District Budget Advisory Council Meeting

Thursday, August 14, 2014 - RCC DL 409
9:00 a.m. - 11:00 a.m.

AGENDA

I. Welcome and Call to Order

II. Approval of Minutes
   A. July 17, 2014

III. BAM Revision – Continuation
   A. Implementation Issues
      1. Self-Insurance – Total Cost of Risk (TCOR)
      2. Capital Equipment (Furniture, Equipment, Computers)
         a. Student Technology Fee Update
      3. Update – Entity Budget Alignment
         a. Entity Equilibrium Meeting w/VP’s of Business

IV. RCCD Budget Update
   A. Physical Plan and Instructional Support Allocation
   B. Prop 39 – Energy Efficiency Funds
   C. Information Services Projects - Unidata to SQL Conversion
      SSSP/Instructional Equipment Funding and Disk Storage Expansion
   D. General Fund Status

V. Other Items
   A. Review Survey Distribution List submitted by each college

VI. Next Meeting
   A. Friday, September 26, 2014, 1pm to 3pm in DL 409
      1. Can we move meeting to 2:30 to 4:30pm?
MEETING MINUTES

PRESENT
Aaron Brown, Vice Chancellor, Business and Financial Services (District)
Norm Godin, Vice President Business Services (Moreno Valley)
Beth Gomez, Vice President, Business Services (Norco)
Mazie L. Brewington, Vice President, Business Services (Riverside)
Michael McQued, Associate Professor, CIS (Moreno Valley)
Nate Finney, Classified Representative (Moreno Valley)
Tanya Wilson, Classified Representative (Norco)
Tom Wagner, Associate Professor, Business Administration (Norco)
Mary Legner, Professor, Mathematics (Riverside)
Mark Sellick, Associate Professor, Politics (Riverside)
Jennifer Lawson, Classified Representative (Riverside)
Jim Parsons, Associate Vice Chancellor, Strategic Communications and Relations (District)
Rachelle Arispe, Executive Administrative Assistant to the Vice Chancellor (Recorder)

ABSENT
Arturo Quiroz, Student Representative (Riverside)
Tim Ragusa, Classified Representative (District)

GUEST
Paul Parnell, President (Norco)
Sandra Mayo, President (Moreno Valley)

I. MEETING WAS CALLED TO ORDER
   A. By Aaron Brown

II. NEW MEMBER INTRODUCED
   A. Mazie Brewington, Vice President, Business Services (RCC) introduced to members.

III. MINUTES
   A. Legnar moved, and Parnell seconded, approval of the minutes of May 30, 2014. Motion approved.

IV. BAM REVISION – CONTINUATION
   A. Implementation issues
      1. Capital Equipment – Brown reviewed Student Technology Fee handout provided by Ruth Adams.
         a) Handout indicates that the State Chancellor’s office concludes that the student technology fee is permissible, optional fee with respect to students who are not in courses where such technology was required. However, an optional fee is prohibited if
the District receives state funds for this purpose. Handout also includes information from two community college districts (Butte-Glenn and Cerritos) that have student technology fees.

b) Adams will follow-up with Chris Yatooma (VP of Administration at Sierra CC) as he just issued a CBO survey which could provide more information on the student technology fees (emailed by Godin 07/16/14).

c) McQuead commented that UCR has a student technology fee based on $2 per unit and it was initiated by the students (detail is described on UCR website).

d) Parnell remarked that since we have a recommendation from Accreditation to develop a district wide technology plan, the request of a student technology fee could be incorporated into our efforts of developing a technology plan. Brown will discuss this recommendation with Rick Herman.

2. Entity Equilibrium Alignment

a) VP's of Business and Brown have met twice to review course listings provided by Raj Bajaj. VP's and Brown compared each of the college's TOPS codes to find differences. They identified differences in the ratios of some courses and have forwarded the information to Vice Chancellor Steinback to follow-up.

