't mean the auditors didn't get all the information. For example, for the bond they get information from Keenan and Morgan Stanley. They get this information from third parties, and that's what the disclaimer is about. He won't defend their professional talent, and we'll invite the auditors to the next DBC meeting for this discussion. He appreciated the robust discussion. He asked the VP's of Administrative Services for their opinions. Mr. Chris Hawken stated that he met with the Deans to talk about Self Service which has both a dashboard and a drill down feature; it's a snapshot and you can click and drill down. The Deans accessed it via the chat link. This is a tool we'll start using at the campus. This tool is one you can use without having to ask anyone for access, and you can look at all kinds of dashboards and see all the expenditures. You can see the percentage of funds spent.

Mr. Escobar shared that since VC Seaberry left the district, the Chancellor has asked him to lead the ITSS department. This is a great opportunity to find the technology that will assist everyone in getting the right information. However, the group can always ask him or Joseph Chesmore for any information.

Mr. Escobar got back to the question of what information they want to see provided at the Board Budget Student Session.

Mr. Espinoza requested that we come back to the next meeting with exactly what we want to request. This meeting is too early to provide feedback. We need to talk and determine what the needs are. But he stated the whole, "I'll bring the auditor to the next week... that's not right, Alex," is not the discussion we should be having. However, if someone could provide that disclaimer information, it would be helpful.

Mr. Escobar stated that he doesn't take too many things personally and that you have him as a resource as long as you want him as a resource. His concern is that someone could take things out of context and say the auditors didn't get all the information. Mr. Lopez put the statement in the meeting chat. But if he's reading things, so is the public. Since he's been invited to provide feedback, he did.

Dr. Amber Machamer, Executive Director, Institutional Effectiveness and Student Success, suggested that since this group is looking for data that could be retrieved in categories, it would be appropriate to have things that are time-stamped and historical. Mr. Escobar stated that information on Self Service would be helpful. It's important for us to communicate all the work and improvements taking place with the support of the VPs at the campuses, Mr. Chesmore and Mr. Sergio Oklander. A lot of people are engaged in this crucial work.

Mr. Pacheco asked for clarification if it's the district administrative procedures or the auditor's procedures. Mr. Alex Lopez stated the auditor's scope of work and procedures are separate from the district's administrative procedures.

Mr. Chesmore reported that the auditors don't do 100% samples. If we want as a group for the auditors to make 100% auditing, they could go that route. However, the disclosure that "We have applied limited procedures..." is referring to the scope of their audit. This goes back to not having 100% samples. If we want the auditors to come back and do that full audit, we'll need to expand their contract. Mr. Escobar stated this expansion would require a separate discussion. It is a decision that would be advised by the whole district and the decision should be recommended by the Board Audit Committee.

Mr. Pacheco inquired if the disclaimer was part of the opinion letter. And what about cost? Mr. Chesmore answered that the opinion is usually included in the first three pages of the audit reports. The cost is about what we want as a team. If this is something the Trustees want, we may want to expand the audit.

Mr. Pratt stated there was some language in the auditor's report included in the audit letter for the discretionary budget. It's under information at the bottom of the letter. He is trying to understand it.

Mr. Escobar stated the audits of the Chancellor and Board of Trustees discretionary expenditures have been going on for a long time. Three years ago he was included in a grand jury investigation, and he complied and provided all the information. Following that, he asked the audit committee to expand the audit to include all the Executive Cabinet as part of the audit.

Mr. Pratt stated he had high regard for Mr. Escobar and that none of his comments are to be taken personally, but all this unknown has triggered this discussion. Not conducting an examination is not the same. What's an examination? Mr. Chesmore stated that Mr. Leavitt, auditor, was referring to the OPEB evaluation. When he gets that evaluation, he's not checking whether or not the information he received from third-party sources is precise and correct.

Mr. Escobar stated that in respect of time, he wanted to continue this discussion at another meeting; but he sees the benefit of having the auditors attend the DBC meeting. Dr. Gonzalez stated that the disclaimers are pretty clear. He heard them at the board meeting, and that is enough for him.

Mr. Escobar shared the details of the public information request they received and responded to.

He inquired of VP Andrea Alexander regarding the Self Service. She answered that they give the budget managers a dashboard and pie chart on a quarterly basis. They give it to their budget managers that way. It's not about a lack of information that's readily available but by how it's consumed by people who don't look at it every day. They will continue on with that process. She's hearing about dividing salaries by the different constituency groups. Their college is in the process of designing a college information model. They're doing a review and overhaul of the whole process. It's not the lack of information but the ability of people to absorb it and how they're presenting it.

Mr. Escobar apologized if he overreacted at one point in the meeting.

#### Review of Tentative Budget preparation timeline

Mr. Chesmore shared the schedule. June 8 is the last board meeting where we have to add the Tentative budget. Ms. Alexander stated EVC won't be able to finish it in May. May is too soon for them to have it ready. Mr. Chesmore answered that it needs to be completed it by July 1. April will be the kickoff and we'll be working with each campus and ensure that the accounts are settled. The three main elements include negotiations, RAM and taking into account the property tax updates. We'll also have to review the budget change requests submitted by the campuses.

Mr. Escobar stated it's now February and we want everyone to be aware of the deadlines.

#### RAM update from Committee Chairs

Mr. Escobar stated it's been a rough road trying to get to this point with the RAM. His perspectives have not changed since he was with San Jose City College. We're having very robust discussions getting into the details. How do we handle carryovers and district services? Everyone has been invited to those meetings and he encouraged everyone to please join those meetings if they have the time. He's hoping in the next month they can move things along so that the voting group can receive the information. There were questions about why he joined the SJCC town hall regarding the RAM, but he was invited to do so and was happy to contribute with the history of RAM – Mr. Escobar shared a copy of his presentation to the group via chat.

Ms. Alexander reported they are meeting on March 10 to get the whole RAM committee together. In the interim, they're doing good work in the subcommittee; but they won't be solving the issues in three months. She thanked those who have been a part of the robust discussions regarding the allocation. If people want details, the Teams site has the work of the subcommittee. She thanked Mr. Chesmore for providing a lot of information. She encouraged everyone to look at those reports as well as the notes to understand the skeleton and equations for district services. They'll now get into carryover and generation of revenue.

Mr. Pacheco stated he's been there for the entire duration of the RAM. They are asking questions on how the RAM would work at the colleges and district. He appreciates the technical discussion.

Mr. Chris Hawken, SJCC Vice President of Administrative Services, stated the discussions are on challenging topics and nothing is being shied away from. From the SJCC perspective we have some questions being posed to the group, and they're being walked through by the group. There are still items that need to be addressed.

Mr. Escobar thanked the group for their work. These are difficult topics and transformational activities. We have received \$170 million more since becoming basic aid. We're changing the organization, but we need to do it together. We also need more specificity. He will send the topics he has put together and has requested the group provide him with their recommendations. Mr. Escobar asked for everyone to help him to make the fiscal area better.

#### Adjournment

The meeting adjourned at 3:16 p.m.