

**APPROVED MINUTES**  
**Yosemite Community College District**  
**District Fiscal Advisory Council**  
**March 21, 2019**

**Present:** Kevin Alavezos, Coni Chavez, Elissa Creighton, Doralyn Foletti, Ashley Griffith, Josh Hash, Judy Lanchester, Amy Lovett, Crista Noakes, Nathan Rien, Jim Sahlman, Brian Sanders, Sarah Schrader, Nancy Sill, Trevor Stewart, Henry Yong, ASCC Student Designee

**Council Members Absent:** Jenni Abbott, Al Alt, Melissa Raby, Susan Yeager, Jennifer Zellet, ASMJC Student Designee

**1. Acceptance of the Minutes of the January 31, 2019, District Fiscal Advisory Council**

Consensus was met to approve the minutes. The minutes are approved.

**2. Council Charge/Membership Allocation**

The Council reviewed the changes made to the charge from the January 31, 2019 DFAC meeting. The title for Director of Information Technology located in the Resource Persons portion of the charge will be changed to Senior Director of Information Technology. The Classified Representative, Columbia College title located in the Roster portion of the charge will be changed to Classified Senate Representative, Columbia College. The Council reviewed the number of Classified Senate Representatives assigned to the membership. The Council concluded one Classified Senate Representative from Columbia College will be included in the membership as there are also two CSEA representatives included in the membership.

Consensus was met to proceed with the changes to the Council Charge and Membership Allocation document.

**3. \$75K Institutional Effectiveness Partnership Initiative (IEPI) Grant**

During the January 31, 2019 DFAC meeting, the Council recommended using the grant funds to expand the District's license in BoardDocs for agenda items, the purchase of a license to be used as a reporting solution to obtain data and hiring a facilitator and/or consultant to assist with the development of the new Resource Allocation Model (RAM). Dr. Schrader, Controller explained the concern of using one-time funds for on-going expenditures such as an expanded license for BoardDocs or a license for a reporting solution. The Partnership Resource Team (PRT) visit focused on the creation of the DFAC and Council goals. The review and evaluation of the current RAM is a top goal due to the new Student Centered Funding Formula (SCFF). The

cost to hire a consultant or facilitator to assist with the RAM development is a one-time cost.

Dr. Schrader recommended the Council begin conversations on how to spend the one-time funds as the District will soon need to provide a progress update to the Chancellor's Office/IEPI Group. The Council discussed the role of a consultant and how a consultant will be chosen to assist with the development of the RAM. Dr. Schrader suggested the DFAC evaluate the resumes of three to four consultants and as a Council formulate a consensus as to who the Council would like to move forward with. Ideally the consultant will be familiar with the California Community College system. Utilizing the SCFF in the RAM is new to the Community College system. The Council discussed the different allocations based on the three pieces of the SCFF and how it each piece may need to be a separate discussion item. Chancellor Yong stated a consultant can achieve an unbiased assessment of the different models in the system.

Consensus was met to proceed with hiring a consultant and/or facilitator to assist in the development of a new RAM.

#### **4. 2018-2019 Budget Update**

Dr. Schrader provided a 2018-2019 budget update. She explained an amended budget for the 2018-2019 fiscal year will be presented at the April 10, 2019 Board of Trustees meeting. The amended budget will reflect augmentations provided to the colleges for the completion of the Yosemite Faculty Association (YFA) negotiations. The intent to allocate the remaining one-time initiative dollars in the 2018-2019 budget has been stalled due to the First Principal Apportionment report (P1) sent out by the State Chancellor's office on March 6, 2019. The memo included information regarding a 5% deficit factor applied to the 2018-2019 funding for California Community Colleges.

The State Chancellor's office under estimated the SCFF and property taxes. The State is currently short approximately \$112M to fund the SCFF and short \$196M for property taxes. Total Computational Revenue at P1 came in around \$107M. That is higher than the \$104M the District budgeted due to the unknowns of the SCFF. The State is revising some of the definitions for the student success metrics. The line-item for one-time initiative dollars will remain on the April amended budget. We will know more about the deficit factor when the P2 report comes out around May.

#### **5. 2019-20 Budget Development Updates**

Dr. Schrader provided a 2019-2020 budget development update. The targets for the 2019-2020 budget were distributed to the colleges. Dr. Schrader

explained the process will be different next year. The targets will be discussed with the Council prior to being distributed to the colleges.

In regards to Revenue Assumptions, we are assuming an FTES target of 16,315 from the January projections. The FTES will be reported as actuals achieved rather than rolling to achieve consistent outcomes moving forward. The FTES may be adjusted before final budget if necessary. The decision to report actuals achieved rather than rolling FTES was discussed with the Chancellor, President's, Vice President's and Fiscal Services. Chancellor Yong explained this is a conservative approach that better positions the District in the event of a decrease of FTES. Future DFAC discussions will include FTES strategies.

The Council discussed working to right size the District in the SCFF and the barriers we face such as the initial proposal to limit the growth on success factors. New suggestions have surfaced to cap overall dollars so colleges can find a way to right size themselves with the SCFF.

Jim Sahlman, YFA representative suggested finding ways to better utilize our facilities. Space Utilization calculations determine if the District is eligible for state facility dollars. Chancellor Yong explained the State looks at fifty-two and a half (52.50) hours a week in a particular room as being efficient. The District is penalized for any room used less than 52.50 hours per week. The efficiency factor is used by the State when determining award dollars for new construction. Judy Lanchester, Director of Facilities Planning & Operations explained the Total Cost of Ownership (TCO) for Facilities provides additional information on space inventory. Brian Sanders, CC Vice President of Instruction explained much of our growth has occurred in online classes which does not allow us to show for growth in the classroom setting in order to obtain Capital Outlay dollars.

