

DISTRICT BUDGET COMMITTEE
MEETING MINUTES

Thursday, March 2, 2023 · 1:30 – 3:00 PM

SJECED District Office
40 S. Market St., CR112
San Jose, CA 95113

[Zoom Link](#)

***Please state your name for accurate recording of the minutes.**

1.) 1:30PM	<p>Call to Order Vice Chancellor Jorge Escobar called the meeting to order at 1:30pm.</p>	Jorge Escobar	ACTION
2.) 1:30-1:35	<p>Approval of March 2, 2023 Meeting Agenda M/S/C (Johnson/Camacho) to approve the amended March 2, 2023 meeting agenda.</p> <p>Add agenda items for discussion:</p> <ul style="list-style-type: none"> • Communication protocol as it relates to increases in fee structure • COVID Recovery Block Grant- district taking 15% 	Jorge Escobar	ACTION
3.) 1:35-1:40	<p>Approval of February 2, 2023 Meeting Minutes M/S/C (Hawkins/AbdelHalim) to approve the February 2, 2023 meeting minutes. Abstention: Camacho</p>	Jorge Escobar	ACTION
4.) 1:40-2:20	<p>Foundation: the role, function, fund structure, supporting evidence Rosalie Ledesma shared a presentation on the Foundation’s purpose, and provided highlights and updates. The negative net position is projected to go down from \$1,318,603 to approximately \$350,000. The Foundation obtained a legal opinion regarding the district financially supporting the Foundation. The legal opinion states that the district can help the Foundation with salaries and other operations.</p> <p>Dan Hawkins requested the legal opinion be shared with the DBC.</p> <p>Yesenia Ramirez asked what cuts were made to balance the Foundation’s budget. Ms. Ledesma shared they looked at the largest expenses and spiraling costs month over month. Cuts were made in salaries, marketing, memberships, a vacant full-time position, and software totaling \$398,570. Ms. Ramirez asked that an actual budget be shared. They will share revenue and expenses.</p> <p>Chancellor Rodriguez commented now that this information has been shared with the Foundation board, it could be shared with the public. He pointed out it is common practice for a district or college to support their Foundation. There is a requirement for the Foundation to pay the district back, but not necessarily in cash.</p> <p>Vikki Menzies asked what type of fundraising campaign is planned to balance and operate the Foundation. Ms. Ledesma replied this plan was just shared briefly with the Foundation Board and she will go back to them with the full plan. She will wait to share those details, and the campaign amount has not yet been defined.</p> <p>The Chancellor suggested approaching successful immigrants in Silicon Valley to assist with offsetting the increased nonresident tuition fees.</p>	Rosalie Ledesma	INFORMATION

VC Escobar emphasized the distinction between unrestricted and capital fundraising. Most are not donating to support operational costs. There are operational costs involved with receiving and processing donations such as equipment, used automobiles, etc.

Ms. Ledesma noted she benchmarked against successful Foundations and discovered they all have the support of their districts. People want to contribute to scholarships or affinity groups, not unrestricted funds.

Garry Johnson shared he has applied for grants and there have been options for the grant author to take cuts. This is not uncommon. He suggested the Foundation follow this practice as they apply for larger grants. He asked for clarification on the Chancellor's comment regarding the common practice of school districts supporting their Foundations. He asked for data to be shared on this. The Chancellor replied this will be shared.

Mr. Johnson asked why the process of getting Foundation up and running has taken so long, based on his notes from last year. The response was there were many issues behind the scenes, and a huge one was addressing the fiscal issues. Ms. Ledesma highlighted the huge accomplishment on the Chancellor, Vice Chancellor, and Presidents all working together. They are currently fine-tuning a policy for grants and rates for indirect costs.

Mr. Johnson asked the status of growing alumni. Ms. Ledesma is interested and skilled in this area.

The Chancellor pointed out there are not many perks to offer alumni and it takes a lot of money and effort to develop a successful alumni program. We need to prioritize the resources we have. There are only a few community colleges in the state who are successful at this. Ms. Ledesma emphasized most of the time only \$.10 on the dollar is made.

Mr. Hawkins asked who the Foundation members are. Ms. Ledesma confirmed the members are the Chancellor, Trustee Alexander, and the college presidents.

Ms. Menzies suggested making a motion to develop a large fundraising campaign for the Foundation to help go after high-end donors and allow the Foundation to benefit from indirect costs. The motion was seconded by Dean Stevenson.

VC Escobar emphasized developing a Foundation and putting into place a fundraiser requires a plan, metrics, legal opinion, the understanding of liabilities and assets, etc.

Jonathan Camacho asked if this committee could request a motion, or instruct the Foundation as it is an independent body (501[c]3).

