AGENDA

I. Welcome and Call to Order

II. Approval of Minutes
   A. November 8, 2013

III. BAM Revision – Continuation
   A. Implementation Issues:
      1. Utilities
      2. New Facilities Operating Costs
      3. Capital Equipment (Furniture, Equipment, Computers)
      4. 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
      5. Personnel – Budget Adjustments
         a. Health and Welfare
      6. Entity Budget Alignment
         a. Scheduling subgroup to obtain and analyze the full inventory of CTE and GE programs to get the true cost by college and the FTES
            - Subgroup consists of Brown, Gomez, Godin, al-Amin, McQuead, Legner and Bajaj
      7. Mid-year Budget Adjustments from the State
      8. Other Resources
         a. Parking
         b. Performance Riverside
         c. Community Education

IV. State Budget Update

V. Next Meeting
   A. Establish 2014 Meeting Schedule (last Friday of the month)
      a. Friday, January 31
      b. Friday, February 28
      c. Friday, March 28
      d. Friday, April 25
      e. Friday, May 30
      f. Friday, June 27
MEETING MINUTES

PRESENT

Aaron Brown, Vice Chancellor, Business and Financial Services (District)
Cynthia Azari, Interim Chancellor
Sandra Mayo, President (Moreno Valley)
Paul Parnell, President (Norco)
Wolde-Ab Isaac, Interim President (Riverside)
Norm Godin, Vice President Business Services (Moreno Valley)
Beth Gomez, Vice President, Business Services (Norco)
John al-Amin, Interim Vice President, Business Services (Riverside)
Mary Legner, Professor, Mathematics (Riverside)
Michael McQuead, Associate Professor, CIS (Moreno Valley)
Jim Parsons, Associate Vice Chancellor, Strategic Communications and Relations (District)
Nate Finney, Classified Representative (Moreno Valley)
Tanya Wilson, Classified Representative (Norco)
Tim Ragusa, Classified Representative (District)
Jennifer Lawson, Classified Representative (Riverside)
Rachelle Arispe, Executive Administrative Assistant to the Vice Chancellor (Recorder)

ABSENT

Tom Allen, Associate Professor, English & Media Studies (Riverside)
Tom Wagner, Associate Professor, Business Administration (Norco)
Carrie Warren, Student Representative (Riverside)

I. MEETING WAS CALLED TO ORDER

By Aaron Brown

II. MINUTES

Legner moved, and Gomez seconded, approval of the minutes of October 11, 2013.

Motion approved.

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** – The District Strategic Planning Committee (DSPC) accept the revised BAM on October 11, 2013.
  - DSPC also approved a task force that will determine district service level requirements that we can incorporate into the BAM.
  - Name of task force not established and Brown still waiting on representatives for RCC.

### IMPLEMENTATION ISSUES

- Distributed “BAM Implementation Plan 2014-2020” handout (emailed from Gomez – See attached). Parnell reviewed the handout as follows:
  - Described a six year implementation and divided percentages over the years
  - Incorporated the BAM’s 7 principles
  - About 85% of the budget goes towards staff salaries and benefits
  - We have to determine a shift of District resources to the colleges such as; positions in Information Services, Education Services and Business.
  - Currently RCC more resources then the other colleges because of historical decisions; however we can shift resources over time.
  - Parnell believes in “propinquity” (closeness/nearness) being an advantage if having certain positions at the campus’ (e.g. Budget Analyst). It would provide more service/efficiency.
  - Capital outlay surcharge is based on a 3 year average of international students, by college, which is a direct link to how the funding is received.
  - Increase/Decrease general funds to the Colleges/District by 1% per year until the budget target is reached.
  - Since there is an increase in FON maybe we can adjust HR hiring until equity is reached, it could possibly shift about $100k at a time for faculty and administrators.

- **Entity Budget Alignment (continued)**
  - Enrollment Management – Colleges need to press the issue with Enrollment Management Committee (Raj Chairs the Committee).
    - Parnell stated that it needs to be data driven.
Brown indicated that colleges should be in control of how enrollment is allocated.

