

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

District Council on Administrative Services (DCAS)

District Administrative Center, Thomas Lakin Boardroom

Thursday, October 19, 2017

NOTES

Attendees:

David El Fattal, Vice Chancellor, Business and Administrative Services
Mike Bush, Vice President, Business Services, Oxnard College
Chris Renbarger, Classified Senate Representative, Oxnard College
Silvia Barajas, Vice President, Business Services, Moorpark College
Julius Sokenu, Vice President, Academic Affairs, Moorpark College
Diane Eberhardy, Academic Senate President, Oxnard College
Nenagh Brown, Academic Senate President, Moorpark College
Cathy Bojorquez, Vice President, Business Services, Ventura College
Nathan Bowen, Academic Senate Vice-President, Moorpark College (via Skype)
Lydia Morales, Academic Senate President, Ventura College
Steve Hall, AFT Representative
Jennifer Clark, Interim Budget Director
Jeanine Day, Classified Senate Representative, Ventura College
Maria Urenda, SEIU Representative
Linda Resendiz, Classified Senate Representative, Moorpark College (via Skype)
Janice Endo, Human Resources Representative

Absent:

Emily Day, Director, Fiscal Services

Recorder: Laura Galvan

Dr. Eberhardy called the meeting to order at 9:03 a.m.

APPROVAL OF MEETING NOTES

Ms. Brown suggested adding more information regarding the allocation model simulations discussed at the October 5th DCAS meeting. Ms. Galvan will work with Ms. Bojorquez to add more details along with adding attachments.

There was also a discussion regarding the possibility of Ventura College establishing a center; specifically, what year would funding be received for an established center?

Dr. Hall requested confirmation and details of center funding along with FTES threshold for medium sized college be brought to the next DCAS meeting.

Minutes approved by consensus with Ms. Brown abstaining due to absence.

Fund 693 Activity – Quarterly Update

Dr. Hall asked for clarification regarding this agenda item. Vice Chancellor El Fattal explained the item is two-fold: actual quarterly report of health retiree premium expenses and ending balance projections for the irrevocable trust. Dr. Hall would like to know when the funds of the trust will begin to be drawn down. Dr. Hall explained The District's Actuary provided a projection of retiree premium costs over thirty years. He stated that at approximately years 2031 to 2033 the retiree premium costs peak. The expenses begin to decline after the year 2033.

Dr. Bush explained two schools of thought: use the trust to mitigate increases or do a combination of pay as you go and trust proceeds. Dr. Hall explained he has evaluated the potential time to use the Trust proceeds. He will bring his findings (spreadsheet) to the November DCAS meeting.

Ms. Barajas expressed interest in halting deposits to the Trust since no funds are being withdrawn and the HRL/HR2 self-taxes are increasing. She stated a decision should be made when to begin using the trust funds. Ms. Barajas also stated that since the District has a plan to address our liability, there is no need to continue funding the Trust.

Ms. Brown explained that it appears the District is double taxing/double saving for future health liabilities. For example, for FY18, the District is budgeting approximately \$1.2 million above projected expenses. Ms. Bojorquez explained the District needs to look at how we "tax" ourselves. Ms. Barajas supports having a fund balance in Fund 693 to mitigate any future shortfalls in this fund. Vice Chancellor El Fattal stated that especially during tough budget times he is not an advocate of putting extra funds in the irrevocable trust.

Dr. Hall reiterated he will bring his document to the next DCAS meeting that could help determine the use of funds in the irrevocable trust. Further, Vice Chancellor El Fattal will bring information on the irrevocable trust to the next meeting.

Dr. Hall requested that Vice Chancellor El Fattal follow-up with actuary to inquire whether he is using actual claim figures or premium amounts.

ALLOCATION MODEL REVIEW

Ms. Bojorquez summarized the allocation model scenarios that were discussed at the October 5th meeting:

- Moorpark College increase 200 FTES – all colleges gain because increased FTES
- Moorpark College declines 200 FTES – all colleges lose revenue because FTES down
- Base at state rate (small/medium sized college) as opposed to equal base allocation. Oxnard College is greatly impacted by this scenario

Dr. Clark presented new simulations:

- Base allocation reduced from 15% to 9% (3% each college). The remaining 6% is distributed to the colleges through the FTES allocation (Line 11). Of the three colleges, Oxnard suffers the greatest in this simulation.

- HRL/HR2 off the top (before amount available for distribution) \$15 million. This amount would be included in Districtwide Services. The District Administrative Center (DAC) percentage would be reduced to 6.02% from 6.98%; \$1.5 million reduced from DAC allocation (backed into percentage). In this model, expenses at the campuses are reduced as they will not assess the HRL/HR2 self-taxes.