Dean Stevenson suggested a friendly amendment to the motion to request a presentation of the Foundation's budget plan and campaign plan once the Foundation Board approves it. This was seconded by Executive Director Joseph Chesmore.

M/S/C (Stevenson/Chesmore) The District Budget Committee will request a presentation of the Foundation's budget plan and campaign plan once the Foundation Board approves it.

VP Hawken asked about the 10% cap on indirect costs. He asked if a higher rate will be negotiated and if the Foundation will look to raise this.

VC Escobar clarified indirect rates have to be negotiated with the federal government.

ED Chesmore clarified a question from a previous meeting regarding if it is allowable for the Foundation to use Ellucian. The answer is the Foundation can use Ellucian (move from QuickBooks) as their ERP system for better tracking their expenses.

Phil Hu asked for clarity on Foundation voting members and the effort to bring in external voting members. Ms. Ledesma confirmed they will start with a nominating committee to build the Foundation Board.

5.)

Communication protocol as it relates to increases in fee structure
VC Escobar asked the DBC to go back to the charge of this committee. He does not see this group is responsible for communicating, drafting plans, etc., but it can be amended.
<https://www.sjeccd.edu/employees/district-budget-committee>

J. Edward Stevenson INFORMATION

Dean Stevenson asked how we assist the students impacted by the nonresident fee increase. (Reference bullet 5 from the DBC charge.)

- *Inform the district community on overall budget matters, including the identification of key indicators of the district's economic health;*

Could this body be made aware instead of learning about it at the Board of Trustees meeting to be able to report back to constituency groups at campus meetings? They are currently dealing with students and staff who feel deeply on this matter. This is an advisory body, not a decision-making body. (Reference bullet 2 from DBC charge.)

- *Review State budget actions by the Governor, Legislature, and the State agencies, and propose, when appropriate, institutional positions on funding issues for consideration by the DC and the Chancellor to convey to the State during annual budget development;*

Mr. Hawkins commented the DBC has never discussed state or federal mandated fees. It has been considered outside the scope. Discussing it here would not help matters. All information is sent to CBO and all listservs. This is a Board decision without much internal weigh in and has been happening over the years. VC Escobar commented past practice is a guideline, but could be updated.

ED Chesmore commented some of the campus fees are decided at the local level. Dean Stevenson emphasized the constituency groups are not making these decisions, but are the ones to communicate the information.

Andrea Lopez shared she is not in agreement of the discussion and thinks this body should be in discussion of, and given acknowledgment of, items that are submitted to the Board. All are aware of these changes every year that are due by March 1. She would like to acknowledge and explore the nonresident fee options and understand the repercussions. Mr. Hu commented the DBC should have a say in all things pertaining to the budget and then recommend to the District Council. Regarding the nonresident fee increase, had it been discussed, he would have been informed to discuss it as he heard students talking about it.

VC Escobar commented this has never been an issue prior. This time the challenge was the increase level and impact to students. He has empathy for the change and impact on students, but has to follow process, legality and compliance. The guidance memo from the State

Chancellor's Office came January 19. This discussion could not have happened before the 2/2 DBC meeting.

Ms. Menzies wants to ensure we are looking at the heart of the matter and the financial impact on students. Some have not financially recovered from the effects of COVID. It is not only on VC Escobar to assume responsibility for this, but all are responsible for the students and helping them be successful to pursue their educational goals.

VC Escobar is the one to get the lawsuits, so needs to follow the law. In certain areas, we are tied by the law.

Ms. Lopez would like to focus on conversations around assisting students financially and come up with a plan. (Reference bullet 9 from the DBC charge.)

- *Identify potential areas for analysis on cost savings or effective use of resources;*

She suggested putting this on the fall agenda as a standing item.

VC Escobar suggested adding fees to the fiscal calendar, and asked all to reference the materials provided.

Mr. Johnson suggested sending out a newsletter to communicate important upcoming items. VC Escobar shared his previous blog was only read by 79 out of 1,000+ people it was sent to. This is about how information is passed on, and it is shared responsibility to share with constituencies. Campus Administrative Services receive the same notice the District Office does.

VP Alexander clarified they get the notice in the fall, but do not know the amount until late January.

VC Escobar clarified there is no heads up from the State Chancellor's Office, and there is a dependency on the 311 report calculations. We are in the top five most expensive districts in CA. As a concept, local residents should not be charged more than nonresidents. We have selected the lowest available legal rate.

Ms. Lopez would like clarification on how this is applied to basic aid districts.

Ms. Menzies asked if this item could be discussed at the first February meeting as a standing agenda item. ED Chesmore said we cannot because colleges close their books at varying times after audits are done. Other local fees related to the budget could be discussed at that time.

