

APPROVED MINUTES
Yosemite Community College District
District Fiscal Advisory Council (DFAC)
May 16, 2019

Present: Jenni Abbott, Shelley Akiona, Kevin Alavezos, Florida Arias, Ashley Griffith, Josh Hash, Judy Lanchester, Amy Lovett, Crista Noakes, Sarah Schrader, Nancy Sill, Trevor Stewart, Susan Yeager, Henry Yong

Council Members Absent: Coni Chavez, Elissa Creighton, Doralyn Foletti, Pam Guerra-Schmidt, Melissa Raby, Brian Sanders, Jennifer Zellet, ASMJC Student Designee, ASCC Student Designee

1. Acceptance of the Minutes of the March 21, 2019, District Fiscal Advisory Council

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

2. Institutional Innovation & Effectiveness Plan

Dr. Yeager reminded the Council the Institutional Innovation & Effectiveness Plan was discussed at the March meeting. Consensus was met to proceed with hiring a consultant for the new Resource Allocation Model (RAM). The IEPI Plan was submitted to the IEPI group for review. Completed items on the Plan include the membership list and charge. The IEPI Plan was reviewed and signed by the MJC and CC Presidents of the Academic Senate prior to submission.

Dr. Yeager opened the conversation up for comments. Jenni Abbott, MJC LTAC Representative, asked if time allowed for the RAM to be submitted through the College Governance process. Dr. Yeager explained the RAM impacts everyone and will be submitted through a number of processes. Kevin Alavezos asked if a designee will be appointed at the college level in the absence of the MJC Vice President of College and Administrative Services. Dr. Yeager suggested Dr. Houpis, MJC College President have the opportunity to determine how to move forward during recruitment of the new Vice President.

Dr. Yeager will inform the DFAC when the grant monies are received.

3. 2018-2019 Budget

Dr. Yeager explained the District was supposed to receive approximately \$8.9M more than received for the 2017-2018 allocation. The District anticipated STRS and PERS increases over three years. Once the funds were allocated for the raises given, the remaining funds were slated to go out to

the Colleges and Central Services in one-time funds for College and District-wide initiatives. The State Chancellor's office sent out an email in March reporting a deficit factor. The District's share was determined to be \$5M. At the time, the District estimated revenues to be lower so the impact on the District would be approximately \$2M to \$3M. The hope was the deficit factor would decrease as the income tax and property tax revenues had not been received.

Dr. Yeager explained the week before May revise the State Chancellor's office held a webinar regarding the revision of P1 to be 2017-2018 TCR plus COLA for the Districts on the wrong side of the Student Centered Funding Formula (SCFF). The remaining Districts would be 2017-2018 TCR plus 8.13%. Based on that information, YCCD staff determined the ceiling of the deficit factor to be \$103M and the floor to be at \$101M. The webinar reported additional information would be provided at May revise.

A complete write-up of Community Colleges was provided at May revise. The 2019-2020 budget included the addition of \$39.4M in instructional equipment and scheduled maintenance funds and on-going funds towards Strong Workforce. Information provided on the current 2018-2019 budget reported most of the revenues were made up however, there is still a shortfall of \$228M. Dr. Yeager explained District staff will work to determine what that means for YCCD.

Dr. Yeager reported out on the budget augmentation based on the list submitted to the District Administrative Council (DAC) and District Council (DC). The list included items at the College and District levels. She explained the only augmentations included in the 2018-2019 Amended Budget were for legal costs and the MJC Pool Repair Project. The remaining \$2.3M will be held while the final budget information is reviewed. Dr. Yeager stated any funds remaining from the \$2.3M will be provided to the Colleges and District-wide initiatives via the list approved at DAC and DC.

Dr. Yeager explained there were mid-year changes to the SCFF. The changes impacted Districts with enrollment and FTES associated with the programs. Dr. Yeager explained the District would have been in financial trouble had the one-time initiatives been spent by the Colleges as the State is asking some Districts for money back. Trevor Stewart, CC Vice President of College and Administrative Services explained the two Colleges were provided an estimate and asked to prepare a spending plan for the Board of Trustees to review and approve. He explained the Colleges were never allocated the funds to actually spend on those projects.

4. 2019-2020 Budget

Dr. Sarah Schrader, Controller, provided a draft 2019-2020 tentative budget book. The budget book will be presented to the Board of Trustees in June. Dr. Schrader explained the budget book looks different as the Board of Trustees requested more information be provided on more funds. Specific information related to the College budgets has been added. Dr. Schrader explained the prior budget book only included the Unrestricted General fund revenues, single line items for the Colleges for expenditures, the Restricted General fund, Capital Outlay and the Measure E Bond fund. The new budget book includes the Unrestricted General fund, the Restricted General fund, Capital Outlay, Measure E Bond fund, Bookstores, Cafeteria, Farm Operations and other Trust funds such as Financial Aid, Student Representative Fee Fund and the Student Center Fund. The funds have been broken out by location.

