



Board of Trustees Budget Committee (BBC)

SBCCD Board Room, 114 S. Del Rosa Drive, San Bernardino CA 92408

Meeting Minutes

May 11, 2017

Members Present – **Gloria Macías Harrison, Donna Ferracone, Joseph Williams, Mike Strong, Jose Torres, Larry Strong, Scott Stark**

Members Absent – None

Guests Present – **Diana Rodriguez**, SBVC President, **Denise Allen-Hoyt**, CHC Academic Senate President, **Angel Rodriguez**, Director of Marketing, Public Affairs & Government Relations

I. Welcome & Introductions

Gloria called the meeting to order at 10:05 a.m. No introductions were necessary.

II. Public Comment

The following comments were made by members of the public:

- Mary Fran McKlusky, a member of the KVCR Foundation board addressed the BBC, asking that members keep in mind the memory of the late Dr. Al Karnig, who was a big supporter of KVCR. She advised that Dr. Karnig felt the station would benefit from having an endowment and that it is poised to be bigger and better. Gloria acknowledge the sadness felt by many in the community over the recent loss of Dr. Karnig.
- Mary Valdemar of SBVC addressed the committee on efficiency, responsibility, and inclusion. She cited agenda item V. B. Bookstore, and stated her opinion that many times decisions are made in an effort to increase efficiency, however, they actually decrease it. She also felt that the standards of efficiency applied to the bookstore should be applied to areas in the District Office (such as contract processing). Ms. Valdemar cited agenda item IV.D. Committee Self-Evaluation and advised she would like to see some scrutiny of these meetings. Finally, she hopes that the BBC goes above and beyond in the matter of inclusion to make sure marginalized voices are at the table.

III. Approval of Minutes

Donna made a motion to approve the minutes of April 23, 2017, which Joseph seconded. The motion was unanimously approved.

Ayes: Gloria, Donna, Joseph, Scott, Mike, Larry, Jose
Noes: None
Abstentions: None
Absent: None

Kelly Goodrich, Recorder

IV. Current Topics

A. FCC Auction Proceeds Strategic Financial Plan

Jose reported that the BBC's request for input on guiding principles for the FCC Auction Proceeds Strategic Financial Plan had been communicated to the DBC. That committee had discussed and approved a recommendation on these principles on April 13, 2017. However, since attendance was very low at that meeting, Jose decided it would be beneficial to bring the topic before the DBC again on May 11. Gloria confirmed that DBC membership is comprised of constituent representation from throughout the District.

Jose advised that the recommended principles have also been discussed at a meeting of the CHC Academic Senate and were to be discussed by the CHC Classified Senate on May 12. Input collected will be incorporated into the recommendation for discussion by the DBC. Scott advised that the topic has been discussed at SBVC College Council. Jose anticipates presenting the finalized recommendation at the BBC meeting on June 8.

Gloria commented that she was gathering input from the trustees, as well. In addition, public comments will also be considered when establishing a draft. She reiterated that it is not the role of the BBC to divvy up the funds dollar by dollar.

The committee reviewed DBC Recommendation 2017-07. It was agreed that there is no leeway surrounding principle 1 as the transition of KVCR from UHF to VHF was a condition of participating in the auction. Since funds are not expected to arrive until late fall, Jose advised that SBCCD may have to use its reserves to get the process started. He referenced [KVCR's presentation](#) to the BOT at its April 27, 2017 study session and clarified that the \$18,000,000 cited [slide 14] addressed much more than the cost to make this transition. All three trustees expressed the need for the costs to be broken down between the required transition, the upgrade to industry standards, and the plan for production. It was agreed that a document would be developed that addresses the scope, cost and timeline of just the transition. Jose stated he would bring this to a future meeting.

BBC members discussed principle 11 regarding a 5% rate of return goal. Jose stated that under the current investment policy, SBCCD would likely get only 1%. He mentioned the need for investment and/or legal counseling on possibly changing the policy or creating a trust, like the PARS Investment Trust, which would allow for other strategies. Gloria agreed with the need for a presentation and expressed her desire that it be comprised of low, medium, and high risk options.

