



SJECCD DISTRICT BUDGET COMMITTEE MEETING MINUTES

March 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
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:

Philip Hu

Other Attendees:

Justine Huynh-Cheng
Jennifer Le
Yesenia Ramirez
Kathy Tran

Recorder:

Joy Pace

Call to Order

Mr. Jorge Escobar, Vice Chancellor, Administrative Services, called the meeting to order at 1:35 p.m.

Approval of the March 25, 2021, Meeting Agenda

M/S/C (Frank Espinoza/Fabio Gonzalez) to approve the agenda as submitted.

The committee unanimously approved the meeting agenda as submitted.

Approval of the February 25, Meeting Minutes

M/S/C (Jose Luis Pacheco/Deanna Herrera) to approve the meeting minutes as submitted.

Mr. Escobar thanked Ms. Pace for doing such thorough minutes. He requested that any DBC member who wishes to be quoted verbatim in the minutes, please let her know.

The committee unanimously approved the meeting minutes as submitted.

Board Budget Study Session Update

Mr. Escobar reported that as soon as we have a packet of information on the data, he will send a draft copy so everyone can see the scope, i.e. reserves, breakdown of compensation, including full-time and part-time faculty. He thanked the different teams for their assistance, especially Dr. Chaidez and her HR team and Dr. Machamer and her IESS team. Mr. Escobar noted that eighty five percent of the district budget is compensation and 15% is discretionary, including infrastructure.

Mr. Joseph Chesmore, Executive Director, Fiscal Services reported on the deadline for the Tentative Budget, which is April 30. They'll be strict with that deadline, He'll send the Tentative Budget to the committee by May 30, and it will be presented to the Board on June 8. There will be one deadline for BCRs for the Tentative Budget, although they've not formalized the deadline for the Adopted Budget.

Mr. Chesmore reported that the auditors will be coming to the district in the first week of May on the 3rd for Financial Aid. On the 10th they'll be auditing state compliance such as DSPS and other segments, including the 320 report. The third section on June 3 will include internal controls. It's really important for the fiscal teams to compile as much data in the first week of May.

Mr. Escobar reported the Board Audit Committee will be meeting on Friday, April 2 at 5:30 p.m. He invited everyone who's interested to attend.

Dr. Amber Machamer, Executive Director, Institutional Effectiveness and Student Success, stated that this discussion ties into the ACCJC requirement that the lion share of the work takes place at the campuses. Both campuses are being trained. Mr. Escobar stated there is plenty of work that has taken place over the past two years. It's in the best interest for everybody to be on the same page.

Mr. Chris Hawken, SJCC Vice President of Administrative Services, inquired if there could be an extension of the deadlines. Mr. Chesmore stated that with the three separate sessions, that will allow us plenty of time to compile all the documentation we need.

Mr. Frank Espinoza, District Academic Senate President, expressed concern that the Vice Presidents are obviously hearing about the timelines for the first time at this level versus some prior communication. Mr. Chesmore appreciated the comments and stated that the dates have not been changed historically;

it's April 30. We had a discussion with the fiscal teams last week that the dates would be sent shortly. They're having a second meeting tomorrow.

Mr. Escobar reported that the fiscal services team meets daily, but it's important for the DBC to be in tune with the objective of the compliance dates and also that we have all the information ready for the auditor's as well.

Mr. Escobar reported he had received feedback from DBC members that the budget principles should reflect the essence of the RAM and somehow we should also embed the equity language. Chapter 6 is also being put on hold for the same purpose. At the last board meeting, he didn't report on the request from the Board regarding the budget principles. At the same time, we need to be proactive in the review of these items. It'll be an additional mountain to move, but these are the Board's budget principles compiled years ago. We don't want to put this on the back burner for too long. What would be the best approach for us to take? Do you want to include it for the next meeting or take one at a time? Ms. Andrea Lopez, SJCC Classified Senate President, stated her opinion to hold off on the budget principles as they should be related to the RAM; and there are a lot of moving parts with the RAM. Mr. Escobar thanked Ms. Lopez for her earlier email concerning the RAM. He confirmed the budget principles will not be discussed at the board meeting. Mr. Chris Hawken asked for documents associated with the principles so they could be reviewed by his team. Mr. Escobar shared via chat the February 2018 principles that was Board approved and the red-line version containing DBC and District Council feedback.

Review of Draft Q-3 Budget Report

Mr. Escobar stated he would include ACCJC information, board policies and administrative procedures, total cost of the latest fiscal year, information related to Q3, which is 75% of this fiscal year. He may add some metrics to showcase the amount of work that was done by department admins with budget transfers, journal entries, and other accounting forms. He will also highlight the timeline of the Tentative Budget and the rollout of the Adopted Budget.

Mr. Chesmore thanked Ms. Machamer for compiling the data for him as well as Tina from HR.

Mr. Chesmore provided an overview of the budget assumptions, such as 3% inflation on estimated assumptions, 3.5% property tax growth, increase in STRS and PERS, and the 2.25 discount factor. He reviewed the expenditures forecast for Fund 10. The \$78 million revenue is similar to last year. There is \$93 million in expenditures; but compared to last year, which was \$94 million, we're spending less. In regards to the next fiscal years, the FY20-21 16% reserve will grow to 19% in FY21-22. If we continue with the same expenses, the reserve might stay consistent with our forecast.

Our goal in terms of reporting is to provide the information in different formats. Dr. Fabio Gonzalez, Academic Senate member, requested that Mr. Chesmore send him the Q3 report. Mr. Chesmore stated the report will be emailed after it has been finalized.

