



Yosemite Community College District

District Fiscal Advisory Council (DFAC)

Thursday, February 20, 2020

1:00 p.m.

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

Agenda

1:00 p.m. to 1:10 p.m.	Roll call
	Approval of the minutes from the February 6, 2020 meeting
1:10 p.m. to 2:00 p.m.	Resource Allocation Model Approval Process
2:00 p.m. to 2:50 p.m.	Resource Allocation Model
2:50 p.m. to 3:00 p.m.	General discussion

Next Meeting: March 19, 2020

****Future meeting note:** Review Policies & Procedures

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 6th DFAC meeting. The proposals provided at the February 6th 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.

UNAPPROVED

Procedures for Resource Allocation Model

Step 1: Establish the base funding for each of the four entities (Columbia, Modesto, Central Services and Institutional Costs). This is the prior year allocation less any one-time allocations included in the prior year.

Step 2: Compare the percentage split between the two colleges to the funding split based on 3-year averages of the metrics and the SCFF values for those metrics. Allocate an amount equal to the difference between the Step 1 amount and the amount the college would receive if the percentage derived were used (positive amounts only). Depending on the total difference, this allocation may have to bring the funding to parity over a period of several years. Note that the college that is "over funded" does not lose any funding.

Step 3: Get budget estimates from the Fiscal Office for each institutional cost. Add any changes (increases or decreases) to the institutional costs for the upcoming budget year. Savings from institutional costs revert to fund balance at the end of the year, or if substantial, may be allocated out by the same process described in Step 8.

Step 4: Look at the SCFF and determine any growth achieved in the prior year. Allocate that to the two colleges and to Central Services based on the SCFF percentages for the colleges and percentage that Central Services is in Step 1.

Step 5: Allocate the amount budgeted for non-resident tuition, baccalaureate tuition and full-time faculty state funding to the colleges based on their revenue budgets.

Step 6: Allocate compensation costs that have changed from the previous year. This includes movement on column and step, longevity increases, changes to employer rates for PERS/STRS/Workers Comp, changes to medical benefits and any negotiated increases to total compensation. An estimate will be made for the increases to PT faculty and overload costs, which will be trued up at the end of the year. If negotiations are not complete, allocated an estimate based on the negotiations formula to institutional costs (to be spread to the sites once negotiations are completed.)

Step 7: Add any amounts that have been approved by Cabinet. This includes the amounts to be transferred for TCOs, augmentations for new positions, and any new initiatives from the Chancellor of the Chancellor's cabinet.

Step 8: Compare the totals of Steps 1 through 7 to the ongoing revenue available. If there is budget remaining, divide it between the sites according to their percentages identified in Step 1. If there is a shortfall, first revisit the one-time allocations in Step 7 and consider possible reductions. If a shortfall still exists, that is also divided between the sites according to their percentages identified in Step 1.

Step 9: Add the one-time allocations for prior year carryforwards, encumbrances and any one-time funds received that are passed on to the sites. Ending balances from institutional needs shall not carryforward, but will be used first to address the need to augment the Fund 11 ending balance. Individual site ending balances shall not be counted as part of the Fund 11 ending balance when calculating the percentage of expenses specified in Board Policy 6305.

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

Characteristics:

- a. Promotes a “students first” culture by encouraging access and completion with an emphasis on equity
- b. The model must be strategic and widely accepted
- c. Simple enough to follow while still addressing these values
- 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 District mission and goals
- j. Transparent
- k. Long term sustainability
- l. Direct connection between base funding and FTES

Behavioral:

- a. Promote a sensible use of public funding – no “spend it or you lose it”
- b. Rewards efficient use of funds; carryover savings at each site from year to year
- c. Maximize opportunity for cooperation between colleges & with district office
- d. Timely – in order for development of plans at colleges
- e. Encourage a culture of grant-seeking in part by maintaining a portion of the indirect funds generated by grants at the site

Data driven:

- a. Uses quantitative, verifiable factors – need for good data
- b. Metrics should be specific to the desired outcomes
- c. Annually assess the effectiveness of the model

RESOURCE ALLOCATION MODEL

- What's next?
 - Take the model to all governance groups
 - Review model with cabinet and Board
 - Make recommendation for approval to the Chancellor
 - Write procedures
 - If approved in time, use the model for 20/21 Adopted Budget, otherwise 21/22

RESOURCE ALLOCATION MODEL

- Establishes reserve amounts to be maintained and clarifies how the reserve is to be calculated
- DFAC will review the model annually and recommend any changes
- DFAC will review institutional costs annually
- DFAC will recommend procedures for approval of new positions by cabinet

RESOURCE ALLOCATION MODEL

- Establishes a placeholder for compensation increases if the unions and the district agree to a formula
- Allocates all remaining funds to the sites or deducts from the sites should there be a shortfall
- This ensures a balanced budget

RESOURCE ALLOCATION MODEL

- Allocates some revenue directly to the colleges for non-resident tuition, baccalaureate program tuition and state full-time faculty funds
- Establishes some institutional costs that are not discretionary such as utilities, insurance, the Elucian and Microsoft contracts, etc.
- These institutional costs are not part of the Central Services allocation

RESOURCE ALLOCATION MODEL

- Student Centered Funding Formula (SCFF) replaced SB361
- This RAM ties some of the funding to each college to the amounts earned under the SCFF
- It allocates additional funds to MJC, while not taking funds away from Columbia.
- This make take several years to bring MJC up to the correct percentage

RESOURCE ALLOCATION MODEL

- Why a new model?
- Who worked on it?
- What values?

