

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

District Council on Administrative Services (DCAS)

District Administrative Center, Thomas Lakin Boardroom

Friday, January 5, 2018

NOTES

Attendees:

Silvia Barajas, Vice President, Business Services, Moorpark College
Cathy Bojorquez, Vice President, Business Services, Ventura College
Nenagh Brown, Academic Senate President, Moorpark College
Mike Bush, Vice President, Business Services, Oxnard College
Jeanine Day, Classified Senate Representative, Ventura College
Diane Eberhardy, Academic Senate President, Oxnard College
David El Fattal, Vice Chancellor, Business and Administrative Services
Janice Endo, Human Resources Representative
Lydia Morales, Academic Senate President, Ventura College (via Skype)
Chris Renbarger, Classified Senate Representative, Oxnard College
Julius Sokenu, Vice President, Academic Affairs, Moorpark College

Guest:

Cynthia Azari, President, Oxnard College

Absent:

Jennifer Clark, Interim Budget Director
Emily Day, Director, Fiscal Services
Linda Resendiz, Classified Senate Representative, Moorpark College
Peter Sezzi, AFT Representative
Maria Urenda, SEIU Representative

Recorder: Laura Galvan

Vice Chancellor El Fattal called the meeting to order at 11:27 a.m.

APPROVAL OF MEETING NOTES

The meeting notes from November 16, 2017, were approved by consensus with one suggested change.

CHANCELLOR OAKLEY BUDGET UPDATE (non-agendized item)

Dr. Azari explained she participated in a conference call with California Community Colleges Chancellor Oakley regarding the FY19 Budget. Dr. Azari's summary of meeting highlights included the following: there will be a small increase in base allocation to community colleges in FY19, but cautioned districts not to expect more than that. There will also be a consolidation of categorical program funding sooner than changes in general fund allocations, even though there will be a change to the funding formula with less emphasis on FTES growth and more emphasis on

completion rates(this will not be performance based). Chancellor Oakley's final thoughts included his intention to ease regulations, which includes changes to the 50% law; fully implement Guided Pathways; provide more local authority to CCDs, similar to the K-12 system.

USE OF RESERVES BOARD ITEM – INFORMATION TECHNOLOGY SECURITY PROJECTS

Vice Chancellor El Fattal explained that Associate Vice Chancellor Fuhrmann will provide an Information Technology Security Project update at the January Board meeting. Subsequent to that update, a request for the use of reserves for \$350,000 will be made. If approved, the funds will be used to enhance the District's IT security, including awareness and training for employees and IT staff.

FULL-TIME FACULTY OBLIGATION NUMBER (FON)

Vice Chancellor El Fattal explained the District submitted the required FON calculation for Fall 2017. He reminded DCAS members that the number is reported on a District level as opposed to individual college level. Currently, the District is 33 FTEF over the obligation number. In Fall 2016, the District reported 20 FTEF over the obligation number. Vice Chancellor El Fattal stated the reason for the increase is twofold: the obligation was reduced because FTES are down from fall last year, plus additional hiring of faculty. There was a discussion on how the FON is calculated. Ms. Brown requested additional information on the FON calculation, including how the FTES shift impacts this number. More information will be brought forward to a future meeting.

FUTURE IRREVOCABLE TRUST CONTRIBUTIONS

Vice Chancellor El Fattal explained this will be discussed as part of Moorpark College's budget proposal.

FY19 BUDGET UPDATE – LEGISLATIVE ANALYST'S OFFICE (LAO) REPORT

Vice Chancellor El Fattal indicated a copy of the LAO's 2018-19 Budget Outlook Summary is provided in the packet. Further, additional information will be shared after the Governor releases the Preliminary Budget for FY19. This will be discussed thoroughly at the January 18, 2018, DCAS meeting.

THREE-COLLEGE DISTRICT BUDGET ALLOCATION MODEL – SUBGROUP TASK FORCE RESULTS

Dr. Eberhardy explained that at the previous DCAS meeting an overview of each California community college district's allocation model was distributed. As a result of reviewing that document, a more comprehensive analysis on 3-college, multi-college districts was completed and shared.