Mr. Chesmore reported the FY20-21 includes \$134 revenues for non-personnel expenditures and actuals. The budget summary he provided was just a summary, but the details for Fund 10 are included in the report. \$85 million for last year versus \$78 million, but they haven't fully closed March. He provided the details for SJCC, EVC, and DO and compared last year with this year. The budget keeps increasing every year due to inflation and additional costs. SJCC comparison for this year versus last year is relatively similar; EVC has a similar variance. They look good. Milpitas has \$200K more expenses. DO expenses are \$21 million for last year compared to \$24 million for this year.

Mr. Chesmore reviewed the breakdown of faculty, management and Classified salaries. It's a great way to see the expenses in each category. He reviewed Fund 11 (Parking) and reported that they're

anticipating more expenses this year. There were no inter-fund transfers for Fund 12. For Fund 14 we transferred \$25K every year. Fund 15 is not generating much revenue. Fund 16 is not generating much revenue in the last FY. He reported that Fund 17 will be a long report which will include user codes.

Mr. Espinoza asked for a review of Fund 16 and what the losses have been over the years. This loss goes back a long time. Mr. Escobar stated this is an area of interest. This past year the issue has been compounded more regarding contracted services, which has been collapsed. The SBC grant came to an end last year which impacts the group.

Mr. Chesmore reviewed the breakdown by user codes. Fund 18 Health Fees haven't had much revenue this year. He reviewed the capital bond reports. Measure G is being put in an endowment fund. For Measure X there is \$33 million for actuals, and \$718 million for revised budget. We haven't had a partnership in child care development. Internal Service Fund, Fund 61 pays for dental and vision for all the active retirees. He reviewed Fund 48 Fiduciary Funds.

Mr. Chris Hawken reported they are working on a partnership for child care services at SJCC for next year.

Mr. Chesmore reported on the OPEB. When they issued the bond, that money went to Fund 75 and Fund 81 for the funds of the debt services for the bond.

Mr. Chesmore reviewed the appendices; the cost for both salaries and benefits for a year, one for salaries and one for benefits; districtwide legal, enrollments broken down by FTES from 2006 through 2021. Due to Covid, we expect a lower amount in FTES, negative growth. He also reviewed the property tax growth.

Mr. Escobar stated we all benefit from being a basic aid district. The reason there are no vaccines in Santa Clara County is because they are being sent to other areas, such as District 5, which doesn't have any at this time.

Mr. Hawken inquired if Parking Fees would be up for discussion next year. Will we continue to waive those fees through Fall? Mr. Escobar answered that he will continue to work with the Chancellor's Cabinet on this issue. We took a hit last year as we waived those fees. It will be prudent with the funding we'll be getting this year for us to continue with this practice.

Mr. Espinoza inquired about the OPEB committee (RBOA). Mr. Hawkins stated there are four seats, 3 primary 1 alternate for each group with at least 1 for CSEA/AFT being a retiree. The RBOA will be making its annual presentative to the BoT at the June meeting.

Mr. Espinoza inquired who was currently on the OPEB committee. Mr. Escobar reported that Mr. Dan Hawkins is the current chair of the committee. Mr. Espinoza stated the committee is in good hands with Mr. Hawkins, but he wanted to know the breakdown of the committee. Mr. Hawkins stated there are the three constituent groups represented, Classified Professionals, AFT/faculty and administration. Each group has three voting members with AFT 6157 & CSEA each having one alternate. For AFT6157 & CSEA, at least one member should be a retiree receiving benefits. The RBOA will be presenting its annual report to the Board of Trustees at the June 8, 2021 meeting. Mr. Hawkins reported they are doing well with investments.

Ms. Jessica Breheny, Executive Director, AFT 6157, reported that faculty have three seats; AFT 6157 and AFT 6157R; and they're making a couple of changes because David Yancey and Patrick Butler are interested in participating.

Mr. Chesmore announced that he will be presenting on all the fees at the next board meeting.

Mr. Escobar discussed the apportionment page. If we're no longer basic aid, how much would we receive? We currently receive over \$40 million over the apportionment, which we wouldn't receive if we weren't basic aid. The entire budget amount that comes in goes out.

Mr. Espinoza inquired when the report would be sent out to DBC. Mr. Chesmore stated that it would be finalized this week.

RAM update from Committee Chairs

Mr. Hawken reported that they combined some discussions at the main meeting instead of going back and forth from the subcommittee. There is still a little bit of language to be worked through. They are moving towards consensus on the first recommendation they brought forward. The second recommendation still needs some work done. The subcommittee will be working on carry-over and there's a general agreement that each group will get to keep their carry-over. Milpitas is one of the areas up for discussion.

Mr. Jose Luis Pacheco, CSEA President, reported that they will have an E-Board meeting and will draft a way to deliver the two options to their group. He appreciated Mr. Escobar's illustration of Option 2.

Mr. Escobar thanked everyone for the great work. One of the good outcomes is that everyone is reviewing materials. We are continuing to get to know each other as people. This is part of the community relationship that we have. The sad part is we may not be able to include the RAM in the Tentative Budget, but we can make changes between the Tentative and Adopted Budgets. We can probably push it but whatever we implement will be a model not only for our district by system-wide.

Mr. Escobar reported that the next meeting is the District Council, and he invited everyone to attend as there will be ACCJC training provided.

Mr. Brandan Yanari, CSEA representative, inquired if there was a possibility to reschedule the May 20 meeting due to commencement activities. Mr. Escobar will discuss with the Chancellor if they are also rescheduling the District Council. Last year we eliminated one meeting but that caused problems with the deadlines.

Ms. Pace will send a poll for a new meeting date in May.

Adjournment

The meeting adjourned at 2:55 p.m.