RESOURCE ALLOCATION

YOSEMITE COMMUNITY COLLEGE DISTRICT



Resource Allocation Model for 20/21

1. Start with the budget from 19/20 less any one-time allocations.

	Columbia	MJC	Central Serv	Institutional	Total
19/20	\$ 14,610,717	\$ 61,673,474	\$ 27,637,347	\$ 8,444,703	\$ 112,366,241
Less 1X	(230,666)	(742,922)	(222,461)		(1,196,049)
20/21 Base	\$ 14,380,051	\$ 60,930,552	\$ 27,414,886	\$ 8,444,703	\$ 111,170,192
Percentage of total	12.9%	54.8%	24.7%	7.6%	
Percentage without Institutional Costs	14.0%	59.3%	26.7%		
Columbia/MJC split	19.1%	80.9%			

2. Add adjustments for SCFF split. No college loses money, but an additional allocation may be made.

SCFF split using 3 yr average	14.6%	85.4%			
Dollars split according to SCFF	\$ 10,979,952	\$ 64,330,651			
Adjustment	\$ -	\$ 3,400,099			\$ 3,400,099
	\$ 14,380,051	\$ 64,330,651	\$ 27,414,886	\$ 8,444,703	\$ 114,570,291

3. Add changes to institutional costs.

				\$ 174,104	\$ 174,104
	\$ 14,380,051	\$ 64,330,651	\$ 27,414,886	\$ 8,618,807	\$ 114,744,395

4. Add prior year growth using the 3-year average excluding Basic Allocation

19/20 Growth					\$ 20,000
19/20 3 year average	11.8%	88.2%	27%		
	\$ 1,726	\$ 12,936	\$ 5,338		\$ 20,000
	\$ 14,381,777	\$ 64,343,587	\$ 27,420,224	\$ 8,618,807	\$ 114,764,395

5. Add allocations based on budgeted revenues:

Nonresident Student Tuition	\$ 110,000	\$ 610,000			\$ 720,000
Baccalaureate Tuition		\$ 40,000			\$ 40,000
Full time faculty					\$ -
	\$ 14,491,777	\$ 64,993,587	\$ 27,420,224	\$ 8,618,807	\$ 115,524,395

6. Add compensation costs:

Meet and confer					\$ -
Classification review					\$ -
Long/Step/Column					\$ -
PERS/STRS Rate Increase					\$ -
Fringe Benefit Increase					\$ -
Compensation settlement				\$ 1,932,760	\$ 1,932,760
	\$ 14,491,777	\$ 64,993,587	\$ 27,420,224	\$ 10,551,567	\$ 117,457,155

7a. Add new agreed upon ongoing items:

Academic technology					\$ -
Professional development					\$ -
Strategic initiatives					\$ -
Staff development					\$ -
7b. Add new and deduct old agreed-upon one time items:					\$ -
TCO facilities					\$ -
TCO IT					\$ -
					\$ -
	\$ 14,491,777	\$ 64,993,587	\$ 27,420,224	\$ 10,551,567	\$ 117,457,155

8. Balance the budget

Total Revenue	\$ 115,081,791
Less Allocations	\$ (117,457,155)
Remaining (Over)	\$ (2,375,364)

Allocate the difference	\$ (332,516)	\$ (1,408,923)	\$ (633,926)	\$ (2,375,364)
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20/21 Ongoing Budget	\$ 14,159,261	\$ 63,584,665	\$ 26,786,298	\$ 10,551,567	\$ 115,081,791
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9. Add any one-time allocations

Encumbrance carryforwards

Ending balance carryforwards

Negotiations meet & confer

Operational costs

Augmentations from fund balance	\$ 332,516	\$ 1,408,923	\$ 633,926	\$ -	\$ 2,375,364
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20/21 Ongoing & One time budget	\$ 14,491,777	\$ 64,993,587	\$ 27,420,224	\$ 10,551,567	\$ 117,457,155
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Fund 11 Total Revenue

MJC

Base revenue

+

Adjustment for %

+

Growth

+

Increased local revenue

+

Columbia

Base revenue

+

Growth

+

Increased local revenue

+

Central Svcs

Base revenue

+

Growth

+

Institutional Costs

Base revenue

+

Increased Costs

+

Compensation formula

+

New or agreed upon expenses

+/-

Balance budget

=

Total Ongoing Allocation

+

One-time Allocation

=

Total Allocation

New or agreed upon expenses

+/-

Balance budget

=

Total Ongoing Allocation

+

One-time Allocation

=

Total Allocation

New or agreed upon expenses

+/-

Balance budget

=

Total Ongoing Allocation

+

One-time Allocation

=

Total Allocation

Total Ongoing Allocation

=

Total Allocation