



## **Yosemite Community College District**

### **District Fiscal Advisory Council (DFAC)**

Thursday, October 17, 2019

1:00 p.m.

District Office Building, Conference Room A & Manzanita Building, President's Conference Room

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### **Agenda**

1:00 p.m. to 1:10 p.m.	Roll call
	Approval of the minutes from the September 19, 2019 meeting
1:10 p.m. to 1:20 p.m.	Budget Discussion
1:20 p.m. to 1:40 p.m.	Design Thinking
1:40 p.m. to 3:00 p.m.	Resource Allocation Model

**Next Meeting:** November 21, 2019

**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



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.

**2019-20 Final Budget  
Revenue Assumptions**

Item	Amount
<b>Total Computational Revenue*</b>	
Property Tax	\$ 49,468,855
Enrollment Fees	\$ 5,089,725
FTF Hiring (FTFH 2015-16)	\$ 993,130
Estimated Education Protection Account (EPA)	\$ 15,670,440
General Apportionment	\$ 32,180,901
<b>Subtotal Computational Revenue</b>	<b>\$ 103,403,051</b>
Non-Resident Tuition	\$ 720,000
Lottery	\$ 2,800,000
CalSTRS On-Behalf Payment	\$ 2,900,000
State Mandated Block Grant	\$ 475,000
Part-Time Faculty Allocation	\$ 340,000
Enrollment Administration Fee	\$ 270,000
Enrollment Fee - Baccalaureate	\$ 40,000
Interest Income	\$ 450,000
Other Local Revenue	\$ 250,000
Transfer in from Pension Rate Stabilization Trust	\$ 718,190
<b>TOTAL REVENUE</b>	<b>\$ 112,366,241</b>

\* Per Advance Apportionment

## Information for October DFAC Meeting

### Values for a Resource Allocation Model (many borrowed from the development of SB361)

#### Characteristics:

- a. Promotes a “students first” culture
- b. The model must be widely perceived to be fair
- c. Simple – to the extent possible
- d. Predictable
- e. Stable
- f. Have a multi-year application – not change formula each year
- g. Accommodate good and bad years
- h. Protects the integrity of base funding – no sudden or major changes
- i. In synch with our mission and goals

#### Behavioral:

- a. Promote a sensible use of public funding – no “spend it or you lose it”
- b. Minimize internal conflict - between colleges & with district office
- c. Timely – in order for development of plans at colleges
- d. Rewards efficient use of funds

#### Data driven:

- a. Uses quantitative, verifiable factors – need for good data
- b. Metrics should be specific to the desired behaviors or outcomes

#### Suggestions:

- a. Tie the RAM to the SCFF, but using prior year revenues. This will assist predictability.
- b. Use only some of the SCFF data points that can be tied to a specific college.
- c. Define “off the top” or agreed upon line items that must be funded, such as retiree benefits, utilities, insurance, district-wide shared software like Colleague, etc.
- d. Create a metric for how much Central Services should cost, tied to square footage, # of employees, percentage of college dollars or the like.
- e. Don’t do any simulations until the basics have been established.
- f. Once the RAM has been agreed upon, develop a transition plan.





Yosemite Community College District Policies and Administrative Procedures

No. 6305

**Policy**

**6305 Reserves**

The District's unrestricted General Fund reserve shall be maintained at a prudent level, defined as a minimum of 10% on General Fund unrestricted expenditure budgets, so as to provide stability to the District when faced with unforeseen State or Local funding shortfalls. Whenever the unrestricted General Fund reserve is projected to fall below the 10% level, the Chancellor and the Executive Vice Chancellor shall recommend a plan to the Board of Trustees to restore the District's unrestricted General Fund reserve to at least 10% of the total budgeted annual expenditures in all unrestricted General Funds.

**Cross References (see also):**

YCCD Policy 2330 – Quorum and Voting

**References:**

[Budgeting and Accounting Manual, Chapter 5](#)

**Adopted:** July 12, 2017

**Last Reviewed:** July 12, 2017

## **Summary of Multi-College District Allocation Models**

A revenue allocation model allocates revenues (state and local) generated in a budget year to the college campuses in the district based on the state funding model that allocates state apportionment revenues to districts. An expenditure allocation model allocates, by agreed upon formulas, expenditure appropriations for full-time faculty staffing, adjunct faculty staffing, classified and administrative staffing, associated health and welfare benefit costs, supply and equipment budgets, utility costs, legal and other services. A model may include some of each method, allocating for certain expenses and allocating some revenue generated.

