



SJECCD DISTRICT BUDGET COMMITTEE MEETING MINUTES

April 23, 2020
2:00-3:30 p.m.
Via Zoom

Committee Members Present:

Andrea Alexander
Jonathan Camacho
Eugenio Canoy
Jesus Covarrubias
Jorge Escobar
Paul Fong
Chris Frazier
Dan Hawkins
Philip Hu
Andrea Lopez
Bianca Lopez
Joe Lugo, Jr.
Anthony Oum
Jose Luis Pacheco
Carlos Marques
Marilyn Morikang
Randy Pratt
Lena Tran
Brandon Yanari

Committee Members Absent:

Alejandro Lopez
Breyana Parker

Other Attendees:

Deanna Herrera
Manuela Kolpin
Jennifer Le
Amber Machamer

Recorder:

Joy Pace

Call to Order

Mr. Jorge Escobar, Vice Chancellor, Administrative Services, Interim, called the meeting to order at 2:10 p.m. when a quorum of members was reached.

Mr. Jonathan Camacho, CCEM and DO Business Services Supervisor, reported he was at the District Office doing check runs, and he saw two ropes coming down from the windows because they were cleaning the windows. He misses his comfortable work chair, and he feels more efficient when he's at the office.

Mr. Escobar took a moment to thank the entire district for showing its best qualities during this challenging time. In March we became more aware of Covid-19; we cleaned more and did elbow shakes. He distributed wipes and cleaning items to staff. All of this contributed to us being healthy and also united. In spite of the circumstances, we should appreciate how lucky we are. He realized he had taken things for granted. However, we have a district to run and students to serve. We have an opportunity to come out of this situation stronger and better than ever before. We are learning so much about improving our processes and efficiencies. We can free up valuable assets to people to take care of our students in a new way.

Approval of the April 23, 2020, Meeting Agenda

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

Approval of the March 26, 2020, Meeting Minutes

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

Board Budget Principles

Mr. Escobar stated that at the last DBC meeting we had a good conversation regarding the budget principles. At the last board meeting at SJCC he asked each member to review and comment on the changes he proposed. He mentioned that this was the starting point, and he informed the Board that he would move the draft principles through the constituency review process.

Ms. Joy Pace, Executive Assistant, read from the document Mr. Escobar distributed to DBC members prior to the meeting, in which he captured the recommended language changes made at the March 26 DBC meeting.

Mr. Escobar stated he hoped the changes made reflected what was discussed at the meeting. This is being shared for information today with the understanding the group will come back with further inputs from their constituents. We want to share this draft with the District Council before we present the revisions to the Board.

Mr. Chris Frazier, SJCC Academic Senate, inquired why the Senate wasn't consulted on this originally since working on the principles has never been a part of the Senate's planning before. Mr. Escobar stated this is not directed toward a single shared governance group, but it's similar to a checklist to ensure the budget is in line with the goals of the district. He would be happy to share the document he reviewed with the Board on the purpose of the principles. Mr. Frazier stated that developing the principles seems like part of the budget planning process, and it is the role of the Senate to be a part of these discussions. Mr. Jesus Covarrubias, District Academic Senate, agreed that the Senate needs to be included in this whole process. Mr. Escobar agreed and read from the principles where it highlights the role of the Senates in the process.

Mr. Dan Hawkins, CSEA representative, expressed concern that based on the budget and uncertainties, such as Governor Newsom indicating we may have 25% unemployment in the state of California; we may need to add a principle to address these uncertainties. Mr. Escobar agreed that we need to address what we should do when we have money and what we should do when we don't, but this would be better addressed through the RAM.

Mr. Escobar requested DBC members take this version #1 back to their constituents for review and comments.

Ms. Marilyn Morikang, SJCC Interim Vice President, Administrative Services, agreed the colleges and Academic Senates and Finance Committees at the colleges need to further review the principles. Once these are reviewed at the college level, before we take it to the Board, we can speak with confidence that it has been reviewed by the colleges. Mr. Escobar inquired if the VPs of Administrative Services would bring this to the college groups for review. Mr. Covarrubias recommended Mr. Escobar send this directly to the Senate Presidents or perhaps go to the senate meetings to present the principles. Mr. Escobar stated that perhaps the District Academic Senate can bring this to the senates. Mr. Covarrubias stated the agreement is that things go through the academic senates at the colleges before it goes through the District Academic Senate.

Covid-19 Update

Mr. Escobar stated there has been a lot of conversation around the topic. He has the responsibility to ensure we are judicious in how we spend money. There are a lot of uncertainties at all levels, but this is an opportunity for us. He stated that Morgan Stanley reported at the Retirement Board meeting and noted that the capital markets saw a downturn, but April numbers look better. The market will see a downturn in the next two quarters. The financial markets are already discounted to take all the pressure. How will this impact the supply chain? And what is the impact of the falling oil prices? Markets go down and back up. At the same time, some of the numbers from global domestic product are expected to go down 3-8%. We need to make the decision if we should continue to function on-line or go back to the office. The City of San Jose is projecting a \$65 million budget downfall. These numbers could be even worse depending on the shelter in place. How will the city prepare for lost revenues? According to them, we have to prepare the city for an even worse scenario. The economic impact may be two or three times stronger than the 2008 downturn.

Mr. Escobar stated he would share the below video.

