



District Committee on Budget & Finance
September 17, 2019
District Board Room, 2 – 4 p.m.

Attendees: Bernata Slater, Eloisa Briones, Mary Chries Concha Thia, Sam Haun, Judy Hutchison, Steven Lehigh, Vincent Li, Graciano Mendoza, Martin Partlan, Katrina Salas, Htet Htet Win Pyone Ei, and Chun Wai (Mark) Wong

Absent: Tony Burrola, Nick Kapp, and Ludmila Prisecar

Guests: Paul Cassidy, Jia Chung, Mike Claire, and Peter Fitzsimmons

Called to order at 2:09 p.m.

1. Introductions

Interim Chancellor Claire introduced himself and thanked the committee members for their work and was pleased to have presented a balanced budget for FY19-20 to the Board of Trustees for adoption. Slater welcomed the new members.

2. Charge of the Committee

The charge was forwarded via email to the members in advance of the meeting. Slater read to the members the scope of responsibilities of the committee. She emphasized the importance of sharing information with constituencies that is discussed at the committee meetings so that the community stays informed.

3. October 2019 Meeting Schedule

Slater announced that she will be on vacation October 15. She solicited input on rescheduling the meeting or skipping the October meeting. Fitzsimmons stated that the recurring items for the October meeting are normally the updates on the audit and actuarial study, which can easily be deferred to November. Mendoza inquired if this update was a review of the audit report to which Slater responded that the report is usually received in late November / early December. The update to the committee is a briefing shortly after the auditors have completed their visit. A decision was made to skip the October meeting.

4. FY18-19 CCFS-320 Annual Report

The report was forwarded via email to the members in advance of the meeting. Slater explained that the report is a report due to the State illustrating enrollment (FTES) for both resident and non-resident and explained the difference between FTES and Headcount. The report is due in January (P1), April (P2), and July (P-Annual). Slater reviewed Part I of the report which provided the total districtwide resident and non-resident FTES. Hutchinson inquired as to the difference between attendance FTES and factored FTES, to which Slater responded that it has to do with the flex-time noted on Page 6 of the report. Hutchinson asked about Basic Skills FTES given AB705. Fitzsimmons advised that the State still wants to know the number of FTEs; however, this may change in the future. Ochoa asked about how this compares to FY17-18 to which Slater responded that enrollment trends are contained on Page 13 of the FY19-20 Adopted Budget Report. This year's budget book also included headcount. Mendoza asked if the historical reports are posted anywhere. Slater stated that they are in a folder on the network (appserv). Slater also referred the committee to Page 96 of the FY19-20 Adopted Budget Report that provides a breakdown of historical FTES. Fitzsimmons also stated that the CCCC's

DataMart contains historical FTES data. Li stated that given the decline in FTES year-over-year, what are enrollment trends like in high schools? Slater stated that this was an excellent question and an inquiry could be made to VC McVean; however, another thing to consider is the number of young families in the area. Hutchinson stated that school closure/consolidations may also contribute as Redwood City is closing elementary schools. Partlan reminded folks that each college has an enrollment management taskforce that discuss enrollment.

5. FY19-20 Adopted Budget

Slater reviewed the slides that were provided to the Board of Trustees at their last meeting prior to approving the budget. Lehigh inquired that given that the pension employer rates went down due to the State buying down a portion of the pension systems' liability does that favorably impact the total compensation formula. Slater responded in the affirmative. Lehigh inquired about the FY18-19 transfer to Fund 4 for the State Capital Outlay match. Slater stated that Prop 51/CCCCO now require a match for state capital outlay projects so the District will need resource of approximately \$40m for the District's matching component. Lehigh asked about the transparency of inter-fund transfers. Slater stated that the presentation represents high-level activity and that details will be brought to the committee for the FY18-19 inter-fund transfers. Briones inquired if the District will need to make a contribution in FY19-20 to the OPEB given the fully-funded status of the OPEB liability. Slater stated that may be a possibility; however, the status ebbs and flows (stock market volatility, etc.) and that discussions will be had with the actuary and the Retirement Board of Authority on this subject. Cassidy inquired about how the income received (approximately 5%) relates to the targeted rate of return. Slater stated that the targeted rate of return is 7%. Li asked how many community colleges have liabilities fully-funded. Slater stated that there are a very few who enjoy this status. Fitzsimmons stated that some have sold bonds or engaged in other financing schemes to fully fund so unlike SMCCCD they still have a liability "behind the scenes" to pay for the financing. Partlan asked about the funding regarding the local promise. Bernata reviewed the numbers contained on Page 9 of FY19-20 Adopted Budget Report.

Slater expressed her appreciation to all that contributed towards the development the budget.

Lehigh inquired as to when the final budget going to be ready. Slater stated that the tentative budget was approved in June and the adopted budget was approved in September by the Board of Trustees. He then inquired about the change to budget tables that used to illustrate the prior year adopted budget and now illustrates the prior year revised budget. Fitzsimmons responded that the change was due to the thought that the revised budget was more informative as the budget is revised throughout the year. Slater explained that the budget is balanced with "new money" and that the \$13m is due to carryovers as illustrated on Page 16 in the FY19-20 Adopted Budget Report. Lehigh asked if FY18-19 ended with a surplus to which Slater stated that FY18-19 ended with a \$5m surplus as noted on Page 49 of the FY19-20 Adopted Budget Report. Wong asked about the allocation for the international student program. Slater responded that FY19-20 Adopted Budget Report speaks to the program on Pages 9-11; however, the document doesn't itemize these particular budget line items because the numbers provided are at a much higher level.

6. Future Agenda Items

Given the new members, Concha Thia requested that a discussion on budget timelines for a future discussion.

7. Public Comment

There were no public comments.

8. Next Meeting: November 19, 2019 Meeting adjourned at 3:28 p.m.