



District Budget Committee (DBC)

Members Present: *Jose Torres, Rick Hrdlicka (for Scott Stark), Jeremy Sims, Celia Huston, Yendis Battle, Larry Strong, Rosemarie Hansen, Kevin Horan, Diana Rodriguez*

Members Absent: *Steve Sutorus, Meridyth McLaren, Shari Blackwell, Frank Sclafani, Richard Galope, Naomi Lara, Denise Allen-Hoyt, Kristina Hannon, Girija Raghavan, Mike Strong, Rania Hamdy, Mark McConnell*

Guests: *Dina Humble, Tenille Alexander, David James*

Meeting Minutes – 6/20/2019, 2:30 pm, PDC 101

A. Welcome & Introductions

Jose started the meeting at 2:33 pm. No introductions were necessary.

B. Approval of Minutes of 4/18/19

Diana made a motion to approve the minutes of 4/18/19 which Larry seconded. The minutes were unanimously approved.

C. Current Business – Preliminary Budget Review

1. Tentative Budget

Larry addressed committee members on the Tentative Budget and advised that the Board of Trustees reviewed this material at its study session on 5/30/19.

Section A of the 2018-19 Multi-Year Forecast was reviewed. Revenue is based on FTES and other criteria. Larry went over the funding shortfall and advised that the number had been cut to \$680,000 rather than the earlier estimate of almost \$5 million. It was remarked that Line 43 is comprised principally of faculty reassign.

The State's new funding formula has rendered this SBCCD's multi-year forecast format less effective. Currently the rate for student success is blended and cannot be broken down by college. Staff will be working to develop a different method for next year. This topic will be discussed at upcoming DBC meetings.

Committee members studied the 2019-20 MYF. The fund balance drops to 19.29%, which is above the BOT's directive of 10%, however in 2023, this number falls to 10.10%. Larry pointed out the \$1,000,000 revenue on Line 40 and explained this amount is the one-time allocation to District Support Services from the FCC auction proceeds as decided by the Board of Trustees in April 2018.

The \$2,000,000 on Line 55 is the reimbursement of legal fees associated with the FCC Auction. FTES growth has been estimated at 0.5%. Line 38 shows the interest from STRS and PERS, as well as the PARS trust. Jose recapped the FCC investment of funds in PARS.

Regarding the MYF for 2020-21, the FTES numbers increase by 0.5%. Jose noted that Line 59 shows a deficit every year because SBCCD is spending more than it is receiving until 2023-24. Although deficit spending is not desirable, this trend is a result of the Board's decision to allow salary increases for all SBCCD job classifications based on the 2017 Compensation Study, which identified SBCCD salaries as below the medium. Since that time, various measures have been taken to get salaries back to the medium so that SBCCD

can become a competitive employer in the area, attracting and retaining quality employees. Fiscal Services will continue to analyze the budget increase to ensure the District is not over-budgeting.

It was mentioned that the current classification study underway may also affect the budget in the future.

2. Committee Self-Evaluation

Members were asked to provide feedback; results will be compiled and reviewed at the next meeting.

D. Updates

There were no updates.

E. Future Business

Jose advised the subjects listed under Future Business will be discussed in the upcoming year.

1. FCC Investment – Review of Annual Allocations
2. Commercial Property Profit & Loss Report
3. Evaluation of Resource Allocation

F. Adjournment

Jose advised that the meeting scheduled for July 18 at 2 pm in boardroom could be cancelled due to a light agenda. The meeting adjourned at 3 pm.