

UNAPPROVED MINUTES
Yosemite Community College District
District Fiscal Advisory Council (DFAC)
September 19, 2019

Present: Jenni Abbott, Shelley Akiona, Kevin Alavezos, Florida Arias, Kathy Blackwood, Elissa Creighton, Pam Guerra-Schmidt, Josh Hash, Judy Lanchester, Amy Lovett, Melissa Raby, Brian Sanders, Sarah Schrader, Trevor Stewart, Susan Yeager, Henry Yong, Jennifer Zellet

Council Members Absent: Coni Chavez, Doralyn Foletti, Ashley Griffith, Cecelia Hudelson, Crista Noakes, Sherri Suarez, ASMJC Student Designee, ASCC Student Designee

1. DFAC Membership

Dr. Susan Yeager, Vice Chancellor of Fiscal Services requested to add membership to the agenda. She stated a Human Resources representative should be included in the membership and requested feedback from the Council.

Consensus was met to add a Human Resources representative to the council.

2. Acceptance of the Minutes of the June 20, 2019, District Fiscal Advisory Council

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

3. 2018-2019 Budget

Dr. Yeager provided the council with a 2018-2019 budget packet. Dr. Yeager explained the District was not funded via the Student Centered Funding Formula (SCFF) in 2018-2019. The District received \$102.6 million, almost \$2 million less than anticipated. The District may receive additional funds at the Recalculation of Apportionment report but this will not be known until December.

4. 2019-2020 Budget

For 2019-20, Dr. Yeager explained successful districts under the SCFF were told that their advance apportionment would be based on the Constrained Total Computational Revenue during the budget workshop in July 2019. The Constrained TCR for Yosemite is \$103.4 million. The state Chancellor's Office stated that districts will get revised amounts at the First Principal Apportionment Report in February 2020. She explained the SCFF is not fully funded and the rates are expected to change mid-year so we will not know the true funding until all of the metrics have been calculated.

Dr. Yeager explained in order to decrease the tentative budget from \$108M to \$103.4M, some revenues were increased such as Interest Income, Other Local Revenue, Lottery and an assumption of \$718K will be transferred in

from the Pension Rate Stabilization Trust, if necessary. Dr. Yeager expressed if additional funding is received, she would likely not make the transfer in from the Pension Rates Stabilization Trust. One-time expenditures were decreased such as the OPEB Transfer and Total Cost of Ownership (TCO). Dr. Yeager explained if the bond measure is unsuccessful, we will have to find a way to fund the TCO.

Dr. Yeager explained the cost of Worker's Compensation, Disability, OPEB adjustment, PERS/STRS rates has increased. Dr. Yeager noted in terms of expenditures; longevity, step increases, PERS/STRS and increases to benefits totaled approximately \$2M. The latest Actuarial Study report indicated OPEB is currently funded at 81%. Dr. Yeager reported the District is moving forward on the bond survey.

Dr. Yeager stated we will need to strategize on how to budget moving forward. She stated we adjusted the budget by approximately \$4.7M without cutting the Colleges or Central Services budgets for the 2019-2020 fiscal year. As we move forward, the District will be looking at efficiencies and ways to offer better service.

5. Fund Balance

Dr. Yeager provided an overview of the Fund Balance. She reported the total revenue is \$112.4M and total expenditures is \$109M. She explained there is a difference between fund balance and reserves. The Board required reserve is 10%. The undesignated line items are funds used for items that require a response or temporary use. The Board of Trustees has asked for a plan for the Fund Balance. There has been some discussion to increase the reserve to 12%.

Dr. Yeager explained the Facilities TCO has been allocated \$1M and the Information Technology TCO has been allocated \$500K as reserve line items in the fund balance. The TCO funds are reserved as a line item in the fund balance to assist with the shortfall from the Physical Plant Instructional Support Funds and the possibility of an unsuccessful bond measure. The TCO reserves are not treated the same as the District's 10% reserve which should only be used in a catastrophic circumstance. Judy Lanchester, Director of Facilities Planning, explained the TCO obligations will be met by using the \$3.5M on small capital outlay projects.

The Council discussed creating a process to outline how additional funds will be prioritized in the future through the budget planning process. Dr. Yeager suggested holding a discussion with a smaller group to discuss the schedule. Dr. Brian Sanders, Vice President of Instruction, noted, if the District were to cut sections now before classes begin in January, it may potentially penalize the colleges in the long term. Henry Yong, Chancellor, acknowledged the unknowns and explained ideas should be taken to the Board of Trustees for review. Chancellor Yong suggested a small task force be formed to formulate

and report out information relating to funding the schedules. Dr. Yeager suggested the task force can begin with Vice Presidents and Fiscal staff.

6. Resource Allocation Model (RAM)

Kathy Blackwood, RAM Consultant, provided a packet of sample RAMs to the Council. Ms. Blackwood was hired to assist the District in developing a new RAM. She requested the Council members take the RAM information back to their respective groups for further discussion and offered to attend college committee meetings to provide additional information if necessary.

Ms. Blackwood explained the budget process prior to the SCFF. She explained as long as the SCFF is not funded, the State will adjust the rates annually to keep the SCFF percentages whole. Ms. Blackwood advocated setting goals that are not as complex as the SCFF. Dr. Yeager suggested the strategy of utilizing the previous fiscal year's funding to fund the current fiscal year in an effort to fund sections.

Ms. Blackwood noted two parts to the RAM; the first being how the funding should be calculated and the second being how that funding should be allocated. She explained there are different ways to calculate funding that can be based on the District's metrics. However, FTES is still 70% of the big picture. Dr. Yeager suggested implementing a per cost line item to the budget. Ms. Blackwood suggested separating line items in the budget for District-wide/Institutional costs and Central Services costs. Dr. Yeager will review Board Policy 6305 to ensure the correct percentage of 10% is stated in the policy.

Ms. Blackwood requested the Council members discuss the values they would like to see in the new RAM with their respective groups and provide the values at the next RAM discussion.

7. Close/Next Meeting

The next District Fiscal Advisory Council meeting will be held on **Thursday, October 17, 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.