B. Districtwide Facilities Master Plan Project List & Budget

Committee members reviewed the Districtwide Facilities Master Plan Project List & Budget which is going before the Board at the May 11 meeting. Jose explained the escalation factor and stated that at some point SBCCD should consider going out for another bond measure to fund some of the \$700 million in projects. He advised that \$200 million of the District's Measure M has been frozen and cannot be issued. It was confirmed that the project list was developed as part of the Educational Master Planning process. Joseph asked if consideration has been given to the impact of these projects on increased enrollment. Scott confirmed that it has; he and Mike advised that the bulk of the projects are renovations and do not add square footage; this results in a minimal impact on ownership. Mike commented that the first 11 projects on the list would likely increase efficiencies. There were no further questions and the trustees commented that this information was very helpful.

C. Resource Allocation Model Review – CHC

Jose referenced Joseph's request at a prior meeting to review the impact of salary increases on the District's resource allocation. The committee members began a thorough study of the RAM, or Multi-Year Forecast. Jose commented that the state funding is based on estimates with an adjustment for actuals made in February of the next year. The strategy to grow aggressively is always a risk. Gloria advised that sometimes a district has to keep money in reserve because it is unknown whether or not the funding will actually be realized.

Regarding the 2017-18 preliminary budget, Gloria commented on the level of the District Office's 5000 series expenses (line 55) as compared to that of the campuses. She requested a detailed breakdown, which Jose will provide at a future meeting. Jose stated that the \$252,138 shown on line 73 [page 3 of the handout] was an error. This is a return of proceeds from the STRS/PERS set aside and goes only to the colleges. Gloria requested a more detailed illustration of the PERS/STRS cost for District Office vs. college employees, which Jose will develop.

Jose advised that salaries are shown in line 70 as an add-back. He estimates that every 1% increase costs SBCCD approximately \$500,000. A conversation ensued about the RAM and its effect on CHC. Discussion included the following.

- Salary increases are negotiated between the bargaining units and the District as a whole. In addition, measurements such as the FON and Fifty Percent Law are made on the District as a whole. However, FTES earnings are used for allocation purposes on a campus by campus basis. This can be problematic if one of the campuses can't afford a negotiated increase.
- Jose gave a brief history of the RAM indicating that a change was attempted by former Vice Chancellor Ng which was voted down. However, Interim Vice Chancellor Oliver was successful in changing the RAM the following year and from there, it has been changed again. In fact, the ACCJC recommends assessing the RAM every couple years. What works now does not necessarily work three years from now.
- Gloria stated that the BOT needs to look at the two other entities (KVCR & EDCT) that draw from District Office services. They are part of the allocation model and yet the Board does not see their budgets.
- Joseph voiced his concern about the level of technical assistance for CHC. Donna commented that Jose and Mike have been working closely together. Jose has requested CHC develop a plan for the future that SBCCD can support. Mike is working with the CHC Budget Committee and campus collegial groups to develop that plan.
- Mike advised that the CHC Vice President of Instruction was working with the campus enrollment strategy committee to develop new strategies, however, these changes require more time than is available.
- Denise stated that CHC did grow 1.5% in 2016-17 and is in the top 30% of colleges in the state that grew. The problem is that they require projected growth of about 10% to cover the costs of new facilities and increased salaries. They had an ambitious growth schedule

and got hit with an unfavorable economic climate. CHC is having successes, it's just that expenses are currently outpacing them.

- Mike commented that the bottom fell out of the campus' projections for non-credit FTES which took them from a \$600,000 surplus to a \$700,000 deficit. They are actively trying to sort this out.
- Gloria commented that CHC has commitments that have to be honored.
- Gloria thought that the District may want to consider not charging benefits to the campuses. Scott felt this may not be advantageous because CHC could wind up being assessed for a piece of SBVC positions or vice versus.

Committee members took a small break and reconvened at 11:38 a.m.

- Jose mentioned that CHC's plan should include a realistic budget and goals on how long it will take to recover from the anticipated gap. This is necessary if Business & Fiscal Services is asking the BOT to adopt a budget that is not balanced.
- Mike felt that a plan could be developed that included some generalities, however, he was concerned that without faculty's input over the summer, it would be a challenge to include in-depth strategies on how they would reach plan goals.

D. Committee Self-Evaluation

BBC members were asked to complete a self-evaluation form.

V. Updates

There were no updates.

VI. Future Topics

There was no discussion on this item.

VII. Adjournment

Gloria recapped items to be developed for the BBC from today's meeting including 1) DBC's finalized input on guiding principles, 2) budget details for District Office STRS/PERS and 5000 series expenses, 3) KVCR transition plan, and 4) budgets for EDCT and KVCR.

The meeting adjourned at 11:45 a.m. The next meeting is scheduled for June 8, 2017 at 10:00 a.m. and will take place in the SBCCD board room.