Mayo commented that Rick Herman is working on a project that will be a better predictor of what is happening at the colleges.

- Isaac commented that the colleges do not have principles to assess growth. They have only managed what they have been given. We need to see the costs of the decisions we have inherited. We have unbalanced allocations and we cannot set arbitrary timelines to achieve balance. For example, if we determinate the cost of general education courses at each college, then we can determine the amount of years it will take since it is not the same burden at every college.

- Azari indicated that we are in a transition plan for the revised BAM and no definitive timeline for the implementation has been established.

- Mayo suggests we create a plan and see how it is working. If it is not working we can make adjustments as we go along.

- Godin commented that with the first BAM (5 years ago) the group knew it was going to have to be adjusted. Godin wants to start an action plan and develop the plan. Similar to Dr. Isaac’s comments, do we need data analysis or do we go in a different direction?

- Brown and Parnell indicated that no timetable has been decided upon. Policy decisions need to be made before a timeline can be determined.

- We need to look at the actual costs that are leading to the imbalance and possibly create some kind of formula to accommodate expensive programs with low cost programs.

- Brown indicated that the State model is supposed to cover high FTES producing courses to help accommodate low FTES producing courses.

- Anomalies - Ben Clark (rent – main driver) and Allied Health (low enrolled)

Distributed “Draft Action Plan to Transition from Cost Basis to Revenue Basis (FTES) Formula” handout (emailed from Godin – See attached). Godin reviewed the handout as follows:
• The handout is a starting point so we can review data as we assess and develop the BAM.
• Identifies a timeline and action plan of some major activities that the group has been discussing.
• True cost of CTE programs.
• Enrollment versus optimal costs which is the root of some of our discussion as terms to why FTES is lopsided.

- Parnell commented that he totaled up certificates and degrees and it results in almost the same percentage as how we allocated our FTES (RCC – 54% /NC – 23%/MVC – 23%); however Norco College is only getting 17% of the money therefore it points to a need to shift some resources to get the equity between campuses. Maybe we have to change the target to get the fair share?
  - Lawson commented that Parnell’s allocation may not be accurate since student’s take classes between all three colleges and/or transfer.
  - Parnell agreed that Lawson’s comment is another piece of data we have to factor in. Should we allocate funds where degrees are received or where most of the courses are taken?
  - Isaac agreed with Parnell’s comment and stated that the variables tend to balance each other but between colleges; however the biggest variable is the cost of the CTE programs. Is there an easier way to see the difference for different programs since some (e.g. PA Program and Dental Hygiene) are more expensive then general education courses? This might help us with determining the timeframe for alignment. We need to see the differential and comparison.
  - Gomez suggested that an example of enrollment management by the college with the highest CTE was shown at the Fall ACBO Conference - LA Trade-Tech Community College.

- **Consensus** - Form a subgroup to obtain and analyze the full inventory of CTE and GE programs to get the true cost by college and the FTES. We need to engage Raj for the data. Then return to the group with the results.
Subgroup: Brown, Gomez, Godin, al-Amin, McQuead, Legner and Bajaj

Brown will contact subgroup to set a meeting.

Associate Faculty and Overload Budget Allocation Methodology – Historical background: Brown indicated that in the past funds used to be budgeted in centrally, not spread to the colleges. However, when we were transitioning to a three college environment there was not a lot of control over this budget. Classes were scheduled and costs were incurred and budget augmentations were made. Then the budgets were segregated to each of the colleges based on costs that incurred. Over time, budget adjustments were not made so a misalignment between costs versus budget occurred ($1 to $1.5 million difference). In FY 2013-14, we corrected the budgets to align first with the FY 2012-2013 and then to align with the growth targets. For the FY 2013-14, alignment was based on the FY 2012-13 cost to produce FY 2012-13 FTES for each college. This budget adjustment was made to establish the base budget at each college so they could take responsibility for these budgets.