### **Contra Costa**

- Uses state formula (not yet converted to SCFF)
- FTES goals are set according to state funding
- Cabinet sets productivity and class size goals
- Each college has a percentage of the total FTES goal
- Fixed and agreed-upon costs come off the top
- District Office gets 10.54% of the remainder
- Cabinet approves changes to any allocations
- Balance is distributed by FTES goals
- Non-state determined revenue allocated by FTES
- "Local" revenue allocated to each college: apprenticeship, 2% of enrollment fees, PT faculty compensation, materials fees, facilities rentals
- Colleges required to budget sufficient funding to achieve FTES goals
- Little budgetary flexibility in personnel budgets
- Mid and end of year adjustments are made to budgets as better information on revenue is received
- Colleges not meeting their FTES goals have their budgets reduced

#### **Pros:**

- Very clear
- FTES is main driver
- Cabinet has control over changes

#### **Cons:**

- Not yet tied to SCFF outcomes
- Allocation changes during the year
- Allocations don't take into account need or differences between colleges

### **Kern**

- Uses state formula (not yet converted to SCFF)
- Uses prior year FTES divided into budgeted revenues less base allocations and NR tuition to determine a rate per FTES

- Allocates base funding and per FTES funding to each college
- Allocates District Office, district-wide and regulatory costs as chargebacks to the colleges
- Growth is allocated in the following year after it is earned
- One year stabilization for college allocations
- Strategic initiatives are funded one time from reserves

**Pros:**

- Uses a blend of current year budgeted revenue and prior year actual FTES
- Provides stability

**Cons:**

- Not yet tied to SCFF outcomes
- Allocations don't take into account need or differences between colleges
- Not clear how ongoing budget for strategic initiatives is found

**Rancho Santiago**

- Uses the state formula (not yet converted to SCFF)
- Allocates revenues not expenses
- Sets FTES goals and percentage split between colleges
- Charges the colleges for any 50% law or FON penalty
- Requires colleges to maintain a 1% reserve
- Has plan for covering college deficits from reserve and over several years if necessary
- Growth is allocated in the following year after it is earned
- Includes stability, but only to the extent funded by the state; one college may grow and another decline and there wouldn't be stability funding
- Statewide deficits are apportioned to the sites
- Colleges must cover collective bargaining costs out of COLA
- Defines what revenues are allocated how and what expenses are the responsibility of each site
- Council reviews budgets for District Services and Institutional Costs

**Pros:**

- Allocates growth after it is earned: more predictable
- Addresses 50% law, FON, stability and deficits
- Addresses changes in college splits

**Cons:**

- Not yet tied to SCFF outcomes
- Not clear how District Office and Institutional Costs are funded
- Allocations don't take into account need or differences between colleges



## **San Mateo**

- Is a community-supported district
- Funding is primarily based on property taxes
- Institutional costs budgeted off the top
- Each site (3 colleges, District Office and Facilities) starts with last year's allocation
- Colleges and District Office get increases related to budgeted NR income
- Each site gets allocations for collective bargained increases, including step and column
- Each site gets a COLA based on CPI for non-personnel budgets
- A new ongoing amount is budgeted each year to achieve the strategic plan
- Allocations for the strategic plan are agreed upon by Cabinet and approved by Board
- Additional agreed-upon increases may be made
- Any leftover funds or shortfall is split proportionately by site according to their last year's budget
- The strategic plan drives outcomes and is reported on each year to the Board

### **Pros:**

- Is relatively simple; only 8 steps
- Allocates for both compensation-driven expenses and operational increases
- Allows flexibility at colleges to spend the funds as they see best to achieve the desired goals
- Forces sites to evaluate ongoing programs to fund new ones

### **Cons:**

- Little new funding for sites except for NR tuition and strategic planning
- Multiyear scenarios are a must to not allocate funds in one year that aren't available in future years

## Institutional or Fixed and Agreed-Upon Expense Examples

1. Contractual expenses included in collective bargaining agreements:
  - a. Sabbaticals
  - b. Release time
  - c. Certain stipends
  - d. Staff development
  - e. Retiree health benefits
2. Regulatory expenses:
  - a. Audit
  - b. Insurance (liability, student accident, property, unemployment)
  - c. Election expenses
  - d. Utilities
  - e. Legal
  - f. Technology maintenance agreements
3. Committed obligations
  - a. OPEB trust fund
  - b. PERS/STRS reserve
  - c. Legal settlements
  - d. Self-insurance fund