V. STATE/RCCD BUDGET UPDATE – Brown reviewed handouts (State Adopted Budget Changes and PT Faculty & Overload FY 2013-14 as of July 14, 2014). Brown explained how we will not know how the State’s budget will impact the District’s budget shortfall until year-end closing (mid-August). The Kaiser and Health Net plan rates are lower than estimated; however we still need to calculate the PPO plan rate. It may be higher than originally estimated. As far as revenue, there is no impact on the bottom line since the Governor's May revise; however there is still a deficit in the P2 number. The deficit number will be lower for FY 2013-14 per the State; however we don’t know what it will be. The tentative budget has a .26 deficit factor.

A. COLA

1. Originally at .86%, now .85%

B. Access

1. Originally at 3% now 2.75%

C. Associate Faculty and Overload Budget and Actual

1. Handout is separated by term. Under Fall 2013, the budget amount for object code 1330 is not spread throughout the terms, it is only accounted for in a lump sum. Salaries are approximately $2.1 million over; however if we factor in fixed charges it increases to $2.4 million.

Mayo commented that she has a challenge because there is very little control at Ben Clark. Regardless of the number of academies, the Sherriff can cancel classes, which then creates a challenge to keep up FTES. Academies are supposed to be larger. MVC has to try to add some programs to generate enough FTES to counterbalance the lack of FTES at Ben Clark.
Brown remarked that at the college level, they need to schedule to meet their FTES target but within their allocated budget.

D. Deferred Maintenance/Instructional Equipment

1. Since there is not a match requirement, the colleges have the ability to direct how much they want to distribute. Estimated amount is $3.5 million district wide. This is a substantial increase from what we have received in the past five (5) years. A decision of how to allocate on a District basis must be made. Brown suggested possibly allocating on FTES basis. Then the college can decide how they want to split the funds based on their needs (deferred maintenance or instructional equipment or both).

E. Student Success and Support Program (SSSP)

1. Most of the State’s adopted budget changes are in the SSSP - Equity programs. Ultimately the State approved $70 million. With this change, the District SSSP funds decreased from $2.3 million to $1.6 million and DSP&S increased from $0 to $0.7 million. By the end of FY 2014-15 there will be no deferrals. There is no information yet on how much the match will be for SSSP. Our District’s match piece was less than 3 to 1. If the match does not change, we may not have the ability to receive all of the funding we are entitled to or we will have to make other choices for a hard dollar backfill to support the program.

VI. OTHER ITEMS

A. DBAC Survey Distribution List April/May 2012 (handout)

1. Members reviewed listing and VP’s of Business preferred to provide a new survey list by the next DBAC meeting.

B. Health Fee Increase

1. Godin commented that there is a proposal from the VP’s of Student Services to increase the health fee by $1.00 since there is a structural budget deficit. Godin asked if there were plans to reduce their reserve.

Brown commented that the health service directors need to be engaged with their colleges regarding strategic planning and to plan for allowable uses for their reserves.

Gomez remarked that there has been an increase in mental health issues.

VII. NEXT MEETING

A. Next DBAC meeting scheduled for Thursday, August 14, 2014
I. Risk Management Departmental Objectives

a. Identified Risk Management Department Mission Scope
   
i. **Insurance** Program Review and Management
   ii. **Safety** and Loss Control Program Development
   iii. **Security** and Asset Protection Program Development
   iv. **Claims** Management Program Development

b. Identified Risk Management Goals for the Riverside Community College District
   
i. Maintain sufficient Workers’ Compensation Claim Reserves based on actuarial valuations
   ii. Generate Sufficient Resources to:
      1. Effectively Manage Claims
      2. Reduce High Rates of Litigation Activity and Costs
      3. Address Rising Insurance Premiums
      4. Provide for Insurance Coverage Gaps / Retention Issues
      5. Manage Vendor Partnerships for Higher Service Levels
      6. Effectively Design, Implement, and Manage Safety and Loss Control Programs
      7. Develop an Effective, Proactive Risk Management Infrastructure to Meet Cost Challenges
      8. Update and Revise Risk Management Methodologies to Comply with Current Laws