VP Alexander emphasized this body should not make decisions on college budgets. Colleges work closely to align their fees. They are responsible for their individual college budgets. VC Escobar confirmed alignment and clarified this is more about the communication process.

6.)

COVID Recovery Block Grant - district taking 15%

VC Escobar addressed HEERF funds. These resources were unexpected and possibly not maximized appropriately. They have been used to patch holes.

COVID Recovery Block grant

ED Chesmore shared the total allocation is \$6.7M. The District's portion is \$1M and the campuses received \$2.8M each. Allowable expenditures

Lisa Hays INFORMATION

are: support access to basic needs and mental health, reengagement strategies for students, engagement strategies with high school and local communities, grants to faculty online development, professional development opportunities for faculty and student services, investments in information technology infrastructure, cleaning supplies and personal protective equipment (PPE), discharge unpaid fees due or owed by a student to a community college in the district. The plan is to spend the \$1M on either investments in IT infrastructure, or cleaning supplies and PPE, or discharge unpaid fees due or owed by a student.

Vikki Menzies in chat: how was the 15% calculated for the district's share? VC Escobar replied the discussion took place in Cabinet with the Chancellor and the presidents. It was decided this was a fair rate.

Currently close to \$15M in receivables is owed on student accounts. This fund can be used to offset these accounts. The budget includes a line item, *bad debt*. District carries this expense and is paying bad debt on behalf of the campuses. The district plans to relieve the general fund liability using \$2.5M HEERF funds to compensate for student bad debt.

VP Alexander asked how the district will determine which students' debt will be relieved. She pointed out the district is relieving their bottom line, not necessarily helping the students. VC Escobar stated we need to take care of the institution. He clarified the difference between the district writing off the bad debt on the accounting side and the campuses discharging their accounts receivable expenses. Colleges take care of student accounts; the District handles the overall P&L. The District Office does not have student services staff to handle tasks done at the campus level.

Ms. Lopez asked if students were notified that debt was forgiven, and who the students were. She asked if nonresident fees were taken into account to offset.

VC Escobar suggested the funds could go back to the campuses and they can clean individual student accounts, or the bad debt would remain at the district level to clear.

ED Chesmore clarified by audit standards, we are required to book this bad debt journal entry. The remaining \$1.5M will be spread across operational costs such as library services, security, COVID testing, Ellucian migration, cleaning supplies and supplies.

M/S/C (AbdelHalim/Stevenson) To extend the meeting by 15 minutes.

7.) 2:20-2:35

General & Fiscal Updates: EVC and SJCC

VP Hawken followed up on the request for data on the free tuition program. For those who received free tuition, the results showed:

- There was a significantly higher number of units taken.
- There as a slight increase in GPAs.
- There was significant retention and consistency.

[Survey Results](#) [Free Tuition](#) [SJCC](#)

VP Alexander confirmed paying for tuition allows the students to take more units.

VP Alexander
VP Hawken
INFORMATION

8.) 2:35-2:50

**Budget Study Session – March 28
(suggestions from team)**

Jorge Escobar
INFORMATION

The Budget Study session is VC Escobar's responsibility to the Board of Trustees. This triggers the development of the Tentative Budget. A few topics to be covered are the increase in health benefits by 10%, part-time faculty health benefits, tax data point.

Email VC Escobar, ED Chesmore or Shana Carter with Budget Study Session topic suggestions.

VP Alexander pointed out that salaries and benefits have gone up exponentially over the past couple of years. Discretionary has to go up with it. She would like to make this more apparent so it is understood.

VP Hawken shared they have developed a mission critical baseline at SJCC for funding as all costs have gone up. These will not be covered by discretionary funds.

9.) 2:50-2:55	February Tax Data Point The most recent tax data point is 7.4%.	Joseph Chesmore / Jorge Escobar	INFORMATION
10.) 2:55-2:59	Future Agenda Items	All	INFORMATION
11.) 3:00PM	Adjournment The meeting adjourned at 3:19pm.	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 -
Jonathan Camacho

MSC (2)

J. Edward Stevenson, SJCC
Victoria Menzies, SJCC

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

Guests:

Hong Yang
Jennifer Le Diep
Rosalie Ledesma
Chancellor Raul Rodriguez
Joell
Maria Tcha
Priscilla L
Justine Cheng
Tu Nguyen

CLASSIFIED

CSEA 363 (4)

Dan Hawkins
Andrea Lopez

CLASSIFIED SENATE - SJCC (2)

Yesenia Ramirez
Angela Gullerud
Vacant
Vacant

CLASSIFIED SENATE – EVC (2)

Sarai Minjares
Abeer Abdel Halim

Recorder: Shana Carter