San Mateo Community College District

Dr. Bush provided an overview of San Mateo Community College District's allocation model. For the health care liabilities, San Mateo is a pay-as-you go district; each college is responsible for their share of the liability. Regarding FTES targets, if a college is above or below target, they are penalized (or rewarded) the subsequent year (20% of allocation). The District is almost basic aid funded. San Mateo funds growth the year after it is earned according to the District's growth cap.

State Center Community College District

Ms. Barajas explained the components of State Center Community College District's allocation model. She stated that their FTES targets are conservative so the colleges always hit them. However, they are looking at revising the targets this year. Districtwide services are allocated at the same amount as the prior year and are never less than prior year for all entities. State Center has international student programs at two colleges; the funds are part of the total revenue allocated to sites, not separately allocated. Ms. Barajas stated that the District implemented OPEB years ago and their annual contribution is approximately \$1.2 million. The District has an irrevocable trust valued at approximately \$16 million.

Contra Costa Community College District

Ms. Bojorquez provided an overview of Contra Costa Community College District's allocation model. She indicated that growth targets are included in Contra Costa's FTES targets to determine current year allocations; then, there is a "true up" at the end of the year. Each college is required to keep a 1% contingency to cover any FTES target shortfalls. Districtwide Services at Contra Costa include contractual costs, regulatory costs, and committed obligations. The District Office receives 10.534% of projected revenue less the districtwide costs. The colleges at Contra Costa are allowed to carry over up to 5%.

Coast Community College District

Vice Chancellor El Fattal highlighted Coast Community College District's allocation model in Ms. Day's absence. Colleges are funded retroactively for growth, subject to the growth cap. Colleges with international students retain any revenue generated by those students. The retiree health liability is handled through districtwide services while districtwide expenditures are charged to the colleges based on their proportionate share of FTES.

North Orange Community College District

In Ms. Clark's absence, Vice Chancellor El Fattal summarized North Orange County Community College District's allocation model, stating it is highly conservative. North Orange includes its growth targets in the FTES targets for the current year. FTES targets were never unmet until FY17; targets are more conservative now. In FY17 when the growth target was not met, the shortfall was covered by District reserves. Budgets are historical and additional funding requests are made to the Vice Chancellor through committees. Districtwide, non-resident tuition fees in excess of \$1 million are returned to the colleges. North Orange County Community College District is highly centralized; all full-time faculty positions are centrally

budgeted. Retiree health liability expenses are included in the districtwide services budget.

MOORPARK COLLEGE FISCAL PLANNING COMMITTEE BUDGET PROPOSALS

Ms. Barajas explained that Moorpark College has an active Fiscal Planning Committee and the District's Budget Allocation Model has been a topic of discussion for this committee. The committee developed a list of proposed changes to the District's allocation model for DCAS's consideration. Ms. Barajas briefly explained each recommendation.

In reference to recommendation #6 (District Reserves), Dr. Eberhardy stated that every fiscal crisis may feel like the worst when being experienced. Vice Chancellor El Fattal explained there is a holistic approach to reserves and when they should or shouldn't be utilized. Ms. Barajas concurred that the use of reserves is a philosophical decision; however, she feels the high level of reserves can be better used on current students.

Regarding Moorpark College's recommendation #2 (Fund 693), Ms. Bojorquez stated that she concurs that the District should have an ending fund balance in Fund 693. Regarding the irrevocable trust, Ms. Bojorquez feels that a plan does need to be made on using the funds. Dr. Bush concurs that no additional resources should be transferred to the irrevocable trust; the level of fund balance in fund 693 is to be discussed. On the small/medium college funding recommendation (#7), Ms. Bojorquez feels that the transitioning college should not sustain the full burden of moving to a small college.

Regarding recommendation #1, Base Allocation, Dr. Azari stated that due to accreditation requirements, she feels the base allocation change is a mistake. Dr. Bush said that changing the base allocation would cost Oxnard College over \$1 million; the resources would be transferred to Moorpark and Ventura colleges. He stated there are situations that the college has no control over and should not be monetarily penalized.