c. Cost and Loss Drivers Considered
   
i. Direct Costs
      1. Insurance Premiums
      2. Self-Insured Claim Payments
      3. Claim Defense and Mitigation Costs
   
   ii. Indirect Costs
      1. Historical Loss Experience Drivers (Premium Impact)
         b. Large Employment Liability Losses
         c. Substantial Workers’ Compensation Reserve Obligation
         d. High Loss Cost Development Outlook
2. Ancillary Loss Drivers

   a. Replacement Labor and Training
   b. Decreased Morale / Productivity
   c. Operational Disruption

   d. Identified our Incurred **Total Costs of Risk** (TCOR)

      i. Insurance Premiums
      ii. Broker / Joint Powers Authority Commission Expense
      iii. Actual Workers’ Compensation Claims Payments
      iv. Actual General Liability Claims Payments
      v. Litigation Defense Expense
      vi. IBNR / Future Claim Development Reserves
      vii. Department Support Expense
      viii. Safety and Loss Control Program Development
      ix. Security Program Development

   e. Identified Initiatives to Control Loss / Reduce Expenses / Lower Rates for Colleges

      i. Insurance Program Revisions

         1. Reduce self-insured retention level (lower deductibles, etc.)
         2. Add coverage to address new risks (data breach, etc.)
         3. Revise memorandums of coverage (better policy language)
         4. Change insurance providers (increased service levels)

      ii. Claim Reduction and Management Initiatives

         1. Casualty Claims Coordinator Position
         2. Safety / Disaster Preparedness Position
         3. Return-to-Work Process
         4. Medical Provider Network (MPN)
         5. Triage Nurse Process
         6. Litigation Reduction Process
         7. Vendor Support Enhancements (broker, counsel, JPA, etc.)
         8. Claims Cost Review and Reduction Process (medical costs, etc.)

      iii. Safety / Security

         1. Injury & Illness Prevention Program
         2. Safety Coordinator Process
         3. Safety Training Platform
         4. Safety Awareness Process
         5. Physical Security Master Plan (inventory, restore, replace, standards)
         6. Active Shooter Program
         7. Mass Notification System
f. 2014-2015 Budget Rate Calculation Methodology

i. Total Cost of Risk (TCOR) Base

1. Actuarial Valuations
   a. Reserve Requirements for Pre-2014 Losses

2. Self-Insurance Program Staffing and Support Costs
3. Risk Program Initiative Costs

ii. Revenues Needed to Fund TCOR
iii. Converted to a Rate Per Payroll Dollar Across all Resources
iv. Worker’s Compensation Rate – 2.29% - No change from FY 13-14
v. General Liability Rate – 1.35% to Generate Approximately $1.5 Million Which is Close to the Same GF Transfer in Prior Years.
vi. Rates Reevaluated Every Year with Focus on Reductions and Slowing Rate of Increase Due to Self-Insurance Program Initiative Success
# Riverside Community College District
## Physical Plant and Instructional Support Allocation
### FY 2014-2015

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Total District Allocation*</td>
<td>$3,498,047</td>
</tr>
<tr>
<td>Set-Aside for ADA Litigation Remediation</td>
<td>(500,000)</td>
</tr>
<tr>
<td>Remaining Allocation</td>
<td>$2,998,047</td>
</tr>
</tbody>
</table>

### Remaining Allocation Distribution

<table>
<thead>
<tr>
<th>College</th>
<th>FTES %</th>
<th>Allocation Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Riverside City College</td>
<td>53.80%</td>
<td>$1,612,949</td>
</tr>
<tr>
<td>Norco College</td>
<td>23.10%</td>
<td>692,549</td>
</tr>
<tr>
<td>Moreno Valley College</td>
<td>23.10%</td>
<td>692,549</td>
</tr>
<tr>
<td>Total Allocation</td>
<td></td>
<td>$2,998,047</td>
</tr>
</tbody>
</table>

MORENO VALLEY COLLEGE
(Received by email on 07/23/14)

