



District Budget Committee (DBC)

Members Present: *Jose Torres, Mike Strong, Celia Huston, Jim Holbrook, Denise Allen-Hoyt, Mark McConnell, Scott Stark, Girija Raghavan, Wei Zhou, Yendis Battle, Richard Galope, Rosemarie Hansen, Diana Rodriguez, Shari Blackwell*

Members Absent: *Jajuan Dotson, Sheri Lillard, Jeremy Sims, Steve Sutorus, Jason Lee, Larry Strong, Rania Hamdy*

Guests: *James Smith, Keith Birkfeld*

Meeting Minutes – 2/15/2018, 2 pm, PDC 103

1. Welcome & Introductions

Jose Torres welcomed everyone to the meeting at approximately 2:10 pm. Self-introductions were not necessary.

2. Approval of Minutes

Jim Holbrook made a motion to approve the minutes of the 1/18/2018 meeting, which Shari Blackwell seconded. The motion to approve passed unanimously.

3. Current Business

A. District Services Budget Update

Since Larry Strong was out of the office, Jose addressed committee members on the District Services expenditure budget for 2018-19. He recapped that the District Office prepared its budget early in the year to ensure the colleges had time to evaluate the impact of shared costs on their budgets. Each District Office manager is given a zero-based budget and must justify any increases.

Denise Allen-Hoyt asked if proceeds from the recent \$20 million investment in the Pension Rate Stabilization Trust mentioned on page 11 of the DBC meeting packet would change the budget. Jose answered that the six month's anticipated revenue of \$500,000 from that investment would be used to offset the campus STRS/PERS contribution. However, if more income is generated, it could reduce that District expense budget as well. The District Office increase in STRS/PERS cost is forecasted to be \$262,834.

In light of the compensation study results disseminated yesterday, Denise asked if SBCCD is building into its budget any assumptions for potential salary increases. Jose commented that assumptions will be built into the budget to support planned compensation actions once they are developed.

Committee members discussed the election fees, which, Jose advised, reflected an increase in anticipation of the District going out for a bond this fall. He also mentioned the reduction of approximately 85% in electricity cost due to the installation of solar panels at the District office. Jim questioned the increase in Institutional Effectiveness. Jose referred to an offsetting reduction in the TESS budget and explained that Institutional Effectiveness had previously reported to TESS but was now its own department.

Denise mentioned that it would be nice, for transparency purposes, to see how much the district's budget has gone up over the last 10 years. Jose will ask Larry to provide this information.

B. District Office Program Review

Committee members reviewed the SBCCD Offices Program and Planning Review (PPR) rankings. Jose asked Denise to speak about this year's process since she had been on the PPR committee. Denise shared that it went well. The PPR committee began the process by looking at proposals in terms of how they serve the colleges, and SBCCD's mission and vision. The process was the same as in previous years, however, Jeremiah Gilbert is working to integrate some new questions for next year. Celia has provided a proposal for an updated questionnaire. Jose shared his understanding that it is going to be more of a self-assessment with feedback from the community.

C. FCC Auction Proceeds

The DBC reviewed the Proposal for Allotment of \$57 Million in FCC Auction Proceeds that was presented for discussion purposes only. Committee members engaged in a lengthy and significant discourse, including the following.