- What will be the methodology for this budget line item?
- Parnell, Legner, and Isaac want to look at efficiency and ratio of P/T and F/T before they recommend a methodology.

Consensus – There are a combination of factors that need to be taken into consideration, therefore the group wants to wait until we receive results from the alignment work that will occur and find out what is causing the overages.

Contracts/Agreements – Historical background: Brown indicated that during budget development planning he makes an overall district wide estimate of additional costs associated with new/amended agreements for maintenance and equipment (warranty period ending for new facilities). He then receives information from each college and DO/DSS regarding much their contracts are increasing. The last couple of years, the placeholder has been $100-$200k per year and has been split on an FTES basis.

- Should the college now take control of their contracts/agreements or continue with the same methodology?
• Isaac commented that it depends on the economies of scale
• Gomez believes this item would take care of itself
• Sample of contracts: District - Adobe, Datatel, Galaxy, etc…and College - Culinary Academy (rent), Physician Assistant (software)
• Brown commented that the allocations are placed in entity holding accounts. Transfers are then made from the holding accounts by the colleges and DO/DSS throughout the year to meet the increased cost of the contract.
• **Consensus** – The District will continue the same process and allocate by FTES. The exact dollar amount will be decided at a later date by consulting with the colleges.

  - **Utilities** - Historical background: Brown sets aside funds to ensure that we are covered District wide. Brown makes an estimate based on historical trends or knowledge of impending vendor increases and augments each college’s budget as necessary.
  • Should this be a District or College allocation to set aside for utility costs?
  • Brown commented that we need to establish a baseline budget for utilities
    ° Rates are different between Riverside City Utilities and Southern California Edison
  • Current budget model does not provide for incentives
    ° e.g. Norco Fuel Cell – one time net savings, college retains the savings, incremental increases would be augmented.
    ° Parnell suggests at some point in time the college would be responsible for the costs and use contingency if needed.
    ° Isaac suggests that we need to give some more thought about the utility methodology and the incentives.
    ° Ragusa and Parnell suggested the use of kilowatt hours over a period of time and compare the baseline from years past.

• **The group will seek a proposal on “Utilities” for next time.**

### IV. NEXT MEETING

- **Friday, December 13, 2013**
### Implementation Issues/Open Items

<table>
<thead>
<tr>
<th>Policy/Organization:</th>
<th>Open/Resolved</th>
<th>Resolution</th>
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<tbody>
<tr>
<td><strong>I.</strong> Defining the roles of the District vis-à-vis the District’s four major entities in the budget development and execution process. (a.) What is the expected level of services to be provided by the District Office? (DSPC)</td>
<td>O</td>
<td>Brown indicated that this item would be going to the DSPC on 10/11/13.</td>
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<td><strong>II.</strong> Defining the way in which compliance with statutory, regulatory and policy requirements shall be assured (e.g. FON, 50% Law, categorical match). (DBAC?)</td>
<td>R</td>
<td>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 this process.</td>
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<td><strong>III.</strong> Defining self-insurance funding. (DBAC?)</td>
<td>O</td>
<td>Consensus reached that budget plans should go to Executive Cabinet (or Chancellor and Presidents) and then, once agreed upon, would then go to DSPC.</td>
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<td><strong>IV.</strong> Defining DSP&amp;S services and funding levels. (DBAC?)</td>
<td>O</td>
<td>It was agreed that the college Vice Presidents of Business would discuss with their presidents and then would bring back to DBAC for discussion.</td>
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### Implementation:  

**I.** Personnel:  

(a.) Faculty  
(b.) Classified  
(c.) Administrators

**II.** Personnel - Budget Adjustments (positive and negative) associated with:  

(a.) Reclassifications  
(b.) Reorganizations  
(c.) Vacancy Rehires  
(d.) Professional Growth  
(e.) Step and Column (mid-year)

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.

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

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

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

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.
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