Sandra.Mayo@mvc.edu
Carol.Farrar@mvc.edu

SPC
Annamarie.Amezquita@mvc.edu
Teri.Currie@mvc.edu
Donald.Foster@mvc.edu
Gerald.Goodenough@mvc.edu
Susan.Lauda@mvc.edu
Akia.Marshall@mvc.edu
Sheila.Pisa@mvc.edu
Leslie.Salas@mvc.edu
Silvia.Trejo@mvc.edu

FRAG
Donna.lesser@mvc.edu
Patricia.nava@mvc.edu
Cheryl.Honore@mvc.edu
Lorraine.grippin@mvc.edu
Sandra.sydk@mvc.edu
Jan.ponder@mvc.edu
Maureen.chavez@mvc.edu
Mark.carpenter@rccd.edu
Norm.godin@mvc.edu
Nate.finney@mvc.edu
Michael.mcquead@mvc.edu
Susan.tarcon@mvc.edu
Rmiller20@student.rcc.edu

HRAG
Susan.Boling@rccd.edu
Joanna.Werner-Fraczek@mvc.edu
Julie.Hlebasko@mvc.edu
Paula.Stafford@mvc.edu
tmacedonsr@student.rcc.edu (Student – May rotate out in fall)

PRAG
jose.recinos@mvc.edu
diane.marsh@mvc.edu
Rhonda.patterson@mvc.edu
MORENO VALLEY COLLEGE - Continued

csaway@yahoo.com (student, may rotate out in fall)

TRAG
mark.oliver@rccd.edu
joe.gonzales@mvc.edu
matthew.barboza@mvc.edu
julio.cuz@mvc.edu
gustavo.segura@mvc.edu
robert.loya@mvc.edu
lisa.horn@mvc.edu
ann.yoshinaga@mvc.edu
christopher.whiteside@mvc.edu
darren.dong@rccd.edu
debbi.renfrow@mvc.edu
loretta.steele@rccd.edu
Edd.chi@mvc.edu
Ronald Johnson (Student – may rotate out this fall)

RSC
Angie.Arballo@mvc.edu
Julio.Cuz@mvc.edu
Raina.Fonseca@rccd.edu
Felipe.Galicia@mvc.edu
Julio.Gonzalez@mvc.edu
Jackie.Grippin@mvc.edu
Christina.Leon@mvc.edu
Rebecca.Loomis@mvc.edu
Diane.Marsh@mvc.edu
Shirley.McGraw@rccd.edu
Michael.McQuead@mvc.edu
Frankie.Moore@mvc.edu
Abel.Sanchez@mvc.edu
Cid.Tenpas@mvc.edu
Eugenia.Vincent@mvc.edu
Ann.Yoshinaga@mvc.edu
Conanjam9@yahoo.com (Student. May rotate out this fall)
DBAC Survey List 2014

NORCO COLLEGE
(Received by email on 08/04/14)

ISPC
Natalie.Aceves@norcocollege.edu
Greg.Aycock@norcocollege.edu
Melissa.Bader@norcocollege.edu
Celia.Brockenbrough@norcocollege.edu
Mark.DeAsis@norcocollege.edu
Diane.Dieckmeyer@norcocollege.edu
Andres.Elizalde@norcocollege.edu
Beth.Gomez@norcocollege.edu
Monica.Green@norcocollege.edu
Lyn.Greene@norcocollege.edu
Ruth.Jones@norcocollege.edu
Ruth.Leal@norcocollege.edu
Deborah.Makin@norcocollege.edu
Ana.Molina@norcocollege.edu
Jason.Parks@norcocollege.edu
Jim.Thomas@norcocollege.edu
Diann.Thursby@norcocollege.edu
Sheryl.Tschetter@norcocollege.edu
Gail.Zwart@norcocollege.edu