Dr. Schrader conducted a brief overview of the draft budget book noting the Mission Statement, Governors' Budget and major revenue and expenditure budget assumptions and fund descriptions for the different types of funds. Dr. Schrader noted on page five of the draft book, that due to the timing and preparation of the tentative budget, any changes to the Governor's budget as outlined in the May revise and ultimately the State's final budget will be taken into consideration during the preparation of the District's final budget. The tentative budget is based on the Governor's January budget.

Dr. Schrader invited the DFAC to provide input on the new budget book. Dr. Yeager explained the draft tentative budget book will be provided to the Board Finance Committee and the Board of Trustees in June. The tentative budget provides the District spending authority for the new fiscal year. The final budget will be approved by the Board of Trustees in September. Dr. Yeager acknowledged Dr. Schrader and Jackie Hernandez, Executive Secretary for the Controller's Office for their efforts in developing the new budget book.

5. Resource Allocation Model (RAM)

A. YCCD Resource Allocation Model

Dr. Yeager provided a handout of the current YCCD RAM. She reported the current RAM was revised in 2014-2015 to align with the prior funding formula, SB361. The intent of RAM is to cover the operational and fixed costs of the District Office first and then allocate funds to the Colleges. The goal of an educational institution is to meet the goals of the students. It is important to get as much money out to the colleges as possible. Dr. Yeager explained CS will continue to do what they can to keep costs down; however, CS still has to provide services to the Colleges and meet judiciary and regulatory requirements.

Dr. Yeager provided an overview of the current YCCD RAM packet that provides the Budget Allocation Model. In previous years, the Colleges would provide the FTES targets followed by projected growth. Dr. Yeager explained at times, COLA is the only increase the District may receive in a year meanwhile, PERS and STRS fees and other operating costs are rising. Per the current RAM, those items should be taken into consideration first. The District is currently over Faculty Obligation Number (FON).

Dr. Yeager explained that moving forward, the goal is not to roll summer FTES and report only FTES achieved. Last year, the District rolled 333 FTES. Nothing will be rolled this year. The projected FTES is 15,938 and includes early start Summer. This strategy will allow the District to go into the 2019-2020 fiscal year with no debt. Dr. Yeager explained the Governor has proposed extending the hold harmless one year. Jenni Abbott asked for the breakdown in percentages moving into the new year. Per Dr. Yeager, the percentages are 51% for MJC, 12% for CC and 27% for CS.

Trevor Stewart explained many of the CS expenses are used towards the Colleges. Dr. Yeager reported we are budgeting for \$116M in expenditures. In her opinion, many of the expenditures are District-wide such as the unfunded retiree liability line item, health fund transfers and CalSTRS On-Behalf payment and all of those expenditures were included in previous percentages. The change in the percentages will be determined once the \$5M is allocated first to the District-wide projects then to the Colleges with MJC receiving 85% and CC receiving 15%. Trevor Stewart asked if the one-time initiatives will ever be assigned to the Colleges as on-going dollars. Dr. Yeager explained it depends where the District lands in the new SCFF.

B. Other Multi-District Resource Allocation Models

Dr. Yeager has been reaching out to other multi-college districts to gain knowledge on their RAM's. She reported all of the Districts with the exception of one was utilizing a formula for all new dollars. A percentage of those dollars is given to the unions. The union dollars are used for raises and increases in STRS, PERS and health costs. The process allows the groups to understand the limited revenue coming in to the District. Some Districts have a clause in their agreements stating they can take back funds allocated to the unions and that this can be a disadvantage especially when unusual things occur such as the State requesting dollars back from Districts.

Dr. Yeager explained other multi-college Districts do not charge district-wide activities to CS. Dr. Schrader explained that the majority of the 27% allocated to YCCD CS is spent on the Colleges. The CS allocation is significantly less at other multi-college Districts because more items are allocated out to the colleges such as custodial, technology, grounds, utilities, security and some HR practices.

Dr. Schrader explained each of the Colleges as well as CS are assigned a responsibility code relating to facilities, information technology and utilities. She explained one resolution is to dig deeper into the CS budget to determine how much time each position is supporting the Colleges by allocating payroll or licensing fees to each location but there is a cost associated with breaking the budget out in that manner.

Dr. Yeager reported she will continue to talk to CBO's at other Colleges to understand their models and will provide the DFAC a report of models used at other multi-college Districts. Nancy Sill asked how the multi-college District's Dr. Yeager spoke to were able to be innovative in their spending if each new dollar is allocated. Trevor Stewart stated in his experience, the innovation comes from the one-time funds allocated to the Colleges. Dr. Yeager stated she is aware of Foundations that have raised money to provide an innovation fund.

Chancellor Yong explained as a previous President, he was forced to become innovative with finding funding through grants which were often times competitive. He suggested giving things time by allocating funds each year to an innovative plan or project then executing once the funds are established. Florida Arias, Interim MJC Vice President of Student Services explained we are innovative in many ways such as restructuring Student Services at MJC and moving forward with the Pathways framework. She explained we are redesigning our College for the next century and asked that the DFAC remind themselves they are innovative and working constantly to reinvent ourselves to answer the needs of our community members.

6. Close/Next Meeting

Dr. Yeager reminded the DFAC to send agenda items to her office.

The next District Fiscal Advisory Council meeting will be held on **Thursday, June 20, 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.