

**UNAPPROVED MINUTES**  
**Yosemite Community College District**  
**District Fiscal Advisory Council (DFAC)**  
**February 6, 2020**

**Present:** Jenni Abbott, Shelley Akiona, Kevin Alavezos, Florida Arias, Kathy Blackwood, Rosanne Costa, Pam Guerra-Schmidt, Judy Lanchester, Amy Lovett, Crista Noakes (Recorder), Joey Partridge, Melissa Raby, Jeremy Salazar, Brian Sanders, Sarah Schrader, Nancy Sill, Trevor Stewart, Susan Yeager, Jennifer Zellet

**Council Members Absent:** Coni Chavez, Doralyn Foletti, Josh Hash, Cecilia Hudelson, Laura Maki, Kathren Pritchard, Henry Yong, ASCC Student Designee, ASMJC Student Designee

**1. Roll Call**

Dr. Susan Yeager, Vice Chancellor of Fiscal Services, informed the DFAC Rosanne Costa, Fiscal Services Accountant/Budget Analyst will be joining the DFAC as a resource.

**2. Acceptance of the Minutes of the January 23, 2020, District Fiscal Advisory Council**

Dr. Sarah Schrader, Interim Vice President of College & Administrative Services at Modesto Junior College (MJC) noted a change in section four (4).

Dr. Yeager, noted a change in section four (4).

With the changes, consensus was met to approve the minutes. The minutes are approved.

**3. State Budget Update (not included on the original agenda)**

Dr. Yeager provided an update on the State budget. She explained she would like to assume normal budgeting practices via the new Resource Allocation Model (RAM). Dr. Yeager believes the District will get at or close to the 2019-2020 amount of \$105.7M. The 2020-2021 COLA is 2.29% and must be earned. She stated we will budget this FY year plus COLA.

**4. Fiscal Advisory Work Group Update (not included on the original agenda)**

Dr. Brian Sanders, Vice President of Instruction, Columbia College (CC), provided an update from the State Fiscal Advisory Work Group. He Explained the 2018-2019 total looks to be around \$105.5M. Push back from the hold-harmless district's may require that number to be modified a bit. The district's in the hold-harmless pattern will receive COLA. The districts that are not in the hold-harmless pattern do not have a definite answer as to what they will receive. Districts in 2018-2019 were provided funding for all awards

provided to students. In 2019-2020, districts will only receive funding for the highest degree awarded in any given year.

## **5. Model Framework**

### **Non-Consensus Items**

Dr. Yeager reported she met with the Vice Presidents of College & Administrative Services at MJC and CC, respectively, as well as Jeremy Salazar, Interim Controller. Fiscal items were discussed in detail in preparation for the February 6<sup>th</sup> DFAC meeting. The proposals provided at the February 6<sup>th</sup> DFAC meeting reflect items discussed at the meeting with the Vice Presidents including non-consensus items.

### **Reserve/Fund Balance**

Dr. Yeager stated the Board of Trustees would like to move to a 12% Reserve. Dr. Yeager would like to move to a 15% Fund Balance. Additionally, all sites would like to keep their savings.

Dr. Yeager proposed for one year, the sites can keep their savings. After one year, the process will be reviewed. She also proposed to implement the 12% Reserve and the 15% Fund Balance as sites are appropriately funded. Dr. Yeager will work with Coni Chavez, Director of Public Affairs and the Policy and Procedures Committee to draft the changes and hopefully have them adopted by the 2021-2022 fiscal year. Dr. Yeager explained Board Policy for calculating the Reserve. She proposed to change the Board Policy to read; 12% of General Fund expenditures excluding pass-through and Total Cost of Ownership (TCO) payments.

Dr. Yeager opened the room up for discussion and or comments.

Dr. Schrader expressed, from the prospective of MJC, she advocates the 12% should not include pass-through or one-time funds. Trevor Stewart agreed to the method but noted, the more reserves the better.

Dr. Jennifer Zellet, Vice President of Instruction, MJC, suggested phasing in the funds for the Fund Balance once the sites are appropriately funded. She included this issue will be discussed regularly at the DFAC. Dr. Schrader asked if the Board of Trustees has been provided with a sample model that indicates the resources needed at the colleges prior to finalizing the decision to move towards a 12% Reserve. Dr. Yeager stated she is trying to ensure the colleges have resources. She stated the Fund Balance in total will protect the colleges when the inevitable down-turn comes. Dr. Yeager congratulated MJC for raising their FTES numbers in a time when most colleges are experience falling FTES numbers.

