RIVERSIDE COMMUNITY COLLEGE DISTRICT

District Budget Advisory Council Meeting
Friday, September 18, 2015 - RCC DL 409
8:00 am - 10:00 am

AGENDA

I. Welcome and Call to Order

II. Approval of Minutes
   A. May 29, 2015

III. DBAC FY 2015-16 Agenda
   A. In coordination with DSPC
      1. Charge/Purpose
      2. Organizational Structure/Membership
   B. Budget Allocation Model
      1. FY 2015-16
      2. FY 2016-17 and Beyond
   C. Ongoing Budget Shortfall
   D. Budget Savings
   E. Part-Time Faculty and Overload Budget Allocation Methodology
   F. Other Budget Issues/Processes
   G. Assessment

IV. Other
   A. Survey Results – Deferred to October

V. District Budget Update

VI. Next Meeting(s)
   – Friday, October 30, 1:00 pm to 3:00 pm at RCC’s DL 409
   – Friday, November 20, 2015 – 9am (Holiday 11/26)
   – December – Dark
   – Friday, January 29, 2016 – 1pm
   – Friday, February 26, 2016 – 1pm
   – Friday, March 25, 2016 – 1pm
   – Friday, April 29, 2016 – 1pm
   – Friday, May 20, 2016 – 1pm (Holiday 05/30)
   – June, July and August - Dark
I. MEETING WAS CALLED TO ORDER

   A. By Aaron Brown

II. MINUTES

   A. Once a quorum was achieved, Gomez moved, and Legner seconded, approval of the minutes for April 24, 2015. Motion approved with minor revision to paragraph III.A.7 requested by Godin. Sentence should read, “…the FY14/15 projected total cost for the part-time faculty…” Lawson abstained.
III. BAM/DBAC SURVEY RESULTS

A. Torres presented a power point to review the results from the BAM survey (handout).
   1. Overall there was a 62% response rate for all of the entities in the district. Torres commented that the response rate was good. The district had a higher response rate than the colleges. Torres will continue his analysis and return to the next DBAC meeting in September.

IV. OTHER

A. Part-Time Faculty and Overload Budget Allocation Methodology
   1. Gomez and her staff created a matrix of the data provided by the new enrollment management tool that Herman’s office designed. Once the historical data (2010-11 to present) from the new enrollment management tool is verified as valid, then Gomez can use FTES; convert data to WSCH; determine productivity rates; isolate part-time faculty; distinguish full-time faculty load; then apply the data to the matrix. Gomez wants the model by each term from 2010-11 to present to see how 2015-16 would look.
   2. Brown commented that currently in the tentative budget there are some dollars set aside based on a cost based model as a preliminary planning estimate. If the new methodology is a better representation of what actually needs to be budgeted, then we could refine the methodology through DBAC at a later point. Brown is going to verify with Bajaj and Herman that the data in the enrollment management tool is accurate to use for the new methodology.
   3. Throughout the summer, VP’s of Business and Brown, are going to review the enrollment management tool to verify that the data is valid, then determine if the new methodology is reasonable. They will return to DBAC for a recommendation.
   4. Brown remarked that if DBAC agrees to the methodology, it could be used for FY 2015-16. The plan is to submit the methodology to the Enrollment Management Committee and have the methodology vetted.

B. Institutional Effectiveness Partnership Initiative (IEPI) Fund Balance Indicator – Requested by Gomez and NC College to be added to the DBAC agenda for discussion.
   1. Brown responded that since the district is on a very tight timeline, there was a recommendation to take the 5% board policy limit as the fund balance indicator. We can start working on the fund balance indicator for FY16-17 that way we are prepared for the next budget cycle. We would then have the appropriate time to have the fund balance indicator can go through a full vetting process.
2. Brown agreed with Gomez that setting a minimum and exceeding it would have a positive impact with the state. However, if you fall below the minimum, then it would be negative impact. It would not be good if we fell below the minimum. Next year, there are going to be more indicators that the district/colleges will need to adopt as goals. Currently there are 18 goals and four or five of them are financial indicators. The requirement this year is to adopt two.

3. Reiner remarked that the indicators are State mandated and that they prefer the Board of Trustees to adopt them. Most indicators are student performance indicators (course completion rates, etc.). Some are district wide. Most indicators are goals that we will want to achieve.