- ▶ The KVCR Transition & Modernization Budget has been developed based on careful study and feedback from an industry consultant. This needs to be approved so that the mandated FCC Auction transition can take place.
- ▶ It is anticipated that the KVCR budget is going to incur a \$1.5 million deficit this year; the proposed allotment of \$5 million assumes a similar rate of deficit over three years. Richard commented that if the KVCR budget were to stabilize sooner, the surplus deficit allotment could be used for the media academy.
- ▶ The media academy fulfills the Board of Trustees' strategic direction for 2017-18 to align KVCR goals with district and college goals.
- ▶ Denise asked why an endowment investment of \$10 million is necessary if KVCR is self-sustaining. Jose replied that it is anticipated that a media academy would operate at a deficit for a couple years as it grows. Diana Rodriguez shared her view that this endowment should be used to continuously fund the academy during budget shortfalls, thereby providing some assurance that it would stay afloat.
- ▶ Jim voiced his concern that the academic senate is the appropriate body for development of the academy; Celia commented that SBVC already has a Radio-Television-Film discipline, which would serve in that role. The DBC is not an appropriate venue for these 'structural foundation' conversations, however, it can make recommendations to Chancellors Cabinet on this.
- ▶ Denise commented that the decision to invest \$2 million toward such an endeavor should be thoroughly evaluated to be sure the money is being spent in a way that can benefit the most students possible.
- ▶ Celia questioned the \$5 million investment in the colleges; Jose clarified that this would be a one-time allocation for the colleges to meet stagnated program review needs. The colleges would receive the \$5 million, and not just returns on an investment.

- Celia asked when Jose would like a DBC recommendation. He advised his opinion that certain items of the proposed allotment could be moved forward now, while others may need more time and research. **It was decided that a revised proposal highlighting the following items would be developed and forwarded to DBC members to discuss with their constituent groups.**
 - **KVCR Investment for Transition & Modernization - \$16,000,000**
 - **KVCR Investment for Other: Operations Deficit - \$5,000,000**
 - **College Investments - \$10,000,000 [Note this figure is further discussed later in the minutes.]**
 - **District Office Program Review - \$1,000,000**
 - **SBCCD Expenditure Reimbursement - \$2,000,000**
- Jim asked how the academic senates were working with KVCR. Richard advised that the Chancellor is planning a meeting with the college presidents, the academic senate presidents, and the district assembly president, among others, to define the issues, objectives and process for development of the media academy.
- Mark McConnell and Celia inquired why the College Investments were shown at 50/50 instead of the established RAM allotment, which is closer to 70/30. Jose replied that this money is to address one-time needs. Comments on the proposed allocation included the following.
 - Jose reminded DBC members that the proposed one-time allotment is in addition to the return on the \$20 million Pension Rate Stabilization Trust investment, as well as the return on the additional \$80 million investment currently in County pending the research and development of a Donor Sponsored Supporting Organization (DSSO).
 - Scott Stark voiced his concern with the proposed 50/50 allotment. He referred to last year's Strong Workforce grant, which was allocated in accordance with the RAM. Although that decision was not favorable on his campus he was comfortable supporting it based on principle. To deviate from the RAM now for this proposed one-time allocation appears arbitrary and undermines the established process.
 - Jose expressed his desire that SBCCD define itself as one district rather than three entities. He proposed using an allotment of \$3 million for each campus now (30%) and reserving the outstanding \$4 million for later discussion. This could provide relief for some immediate needs while further deliberation is made over the 70/30 issue. The intention is to help the colleges.
 - Diana commented that using a 50/50 split would be like changing the rules in the middle of the game. She stated her preference for a 70/30 split of the entire \$10 million. Scott agreed stating his opinion that any funds left on the table for further discussion could wind up being not being allocated at all.
 - Mike was in favor of a needs-based allocation, funding all the current program review items then dividing the remainder based on the RAM. However, he was also of the opinion that a bigger need exists for SBCCD to come together.
 - Jose stated his goal is to change the RAM because it does not work for SBCCD as a district. This is on the DBC agenda as a future item.

Jose asked for a vote on changing the \$10 million proposed allotment for the colleges (for purposes of discussion) from 50/50 to the RAM directive, which is approximately 70/30. Mike made this motion and Shari seconded it. The committee voted and the motion was approved.

- Committee members briefly discussed the proposed building purchase for investment purposes. Such a venture could not only reduce current rental costs and relieve emerging space needs, but could also serve the community and generate revenue.
- It was suggested that the title of the building investment be shown as “Future Offsite Campus Center”.

4. Updates

No updates were given.

5. Future Business

The committee did not discuss future business.

6. Adjournment

The meeting adjourned at 4:00 pm. The next meeting is scheduled for 3/15/2018, 2 pm, in PDC 104.