BFPC
Mark.DeAsis@norcocollege.edu
Diane.Dieckmeyer@norcocollege.edu
Beth.Gomez@norcocollege.edu
Monica.Green@norcocollege.edu
Lyn.Greene@norcocollege.edu
Richard.Henry@rccd.edu
Daniel.Lambros@norcocollege.edu
Steve.Monsanto@norcocollege.edu
Damon.Nance@norcocollege.edu
Gustavo.Oceguera@norcocollege.edu
Lorena.Patton@norcocollege.edu
Erin.Power@norcocollege.edu
Gabriela.Ramirez@norcocollege.edu
criosberri@student.rcc.edu
George.Salas@norcocollege.edu
Jim.Thomas@norcocollege.edu
Phu.Tran@norcocollege.edu
DBAC Survey List 2014

NORCO COLLEGE - Continued

Koji.Uesugi@norcocollege.edu
Tanya.Wilson@norcocollege.edu
Linda.Wright@norcocollege.edu

APC
Melissa.Bader@norcocollege.edu

Peter.Boelman@norcocollege.edu
Zina.Chacon@norcocollege.edu
John.Coverdale@norcocollege.edu
Alexis.Gray@norcocollege.edu
Dominique.Hitchcock@norcocollege.edu
Jason.Parks@norcocollege.edu
Margarita.Shirinian@norcocollege.edu
Walter.Stevens@norcocollege.edu
Phu.Tran@norcocollege.edu
Sheryl.Tschetter@norcocollege.edu
Paul.VanHulle@norcocollege.edu
Tim.Wallstrom@norcocollege.edu
Patti.Worsham@norcocollege.edu

SSPC
Miriam.Alonso@norcocollege.edu
Eva.Amezola@norcocollege.edu
Patti.Brusca@norcocollege.edu
Zina.Chacon@norcocollege.edu
Keith.Coleman@norcocollege.edu
Hortencia.Cuevas@norcocollege.edu
Mark.DeAsis@norcocollege.edu
Maria.Gonzalez@norcocollege.edu
Monica.Green@norcocollege.edu
Tricia.Hodawanus@norcocollege.edu
Leticia.Martinez@norcocollege.edu
Dimitrios.Synodinos@norcocollege.edu
RIVERSIDE CITY COLLEGE
(Received by email on 08/04/14)

President’s Leadership Team (PLT)
Wolde-ab.isaac@rcc.edu
Mazie.brewington@rcc.edu
Edward.bush@rcc.edu
Susan.mills@rcc.edu

Strategic Planning Council (SPC)
Susan.mills@rcc.edu
rorozco14@student.rcc.edu (ASRCC Pres) Ray Orozco

Student Access & Support Leadership Council (SASLC)
Edward.bush@rcc.edu
Deborah.hall@rcc.edu
Angela.lee@rcc.edu

Academic & Career /Technical Programs & Instructional Support Leadership Council (ACTP&IS LC)
Kathleen.sell@rcc.edu
Stephen.ashby@rcc.edu

Resource Development & Administrative Services Leadership Council (RD&AS LC)
Faculty co-chair, vacant
Mazie.brewington@rcc.edu
Ginny.haguewood@rcc.edu
Linda.arellanes@rcc.edu
Greta.cohen@rcc.edu
Jennifer.lawson@rcc.edu
Patsy.navarro@rcc.edu
Sheryl.plumley@rcc.edu
Mark.sellick@rcc.edu
Antonio.curtis@rcc.edu
Shannon.hammock@rcc.edu
Tad.hove@rcc.edu
Mary.legner@rcc.edu
Paul.oconnell@rcc.edu
John.rosario@rcc.edu
Ward.schinke@rcc.edu
Peter.westbrook@rcc.edu
RIVERSIDE CITY COLLEGE - Continued

Academic Senate
Lee.nelson@rcc.edu
gmccarver@student.rcc.edu  (ASRCC Rep-Garrett McCarver)

Associated Students
Ray Orozco
rorozco14@student.rcc.edu  (ASRCC Pres)
Ryan Rudolph
rrudolph1@student.rcc.edu  (ASRCC Vice President)

Accreditation/ Strategic Planning
Thomas.allen@rcc.edu