MINUTES

OHZONE COMMUNITY COLLEGE DISTRICT
BUDGET COMMITTEE
September 2, 2014
3:00 – 4:30 PM

LOCATION:
FREMONT CAMPUS, ROOM 7101
43600 MISSION BOULEVARD
FREMONT, CA 94539
(510) 659-6000

BUDGET COMMITTEE MEMBERS PRESENT
Walt Birkedahl  Dean of Arts and Social Sciences
Chris Bolt  UFO (Co-Chair)
Ron Little  Vice President, Administrative Services
Susan Myers  UFO
James Keogh  SEIU
Donna Payne  CSEA
Farhad Sabit  Director, Business Services (Co-Chair)
Connie Teshara  Confidential

MEMBERS ABSENT
David Harvey  ASOC

GUESTS
Patrice Birkedahl  Public Information Office and Director of College Advancement
Dr. Gari Browning  President/Superintendent
Arti Damani  Staff
Barbara Duggal  Faculty
Diana Garza  Staff
Nam Huang  Staff
Paul Iannaccone  Foundation
John Li  Staff
April Merritt  Staff
Jeff Roberts  Faculty
Lea Witmer  Staff
Shairon Zingsheim  Associate Vice President of Human Resources

CALL TO ORDER

The Budget Committee was called to order by Co-Chair, Farhad Sabit, at 3:02 PM.
I. APPROVAL OF AGENDA

A motion was made by Committee member, Connie Teshara to approve the Agenda with changes. The Measure G Series B Bond Sale was moved to Item 3 on the Agenda. The motion was seconded by Committee member, Walt Birkedahl and unanimously carried by the Committee members present.

II. APPROVAL OF MINUTES

A motion was made by Committee Member Connie Teshara to approve the Minutes from the previous meeting on June 3, 2014 as presented. The motion was seconded by Committee Member James Keogh and unanimously carried by the Committee members present, with abstentions from Committee Members Donna Payne, Chris Bolt and Walt Birkedahl.

III. MEASURE G SERIES B BOND SALE

Ivory Li of Piper Jaffray & Co. presented an update on the Measure G Series B Bond Sale to the Committee. Ohlone College received a great interest rate on the Bond Sale. One reason why the College received the interest rate was because the supply of bonds in the market is low. Secondly, demand for bonds is high. Global instability leads more investors to buy bonds because of their security. Interest rates have decreased over the past year. The rate Ohlone received was comparable to a mortgage rate. The College sold $75M in bonds at a Repayment Ratio of 1.94 to 1.

Ivory Li: The district was able to secure an excellent credit rating. The second highest among all Community College Districts.

Susan Myers: Sounds like we are borrowing money when we are selling bonds.

Ivory Li: Yes. But you are selling a security to investors. This is like a mortgage. You are borrowing money.

Susan Myers: It sounds like an asset.

Ivory Li: It is not an asset. But you are getting money back.

Chris Bolt: We are often on the buying end of it. We are the seller now not the buyer. It is hard to be on this side.

Ron Little: Some of us remember the 8 or 12 to 1 ratios with respect to repayment. The State now mandates at maximum a 4 to 1 repayment ratio. Ours is excellent at less than 2.

Ron Little thanked Ivory Li for her presentation to the Committee.
IV. 2013-14 FOURTH QUARTER FINANCIALS

Farhad Sabit presented the Fourth Quarter Financials to the Committee. Revenue is based on recertification by the Chancellor’s office. Variances in revenue are attributed to property tax variances, lower state revenue and lower enrollment. Farhad stressed to the Committee that the numbers presented were not final numbers. The numbers presented were close to year end numbers, but not exact pending year-end close. Farhad informed the Committee that the cash balance would cover 3 payroll cycles.

Chris Bolt: What is the difference between Contract Education and Community Education?

Farhad Sabit: The employer is paying fees with Contract Education as opposed to the participant.

Walt Birkedahl: How much do we get for each FTES?

Farhad Sabit: $4,600 per FTES

Susan Myers: Are we going to be posting this our website? The item was sent to us very differently.