V.  STATE/DISTRICT BUDGET UPDATE

A. May Revise – Brown provided the FY2015-16 Tentative Budget presentation (dated June 2, 2015) to the committee and reviewed the May Revise changes that were incorporated since the last DBAC meeting.
1. Brown indicated that there is more money then what was anticipated in the Budget Planning presentation (dated April 7, 2015) and it is reflected in the Tentative Budget that will be presented to the Board of Trustees on June 2, 2015.
2. Brown provided the latest updates to the budget as follows:
   a. Growth at 3% - State $156.5 million/RCCD $5.0 million
      i. With the new growth formula our district is ranked no. 12 in the State and 7 out of 12 in Region 9.
      ii. The New Growth Formula matrix is based on “unmet need” for each district, and it seeks to balance two elements; the need based on local demographics, and actual demand demonstrated by the number of students served in previous fiscal years, demonstrated by unfunded FTES.
      iii. The “need” is defined by three factors: (1) the number of adults over the age of 25 without a college degree living in each district; (2) the number of households below the poverty line living in each district; and (3) the number of unemployed adults living in each district. Half of the funding available in the calculation will be determined by the “need” factor, and the rest will be based on serving students that we are not getting funded for.
   b. COLA at 1.02% - State $61.1 million/RCCD $1.5 million
   c. Basic Allocation/General Operating Expenses - State $266.7 million/RCCD $6.0 million
i. Funding will be received in two components; increase to basic allocation and increase in the rate of FTES. Funding is complex.
d. Full-Time Faculty Hiring - State $75.0 million/RCCD $1.9 million
   i. This amount will increase the Facility Obligation Number (FON). The funding is based on a quintile ranking system of where the college is at based on the FON percentage in fall of 2014. Each quintile has a dollar value that is associated with it. The dollar value is converted to the number of faculty the FON will be increased. We are in the second quintile and per Brown’s calculation (per the trailer bill), the district is approximately at 18 or 19 full-time faculty increase in the FON. The district is therefore a little over the mark for FY 2015-16 since we are planning for 20 full-time faculty.
e. State Mandate Block Grant – State $626 million/RCCD $15.7 million
   i. One-time funding (unrestricted). It will not repeat next year. We may get “some” money next year; however, it will tail-off over the next two years.
f. Scheduled (Deferred) Maintenance/Instructional Equipment – State $148 million/RCCD $3.7 million
   i. No match requirement. Currently, we do not know what the rules are going to be but the same rules as FY 2014-15 could apply. Brown suggests that the colleges begin planning now.
g. COLA for Categorical Programs – State $2.5 million/RCCD (unknown)
   i. Programs include: EOPS, DSPS, CalWorks and Child Care Tax bailout money. The allocation will follow how much the district or college is allocated, with a COLA attached.
h. Student Equity – State $115 million
   i. Basic Skills & Student Outcomes Programs - $60 million; Assembly supports/Senate rejects
   j. Institutional Effectiveness - $15 million; both houses supported
   k. CSU Community College Pilot Program – $2 million; both house rejected
   l. Higher Education Innovation Award Augmentation - $25 million; both houses rejected
   m. Adult Education (AB86) - $15 million; both houses support but different proposals and less funding anticipated for community colleges.
   n. Legislative bodies have proposed their own initiatives; $16 million of professional development money, $10 million for Financial Aid and Administration, $39 million for Cal Grant B Awards.
o. Additionally, Brown heard at the ACBO Conference there will be more unfunded FTES for FY 2014-15 and the deficit is going to go down. However, there are always timing issues so we will not know for sure until the P1 reporting period. Estimates are reflected in the Tentative Budget submitted to the Board of Trustees on June 16, 2015.

B. Strategies for FY 2016-17

1. Brown reminded members that the District is in active negotiations with the bargaining units. Money has been put aside to provide for one of the proposals. Additionally, as a strategy, to help us move into the next year, the district is putting aside most of the one-time money for FY 2016-17 and FY 2017-18 (this strategy is reflected on the Tentative Budget presentation).