Dr. Schrader explained the student success assumption metrics are flat compared to 2018-2019. We do not have enough historical data for projections. The Council discussed certificates and diplomas are funded at different rates. The State is currently looking into funding us for the highest certificate or diploma achieved per student. The COLA has been estimated at 3% rather than the Governor's budget estimate of 3.46%. The estimated decrease is due to the concern of a recession in late 2020. Dr. Schrader will gather more information on the extent of the possible recession. If a deficit factor still exists after the P2 report, we will take a look at the historical trends of the deficit factor again and possibly apply one to the final budget. Other parts of the revenue budget for the unrestricted general fund include Mandated Cost Block Grants for credit FTES, State Apportionment for Part-Time Faculty based on the P1 and the estimated Unrestricted Lottery.

In regards to Expenditure Assumptions, the PERS and STRS rate increased. There was an augmentation for fringe benefits in regards to Worker's Comp, STD and OPEB. Three new faculty positions were funded at MJC. The transfer

of Parking and Security from the Colleges to Central Services was completed. The personnel piece of the Parking and Security transfer for the 2018-2019 amended budget came over to Central Services. The operational piece will move over in 2019-2020. All of the non-resident tuition revenue has been earmarked for the Colleges. An augmentation for Longevity, Step and Column increases was done for the first time in a few years. This will not be an annual augmentation.

Dr. Schrader explained the process to provide the targets to the Colleges. Tentative budget targets begin with the amended budget to date. She explained One-time costs such as augmentations for encumbrances and one-time augmentations in the 2018-2019 fiscal year were removed. The PERS and STRS costs are projected to increase by \$976,102. The fringe benefit augmentation increased by \$139,348. CaiSTRS contributions have three parts: 1) Employee contribution, 2) Employer contribution, and 3) the State's contribution on behalf of the employee. A previous GASB required the District to record the State's portion of the employee's contribution on our books. It has no net impact on our financials. It is calculated based on a percentage of total payroll for CaiSTRS employees. This resulted in an augmentation of \$875,000. The augmentation for three new MJC Faculty positions is \$330,000 while the Baccalaureate Degree augmentation estimate came in at \$40,000.

The Non-Resident Program augmentation is estimated at \$650,000 for MJC and 125,000 for CC. The Non-Resident fees are based on what has been historically charged. In a previous meeting, Cabinet discussed the possibility of the Non-Resident Tuition fees going back to the Colleges. It will be up to the Colleges to determine how they want to budget the funds. Chancellor Yong expressed he wanted the Colleges to have an incentive by being rewarded to work with more out-of-state students and international students. The District will not dictate how the money will be spent. The Longevity/Step Movement augmentation came in at \$1,018,573. The money usually comes from the operational budgets of the Colleges and Central Services. This year's augmentation will free up some operational funds. By doing this, operations funds will be available immediately to the Colleges and Central Services. In an effort to address the TCO's for both Facilities and Information Technology, line items were included in the tentative budget in the amount of \$1,500,000; Facilities received \$1,000,000 and Information Technology received \$500,000. The State did not budget for Physical Plant or Instructional this year therefore there is no money set aside for scheduled maintenance. The TCO's will be an importation topic of discussion when developing the new RAM. The One-Time Initiative Funding budget line item of \$4,954,944 will be dispersed as we receive more definite information as to what the budget will look like before the Final budget. Under the District-wide Contingencies/Transfers the Unfunded Retiree Liability goes out to the other post-employment benefits (OPEB) trust. The three locations are all beneficiaries of that line item. The Facilities TCO budget is transferred into Fund 41 or Capital Outlay. The Health Fund line item is a transfer the general

fund does to the Colleges Health Fund. The CaiSTRS On-Behalf contribution is an umbrella cost.

Brian Sanders, CC Vice President of Instruction expressed a couple of items he is encouraged by. First, the Non-Resident Tuition fees being given to the Colleges to potentially expand outreach programs. Second, the three new MJC Faculty positions were budgeted at \$110,000 each. In the past, the positions were only budgeted for the Fulltime Faculty Obligation Number (FON) value which is calculated at the State level. Third, the Longevity/Step Movement augmentation is very helpful as it is a known cost to the departments. Finally, he expressed how encouraged he is to have the DFAC to help navigate discussions as to why things occur the way they do.

## **6. Resource Allocation Model Activities**

Dr. Schrader explained she and Dr. Yeager have been reaching out to other multi-district colleges requesting them to share their current RAM's. The discussions allow an opportunity to review the nuances in the RAM's. The consultant will be responsible for analyzing the nuances in the RAM's and the pros and cons of each model. The framework for the new RAM is slated to be completed by January 2020 with a RAM completion date of June 2020.

Nancy Sill, MJC Dean of Business, Behavioral and Social Science suggested DFAC representatives gather information from their individual colleges and central services as to what may or may not be working with the current RAM. It was noted that during these conversations, it is important to clearly define what the common questions and concerns are in terms of allocation. The Council discussed the need for future integrated planning discussions during the RAM process.

## **7. Close/Next Meeting**

The next District Fiscal Advisory Council meeting will be held on **Tuesday, April 16, 2019, at 1:00 p.m.** in the YCCD District Office, Meeting Room A, located at 2201 Blue Gum Avenue, Modesto, CA and Columbia College Manzanita Building, President's Conference Room located at 11600 Columbia College Drive, Sonora, CA.