<https://youtu.be/Io38Recc6s>



[Covid 19 Speech Larry](https://youtu.be/Io38Recc6s)

Santa Clara County Assessor Larry Stone.
youtu.be

Mr. Stone is predicting a recession and property valuation is going down. The problems are derived out of liquidity. People are claiming unemployment or being bailed out by the CARES Act. Right now the real estate market has been compromised because no one is showing homes. This will affect the valuation of homes. Governor Newsom stated the January budget is basically history. It will all be redone as it is no longer operable. 1.9 million people in California have claimed unemployment. We are very fortunate to be a basic aid district. Many of the colleges that are portion based don't want the money. Colleges have bookstores and cafeterias with employees they have to pay. Our organization has done a wonderful job. Mr. Escobar commended the knowledge of our employees and the faculty's ability to teach on line. Even though we're working remotely, we're very productive. We have done an amazing amount of work. He is looking at all the sources of funding we have, and we are in very stable shape. We will get about \$6 million from the CARES Act. Fifty percent will go to financial aid for students. Not all money is good money. The CARES Act funds are going through the Department of Education, and undocumented students cannot avail themselves of these funds. Those emergency funds won't get to the people that really need them. He is meeting with all the Business Officers in the state, and they are going through the same thing.

Mr. Pacheco, SJCC CSEA representative, inquired about the emergency funds approved by the Board. Mr. Escobar reported the emergency was proclaimed and the Board passed a resolution that would allow us to receive funding from FEMA. The Board didn't approve a specific amount but allowed the Chancellor to approve expenses at a certain amount without needing Board approval. We have spent \$800K for laptops and other equipment. We have allocated \$500K for emergency response so we can get the equipment. Travel and food expenses have been greatly reduced so we have these funds to use. We don't know what enrollment looks like for summer or even fall. So far, SJCC looks like there will be increased enrollment. There are many things we don't yet know.

Mr. Hawkins inquired if the Governor would continue to support Proposition 98. Mr. Escobar stated that physical plant improvements may decrease, but the base allocation should be safe as it would be a bad decision to not support education. Mr. Camacho inquired if there was any risk for categorical programs. Mr. Escobar answered he hasn't seen anything on that yet.

Mr. Escobar stated that our ratings with S&P and Moody's have been maintained, which is not the case with many colleges.

Q3 and budget planning process

Mr. Anthony Oum, Assistant Director, Fiscal Services, provided an overview of the Q-3 budget report. He stated there is no COLA included in this report. The sabbatical obligation is included, SJCC at 7.5 FTES and EVC at 3.5 FTES. Assumptions for 3Q is similar to 2Q with one minor change. Revenue is at 59%. We anticipate to receive \$130 Million. Last year we were at 71%, and he wasn't sure why there is a change; but perhaps it's due to Covid-19. Mr. Escobar stated that many people are delayed in paying their property taxes. He will let the committee know as we have a meeting with the county in two weeks.

Mr. Oum stated that we are on target as far as expenditures. We spent about 71% at March 31, 2020. As the quarters go by it fine tunes the fund balance. In FY2019-20 15.04% not too far off from adopted budget and 2Q. For FY2020-21 we anticipate 17.2%, 18.03% at adopted. Mr. Oum shared the ending fund balances for the out-years. He reviewed the parking trend and stated a \$351K deficit for this FY, which is no different from prior years. Fund 12 has no changes from prior FY. Fund 14 no changes since 2Q as there is a surplus. Fund 15 for the DO is a \$15K deficit. SJCC anticipates a reduced revenue. A lot of events for Spring will be canceled, and they'll be reimbursing for cancelled reservations. EVC will also have lowered revenues and won't be earning as much as last year.

Mr. Camacho stated that most of the courses scheduled were in classroom, which were canceled, so revenue will be down for Fund 16. There is a deficit of \$119K. Expenses are at 50%.

Ms. Morikang inquired if the colleges would be reimbursed from the emergency funds for the reduction in facility rental revenues. Mr. Escobar answered that based on the guidelines in the CARES Act, lost revenue is not an allowable item. However, as the year continues, he would be happy to work with both campuses to support grounds and custodial positions. We will see if there is any emergency funds from FEMA we could use. Ms. Deanna Herrera stated that based on what she is hearing from the state, some of the expenditures for Fund 17 categoricals will be moved out a bit due to the shelter in place.

Mr. Oum stated we are at 26% of spending in Measure G-2010 for Q3. Measure X doesn't have much in expenditures. In reviewing the Cafeteria fund, Mr. Escobar reported that Fresh & Natural has released its employees, and we will be in discussions with them on June 30 to determine if we will review the contract.

Mr. Oum reported on deadlines for FY2020-21 tentative budget report. On Thursday, May 15, the DBC will be reviewing the tentative budget. It will be presented to the Board at the June 9 meeting.

Mr. Escobar thanked everyone for how efficiently they closed the books and prepared the Q3 report.

Institutional Transformation update

Mr. Escobar stated they discovered there are a lot of areas for improvement. Electronic signatures via Adobe Sign and DocuSign has been one improvement. We will be doing everything electronically moving forward. The Fiscal Services team has been exploring a platform to process all expense reports electronically, including conference approval requests, check requests and reimbursements. These changes will streamline operations on the fiscal side. He is also working with Drs. Chaidez and Seaberry on doing performance evaluations electronically.

Adjournment

Mr. Escobar thanked everyone for their hard work and commitment to our students.

The meeting adjourned at 3:28 p.m.