2. Brewington commented that the VP’s of Business had a discussion regarding the technology plans, college plans, district plans, technology fee and employee based fee. The VP’s of Business feel that there needs to be some discussion with integration and transparency for setting district technology priorities. As an example, a presentation was provided a month ago by the ITSC indicating that there is a need to change the streaming for the colleges. Brewington thinks a platform needs to be developed, maybe through DBAC, where the VP’s of Business have an opportunity to be involved when one time money is discussed or a base allocation is involved.

   a. Brown responded that DSPC is working out the logistical process issues. Since Reiner is the chair of DSPC, Brown asked Reiner to comment on this concern.

   b. Reiner responded that DSPC charged a subcommittee to try to review its structural process and it did not go as far as it should. Reiner asked all 25 members in DSPC for feedback and received feedback from only four members. Reiner said that the bottom line is the colleges/district have to decide: (1) if we are independent colleges with no district coordination integration or (2) are we a district trying to coordinate with the colleges? Reiner believes that although the colleges have the students and the colleges may be independently accredited, the district is like a university and is the overall integration thereof, even if the district has no students or classes. Reiner hears from staff that the colleges want to be left alone. Reiner states that we cannot move forward on redesigning the process until we resolve integration between the colleges and district. Reiner thinks that the colleges need to give and take to make it all fit within the structure and budget. The three colleges want to do things that cannot be funded. Unfortunately, the Board has given MVC programs that are more
expensive, so we are not only reinventing colleges, we are also a district. We have to resolve the question…Is there district coordination/integration?

c. Brewington feels that the planning should mirror the constituent planning committees at the colleges.

d. Godin feels that the colleges have an obligation to decide their future resources and we should be planning to show sustainability for the future.

e. Reiner said that he is putting a plan together, but the planning process has to be approved by the Academic Senate.

3. Godin had a question in regards to the reference of the Budget Reduction Strategy of $1.68 million – What does it mean?

   a. Brown responded that in conversation with the Presidents, the decision was made to look at discretionary budgets and on the representative share for each of the colleges/district to reduce our budgets accordingly. The Budget Reduction Strategy was based on preliminary estimates and was discussed at the Chancellor’s Cabinet a couple of months prior.

   b. Gomez believes that this reduction is counter-productive for Norco College since they are trying to get additional funds. Parnell did not discuss these cuts with Gomez.

   c. Mayo agreed with Brown that the strategy was discussed at the Chancellor’s Cabinet but she had not shared the information since it was not public information to distribute at the time.

   d. Brown is going to follow up with the Chancellor regarding the concern of the Budget Reduction Strategy from the VP’s of Business.

   e. Godin thinks there will be a message issue with telling faculty/staff that we are receiving funds but also reducing the budget.

   f. Brown responded that in reviewing the last five years of discretionary funds, unspent funds average $4-5 million for all entities combined.

      i. Godin said that the data does not take into consideration anomalies from year to year. MVC showed unspent funds for Ben Clark, but there is no narrative to explain the anomaly. Also, when comparing percentages between the district and colleges, the district’s unspent budget was significantly higher than the colleges. In this case, Godin believes that from a methodology perspective we should cut budgets where the budgets are more unneeded (district) versus were the budgets are needed (colleges).
ii. Brown clarified that the unspent budget for the district was significantly higher because it included holding accounts.

g. Brewington commented that she thinks with such a huge base allocation increase and a strategy for shoring up the structural deficit, the $1.6 million would come out of that pot of money first, before we present the new budget with a $6.0 million increase.

i. Brown responded that it factors in all the additional costs including the ongoing money and we still have an ongoing budget shortfall.

VI. NEXT MEETING

A. Next meeting scheduled for Friday, June 19, 2015, 1pm to 3pm at RCC’s DL 409.

1. Summer workweek begins June 8th and Commencement June 9th (correction from agenda).

2. Dr. Mayo offered to have the next meeting on June 18th at MVC and provide lunch. Brown requested Arispe to send an email to confirm availability of members since summer workweek (Friday’s closed) begins June 12th and faculty are on summer break.

3. Tentative FY 2015-16 DBAC meeting schedule provided to committee. July, August and December months are listed as dark. September through May will be held on the last Friday of each month (except for 11/20/15 and 05/20/16 due to the holidays).