Farhad Sabit: This will be posted to the website. The presentation is a summary.

Susan Myers: Could we have the summaries before the meeting?

Farhad Sabit: Yes. We will send it out in advance.

A motion was made by Committee Member, Donna Payne, to endorse the 2013-14 Fourth Quarter Financials as presented. The motion was seconded by Chris Bolt and was unanimously carried by all members present.

V. 2014-15 FINAL BUDGET

Ron Little presented the 2014-15 Final Budget to the Committee. The focus of the presentation was the difference between the tentative budget in June and now.

Chris Bolt: How does Fall enrollment look?

Ron Little: We are tracking to goal, although it changes day to day.

Dr. Browning: If enrollment does not look like we are tracking this high, what will we do?

Ron Little: We will adjust down at the second quarter, if necessary.
Dr. Browning: Enrollment could increase from late start enrollments.

Susan Myers: More DSPS money is available statewide? How much?

Ron Little: $30 million across the State. The money has yet to be allocated.

Susan Myers: I am confused about the number of full time staff?

Ron Little: It depends on whom you ask. From a budget perspective, the number of full time faculty is 118. That is what we have built into the budget because that is the Board approved number. But 115 bodies from an HR perspective.

Chris Bolt: This 118 number, what meaning does it have to us? Are we just hold money as a place marker?

Ron Little: We have 118 positions allocated. We will continue to allocate those positions until we are told otherwise. In Quarter 3, we will take those savings from any vacant positions. The full time faculty expense will go down as a result. In the past, it was not the District’s practice to do this at Quarter 3. Usually, they would fall out in the year end. Ours is a more refined approach to the savings.

Chris Bolt: We might replace them or not?

Ron Little: That number will not go down. Whether it goes up, that is another matter.

Chris Bolt: What is the $650 for Confidentials?

Ron Little: It is part of the medical equity for employees program. Previously, the confidentials had to pay for their benefits. Now the District contributes $650 a month.

Chris Bolt: Going forward, will this last SERP drop off?

Ron Little: Yes.

Walt Birkedahl: What is OPEB?

Ron Little: Other post-employment benefits.

Chris Bolt: Why are we carrying Community Ed if it is not profitable anymore?

Ron Little: They are breakeven to profitable. We are taking 10% now for indirect costs. Per the Ed Code, they cannot accrue profit. Part of the reason the revenue built up is because the surpluses were gross. We cannot generate those same incomes going forward without potential liability concerns.
Chris Bolt: How did they make all of that money?

John Li: For year, we did not charge Fund 13 program indirect costs. We did not charge indirect expenses to Community Ed in this case.

Chris Bolt: So, it was a false net income. Now we are making them bare all of their costs.

Ron Little: Yes and now they closer to the breakeven point as a result.

Dr. Browning: That is where they are supposed to be, at breakeven.

Chris Bolt: I get it. No profit.

A motion was made by Committee Member, Walt Birkedahl, to endorse the 2014-15 Final Budget as presented. The motion was seconded by Donna Payne and was unanimously carried by all Committee members present.

VI. COLA AS A CONCEPT

Ron Little presented an overview of the concept of COLA.

Susan Myers: COLA as a concept. Is this an open dialogue? Are we taking this to other committees?

Ron Little: I have not thought about it. This group benefits from the discussion. If you feel that College Council would benefit, it could be presented to them.

Susan Myers: Do you have a vision for it?

Ron Little: We are just opening the discussion at this point.

Shairon Zingsheim: We are talking about open book budgeting and processes. One thought is that we need to talk about these topics on a deeper level. It is opening a conversation. We want to talk about the terms. For example, I am in interested in the undesignated fund balance.

Chris Bolt offered information regarding the effect of inflation on purchasing power. The data presented showed a decline in real wages of 12% using national figures and 13.78% using San Francisco Bay Area data between 2008 and mid-2014. Spreadsheets are attached with supporting data and sources.
VII. ADJOURNMENT

The meeting was adjourned at 4:30 pm.