AGENDA

I. Welcome and Call to Order

II. Approval of Minutes
   A. October 11, 2013

III. BAM Revision – Continuation
   A. DSPC – Approved BAM Revisions
   B. Policy/Organizational Issues:
      1. Roles of the District vis-à-vis the District’s four major entities in the budget development and execution process.
         a. Task Force approved by DSPC 10/11/13
   C. Implementation Issues:
      1. Entity Budget Alignment (continued)
      2. Associate Faculty and Overload Budget Allocation Methodology
      3. Contracts/Agreements
      4. Utilities
      5. New Facilities Operating Costs
      6. Capital Equipment (Furniture, Equipment, Computers)
      7. Common/Shared Expenditures (Basis of Allocation)
         a. Student Systems (Ellucian)
         b. Financial/Budget System (Galaxy)
         c. Network Infrastructure (Hardware/Maintenance Agreements)
         d. La Sierra Loan Repayment
      8. Mid-year Budget Adjustments from the State
      9. Other Resources
         a. Parking
         b. Performance Riverside
         c. Community Education

IV. State Budget Update

V. Next Meeting
   A. Friday, December 13, 2013 – RCC AD 109 (9 a.m. to 11 a.m.)
   B. 2014 Meeting Schedule?
PRESENT

Aaron Brown, Vice Chancellor, Business and Financial Services (District)
Cynthia Azari, Interim Chancellor
Norm Godin, Vice President Business Services (Moreno Valley)
Beth Gomez, Vice President, Business Services (Norco)
John al-Amin, Interim Vice President, Business Services (Riverside)
Tom Allen, Associate Professor, English & Media Studies (Riverside)
Mary Legner, Professor, Mathematics (Riverside)
Lyn Green, Associate Professor, Political Science (Norco) (Attended for Tom Wagner)
Nate Finney, Classified Representative (Moreno Valley)
Pam Kollar, Classified Representative (District)

ABSENT

Michael McQuead, Associate Professor, CIS (Moreno Valley)
Tom Wagner, Associate Professor, Business Administration (Norco)
Jim Parsons, Associate Vice Chancellor, Strategic Communications and Relations (District)
Jennifer Lawson, Classified Representative (Riverside)
Carrie Warren, Student Representative (Riverside)
Rachelle Arispe, Executive Administrative Assistant to the Vice Chancellor (Recorder)

I. MEETING WAS CALLED TO ORDER
   - By Aaron Brown

II. MINUTES
   - Allen moved, and Kollar seconded, approval of the minutes of May 17, 2013.
     - Discussion initiated by Godin regarding the BAM addressing high cost programs. He wanted the minutes to reflect recognition of this. Godin will review previous minutes and return for discussion if necessary next meeting.
     - Motion carried to approve minutes without amendment.
III. BAM REVISION – CONTINUATION

■ POLICY / ORGANIZATIONAL ISSUES

– Defining the roles of the District vis-à-vis the District’s four major entities in the budget development execution process - This is going to the District Strategic Planning Committee (DSPC) on October 11, 2013.

– Defining the way in which compliance with statutory, regulatory and policy requirements shall be assured - **Consensus** that budget plans should go to Executive Cabinet (or Chancellor and Presidents) and then, once agreed upon, would then go to DSPC.

– Defining self-insurance funding - Brown described the current funding methodology for the District’s self-insured programs for health and workers’ compensation insurance:

  • **For self-insured health**, a rate is established based on actuarial valuation information supplied by Keenan and Associates each year and an evaluation of adequate reserve levels. The rate is then applied to each employee who has selected the RCCD PPO plan. Monthly transfers are made to the self-insured health Resource.

  • **For self-insured workers’ compensation**, a rate per dollar of payroll is established based on an actuarial valuation performed each year by an externally engaged actuary. The rate is charged against every dollar of employee payroll. Monthly transfers are made to the self-insured workers’ compensation Resource.

  • **General liability** is not charged in the same manner. An actuarial valuation is performed each year by an externally engaged actuary. A liability amount is determined and reserve levels are evaluated to establish an amount to fund general liability costs. The amount is budgeted, in whole and transferred to the self-insured general liability resource.

  • **Changing the general liability methodology** - **Discussion** ensued to change to a rate per dollar of payroll, similar to the methodology followed for workers’ compensation.
- **Policy deductible** – **Discussion** of an application of a policy deductible to provide for District/College accountability and responsibility.

- **Institute a rate** - **Consensus** was reached to institute a rate to be applied to each dollar of payroll for general liability insurance, along with a policy deductible amount beginning in FY 2014-2015.
  - Brown to work with Mike Simmons and the college Vice Presidents of Business Services on the general liability insurance/policy deductible amount process.

- Defining DSP&S services and funding levels - Brown indicated that the college Presidents agreed to take a look at the DSP&S program during the fiscal year and determine whether or not it should stand on its own, with each college being responsible for covering any shortfalls or if the District should continue to backfill shortfalls resulting from increased, mandatory service level requirements.
  - **It was agreed** that the college Vice Presidents of Business would discuss with their presidents and then return to DBAC for discussion.

**IMPLEMENTATION ISSUES (BUDGET ADJUSTMENTS)**

- **Reclassifications** - **Consensus** reached that the costs associated with personnel reclassifications, both employee initiated and management initiated, should be the responsibility of the respective individual college/district office.