There was a discussion about the allocation of resources on an equal basis. There was a consensus that each college does not have enough necessary resources; there is never enough money. Dr. Sokenu explained that the funds need to be directed to the college that is growing, as it benefits the district as a whole. Ms. Brown explained that the perception is that Moorpark is funding other colleges. If resources are allocated to Moorpark for additional growth, how can Ventura and Oxnard not see it would benefit the District as a whole? Ms. Barajas said that Moorpark cannot help the district with the current model.

Ms. Bojorquez explained that if all the recommendations made by Moorpark College are implemented, it would not benefit the District as a whole, as Dr. Sokenu stated. She is happy that Dr. Sokenu stated it was a balancing act and not all recommendations are expected to be accepted.

Dr. Azari mentioned that Oxnard College has been resourceful in soliciting grants with no additional personnel.

Vice Chancellor El Fattal suggested that DCAS members review each recommendation from Moorpark College individually.

Recommendation #2 – Fund 693 (a) No additional transfers from Fund 693 to the Irrevocable Trust; (b) Ending Fund Balance at 6/30 should not exceed \$750,000.

Approved unanimously; the District will not contribute to the irrevocable trust for fiscal years 2018 and 2019.

Recommendation #3 – Irrevocable Trust – Develop a plan for using the irrevocable trust to alleviate the retiree health care benefits on the general fund.

A Subcommittee will be formed to develop a recommended plan for the irrevocable trust. Subcommittee will consist of the three college vice presidents of business services, one academic senate president, one classified senate representative (Chris Renbarger). It was recommended that Dr. Steve Hall and Maria Urenda will be invited to join Subcommittee.

Recommendation #4 – FTES Recognition – Colleges that exceed budgeted FTES should receive additional allocation to cover the cost of the additional students. Colleges that do not make budgeted FTES should have their allocation reduced for that year.

Ms. Barajas proposed that when/if a college exceeds their budgeted FTES (excess FTES; not growth), that college would keep resources associated with that excess. Currently, any resources gained by non-budgeted FTES flows into reserves. Conversely, Ms. Bojorquez said that if a college doesn't make their FTES, the resources that would be allocated to the college with excess FTES would come from District reserves. Ms. Bojorquez reminded DCAS members that the District is funded for FTES as a whole, not individual college.

Ms. Bojorquez indicated that Contra Costa allocates excess FTES based on proportionate share of excess FTES. If two colleges grow, it is split based on the proportionate share.

This concept and recommendation will be reviewed at next DCAS meeting.

Recommendation #5 - Non-Resident FTES (Intl and Domestic) – Non-Resident FTES should not be removed from Line 10. The budget allocation model already adjusts for non-resident cost by allocating \$5,006 per FTES (see Budget Book, Page 42 Line). The colleges still need to provide services to non-resident students. The remaining differential from tuition is not sufficient to cover the additional services.

This recommendation will be reviewed at next DCAS meeting.

Recommendation #6 – District Reserves – No additional funds should be added to the District reserve unless in response to new circumstances. The District has more than enough reserves to ensure stability for the district and our urgent need today is to serve our current students. The question for the DAC is as follows: At the time of the worst fiscal crisis how much of the reserve was used? That should be our benchmark of what we need to have in reserve above the 5% state mandated amount.

This recommendation will be reviewed at next DCAS meeting. Vice Chancellor El Fattal will bring an analysis on the historical use of reserves.

Recommendation #9 – District Allocation of 6.98% should be reduced to reflect the reduction in rental expenses of \$420,000. Once a year DCAS should review and approve the budget for the revenue and expenses associated with the rental and maintenance of the DAC. Fund balance in excess of \$500,000 should be distributed to the colleges as part of the infrastructure model.

This recommendation will be reviewed at next DCAS meeting.

OTHER BUSINESS

Business Services Staffing

Vice Chancellor El Fattal explained that Emily Day has accepted a position at Cypress College; her last day will be January 19. He stated that the two current vacancies create an opportunity to reorganize the department, which may result in additional expenses at the DAC.

FTES/Thomas Fire

Ms. Barajas stated that the State Chancellor's Office will fund prior year FTES due to California Wildfires (Santa Rosa and Thomas Fire). She learned this through a conference call regarding financial aid.

Meeting adjourned at 1:34 p.m.