Dr. Yeager suggested a note be placed in the Board Policy stating the Reserve increase will be phased in and will not include college savings unless a down-turn occurs. Kathy Blackwood, Resource Allocation Model Consultant,

suggested adding a Reserve page to the Student Centered Funding Formula Elements workbook. Dr. Yeager will provide the DFAC with a Reserve and Fund Balance packet to take back to constituent groups. Dr. Schrader explained the current 10% Reserve is calculated by ongoing expenditures and excludes transfers-out and one-time initiatives. Dr. Yeager proposed to calculate the Reserve increase by using the same formula that has been used in recent and past years.

### ***Savings***

Dr. Yeager explained the colleges and some departments in Central Services (CS) will also keep 100% of their savings the first year. Savings from Institutional Costs will fall to savings and then fund balance. Utility savings requirements will be discussed further once the new RAM is completed.

### ***Potential Revised Position Approval Process***

Dr. Yeager noted this discussion specifically relates to hiring new positions at CS to address the concern of budget augmentation when a new CS position is added. She would like to offer more transparency when hiring a new position at CS by informing the DFAC as an information item. Dr. Yeager also suggested discussing new positions in the Chancellor's Cabinet moving forward.

Dr. Sanders inquired where the augmentation will come from. Dr. Yeager explained augmentations come from line seven (7) of the proposed RAM however, once the budget is set, there will be no augmentations. The expectation is to live within the budget at that point. Ms. Blackwood stated line seven (7) of the proposed RAM should be made available to all three sites in the event the District needs to evaluate funding a specific item.

### ***Total Cost of Ownership***

Dr. Yeager reported a Board Study Session is scheduled in March to discuss the potential Bond.

### ***Salary and Benefits Expenditures***

Dr. Yeager reported the State Chancellor's office calculates salaries and benefits from total expenditures. The Fiscal Crisis & Management Assistance Team (FCMAT) calculates percentages from total expenditures excluding transfers-out. In regards to how salaries and benefits will be calculated moving forward, Trevor Stewart expressed he would like to see the goal formalized for the DFAC.

## **6. Resource Allocation Approval Process**

Ms. Blackwood provided and reviewed a draft procedure for the new RAM.

**Step 1:** The base funding will be established from the prior year allocation excluding one-time allocations included in the prior year.

**Step 2:** The 2018-2019 FY was included in the three-year average. Dr. Yeager explained her concerns for CC being a rural college and suggested giving CC an additional \$500K allocation for being a rural college as they must provide the same structure and services as Modesto Junior College (MJC). Dr. Jennifer Zellet, Vice President of Instruction, MJC, pointed out, the decision to augment CC an additional \$500K does not need to be made immediately as the needs of the colleges will be an ongoing conversation. Dr. Yeager would like to note in the new RAM, the rural status on CC should be reviewed in the future and/or annually. Jenni Abbot, Dean of Institutional Effectiveness, MJC (LTAC Representative), suggested reviewing enrollment trends to confirm both colleges continue to produce FTES as part of the base allocation. Dr. Sanders suggested the economy of scale measure be acknowledged through a multi-college allocation based on the size of the institution.

Consensus was met to table the discussion of a rural allocation to CC.

**Step 3:** Ms. Blackwood acknowledged the change to the split and Institutional Costs per the agreed upon list.

**Step 4:** There was no growth in the prior year. Growth will be allocated in the same percentage as the current three-year average.

**Step 5:** Allocate the amount budgeted for non-resident tuition, baccalaureate and full-time faculty state funding to the colleges based on revenue budgets. Dr. Schrader explained the colleges do not receive revenue for full-time faculty, they are given an expenditure budget. Ms. Blackwood stated the full-time faculty is listed in this step because the District received an allocation for full-time faculty. The allocation was given to the colleges to hire additional faculty. Dr. Schrader explained the previous allocation was based on an 85/15 split and asked for clarification as to how it will fit in this step of the RAM procedure moving forward. Ms. Blackwood commented, if the District as a whole is above its Full-Time Faculty Obligation Number (FON), the full-time faculty allocation does not have to be spent to hire more faculty. In terms of the 85/15 split, Ms. Blackwood suggested the colleges discuss together what and where faculty needs are and where the allocation will be used.

Additional discussions will take place to provide clarification at a future meeting.

***Steps 6 – 9 were not discussed and tabled for a future meeting.***

## **7. General Discussion**

Tabled for a future meeting.

**8. Close/Next Meeting**

The next District Fiscal Advisory Council meeting will be held on **Thursday, February 20, 2020, 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.

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