- **Reorganizations** - **Consensus** reached that the costs associated with department reorganizations should be the responsibility of the respective individual college/district office.

- **Vacancy Rehires** - **Consensus** reached that the costs associated with position vacancy rehires should be the responsibility of the respective individual college/district office.

- **Professional Growth** - **Consensus** reached that the costs associated with professional growth should be the responsibility of the respective individual college/district office.

- **Step and Column (mid-year)** - **Consensus** reached that the costs associated with mid-year step and column movement should be budgeted “off the top” each year, similar to the annual step and column budget allocation.
- **Deferred Agenda Items** - The group decided to defer discussion of the agenda items listed:
  - Personnel – New Positions (Faculty/Classified/Administrators)
  - Contracts/Agreements
  - Utilities
  - New Facilities Operating Costs
  - Capital Equipment
  - Common/Shared Expenditures
  - Associate Faculty and Overload Budget Allocation Methodology
  - Mid-year Budget Adjustments from the State
  - Other Resources

- **Entity Budget Alignment** - Discussion ensued regarding ideas on the budget alignment transition plan for the colleges:
  - Brown indicated that we’re probably realistically looking at a minimum of a 5 year implementation time horizon.
  - Allen discussed the need to consider differential funding for high cost programs as a way to solve the alignment issue.
  - al-Amin indicated that the State funding rate takes into account 525 weekly student contact hours for the entire complement of courses (high productivity courses vs. high cost courses) a college offers.
  - Allen indicated that we need an enrollment management program that generally equalizes.
  - Gomez indicated that implementing a differential rate won’t result in alignment.
  - Green said that changes need to be made on a discipline by discipline basis to provide a complement of high efficiency programs to support high cost programs.
  - Godin responded by indicating that it will take in excess of 5 years to build up programs due to facility limitations.
  - Gomez offered that there are ways to get around the facilities issues such as modifying existing facilities to offer large lecture classes or renting facilities.
• Green said that we should also consider pursuing separate legislation to fund high cost programs.

• The group will continue discussion of “Entity Budget Alignment” at the next meeting.

IV. NEXT MEETING – NOVEMBER 8, 2013

- Transitional Budget Alignment
  - Identify action plan items

- Graphical Timelines
  - Godin to take the lead on creating graphical timelines. Godin will seek input from Gomez and al-Amin.
BAM Implementation Plan
2014-2020

Next step—How to do this?

• Continue Categorical/Student Success funding per state distribution 44/27/29 46/26/28

• Continue Instructional Equipment, Scheduled Maintenance, DSPS at the District FTES target levels of 54/23/23 until we change

• Determine shift of District resources to Colleges:
  o Information Services
    ▪ Application Support Technicians
    ▪ Information Technology Analysts
    ▪ Network Support Specialists
  o Educational Services
    ▪ Grants
    ▪ Curriculum
    ▪ Research
  o Business
    ▪ Food Services
    ▪ Budget Analysts

• AF/OL should be 54/23/23.

• Distribute Capital Outlay Surcharge funds based on # of international students served.

• Increase/Decrease General Fund to Colleges/District by 1% per year until proposed FTES budget target is reached.

• Adjust HR hiring until equity is achieved.
Riverside Community College District

Budget Allocation Model

**DRAFT Action Plan to Transition from Cost Basis to Revenue Basis (FTES) Formula**

<table>
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<tr>
<th>Planned Activity</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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<td><strong>F</strong></td>
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<tr>
<td>1 Explore Differential Funding (System Pilot)</td>
<td>DBAC</td>
<td>DSPC</td>
<td>DSPC &amp; BOT</td>
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<td>2 Review Historical Mission of MVC</td>
<td>MVC Educ Plan</td>
<td>DSPC</td>
<td>DSPC &amp; BOT</td>
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<tr>
<td>3 Review CTE Program Cost Data (district-wide)</td>
<td>DBAC</td>
<td>DSPC</td>
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<td>4 Define District Services</td>
<td>Task Force?</td>
<td>DSPC</td>
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<td>6 Review of Data - Assess Impact to BAM</td>
<td>DBAC</td>
<td>DBAC/SPC</td>
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<td>7 Explore Large Venue Teaching Options (MVC)</td>
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<td>8 Plan Large Lecture Rooms on Campus (MVC)</td>
<td>Master Plan - SPC</td>
<td>SPC/BOT</td>
<td>MVC</td>
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**Notes:**

1. The apportionment formula does not adequately fund the CTE Mission of community colleges - explore the possibility of differential funding of CTE Programs (FTES).

2. The Mission for MVC was developed under a cost basis budget model that reflected the fiscal realities of high cost programs; if the mission emphasis remains the Revenue Budget Model (FTES) will need to reflect a higher revenue per FTES for CTE Programs.

3. A Task Force has been created to define the role of district support services and to provide Chancellor Azari with recommendations.

4. Data is needed to inform DBAC and others of the true cost of distance learning inclusive of fixed and variable indirect infrastructure cost.

5. Upon receipt of all pertinent data DBAC will assess the BAM to determine if modification thereof is required.

6. In an effort to improve efficiency (reduction of course sections while maintaining or improving FTES) MVC will explore options for off-campus venues that can accommodate large lecture courses.

7. The Moreno Valley College Master Plan will include an update of the Facility Plan; the College has placed high priority on the development of large lecture classrooms.