This number represents the cost for all employees over all funds. Based on discussion, it was decided that reducing the colleges by the cost of all employees was incorrect. This simulation will be revised and will be brought back to the November DCAS meeting. If available, the simulation will be sent out prior to next meeting.

This model was suggested by Ms. Bojorquez for two reasons: a) the workload at each campus in correcting payroll; and, b) budget records and alleviation of unexpected shortfalls hitting individual campuses late in the year. She stated it is being suggested as another option to consider.

- Productivity factor changed from 525 to 520. Vice Chancellor El Fattal stated the standard productivity factor goal for a 16-week calendar is 565. The simulation was changed from 520 to 425 for all colleges and still resulted in a small change. Again, the scenario changed to reflect Moorpark College at 560, Oxnard College at 530, and Ventura College at 430.

Dr. Clark stated that 525 is the productivity benchmark. Some classes are capped at a lower number, while some CTE programs and labs are even lower. There are some larger lectures like anthropology. There was a discussion about productivity levels at each college and incentives related to such.

Great Shakeout – 10:19 to 10:35 a.m.

Dr. Hall asked how the district computes productivity. For example, is a class with 70 students being measured at a productivity factor of 1,050 or is it being reported as less because it's including the cost of additional amount of faculty member? Vice Chancellor El Fattal said faculty costs are not included in the District's productivity factor formula. Dr. Hall asked for confirmation as he recently received a call from a faculty member who indicated the numbers are being calculated inaccurately at Ventura College. Dr. Hall will inquire with the faculty member for further details. Vice Chancellor El Fattal will bring the productivity formula calculation to the next meeting.

Vice Chancellor El Fattal reminded DCAS members that current focus has been on manipulation of the District's current model; other models can be evaluated as well. Dr. El Fattal will bring other districts' models (multi-college, similar sized) to the next meeting with summaries of those models. Dr. Hall explained how the model creations were handled in prior years. For example, a list of assumptions for the district was created. For example, a fourth college may be planned. The assumptions were debated first. Dr. Hall cautioned the group that the previous models created competitiveness amongst the colleges. Dr. Hall indicated he would like to see a model that incentivizes growth.

Dr. Hall questioned why the model is being reviewed so intensely now. Vice Chancellor El Fattal explained it is the committee's task to review the model annually. Moorpark College feels they are being shortchanged by the current model. Ms. Brown explained the impetus for discussion was the fact that since the District purchased a building to house the DAC, the allocation percentage for DAC should be evaluated. Vice Chancellor El Fattal confirmed the DAC's allocation percentage was put off from last year until this year. The DAC percentage is a relatively small number compared to the other elements of the model. Vice Chancellor El Fattal will bring forward an updated expense sheet for Daily Drive at the next meeting.

Dr. Bush explained that other models differ greatly in their mechanics. For example, salaries and benefits are paid centrally and colleges are given discretionary budgets. Ms. Brown asked whether we have simulated a model solely based on FTES by college.

New Allocation Model Simulation:

- Reduce revenue by \$600,000 (assuming Ventura College moves to small-sized college). Moorpark suffers the greatest. Dr. Bush indicated Moorpark College is the largest college, generated the most FTES, gets the most money through allocation, but has the smallest amount per FTES number.

Dr. Eberhardy stated DCAS must decide what is equitable. If the group is looking solely at money, no one will ever be happy. Dr. Sokenu explained that Moorpark College could greatly increase FTES by marketing to students into Los Angeles County, but additional resources would be needed to make that happen. Dr. Bush stated that he feels the District should focus resources within Ventura County. He stated that there are many areas of the county that are underserved. Dr. Hall presented his philosophy differently; all colleges should and can grow. He stated the attitude needs to change. We can grow; there is unlimited growth dollars available.

Ms. Barajas inquired about retiree benefits and whether we can hire another insurance broker. There are savings available through another broker that could save the District. Dr. Hall explained an RFP is being developed and will be issued soon. He indicated that CalPERS provided an estimate and there were no significant savings and the plans were not similar enough to the current benefits. Ms. Bojorquez, who also attended the health committee meetings, did not recall that cost or plan make-up was the issue with CalPERS health plans. She recalled the concern with using CalPERS health plans was the degree of control. Dr. Hall invited Dr. Bush to attend the Health Benefits Committee meetings.

OTHER BUSINESS

Ms. Brown stated Dr. El Fattal indicated that approximately \$2-3 million from the proceeds of the Camarillo Airport property sale will be used for Oxnard College/Fire department structure. Ms. Brown requested clarification on this recent development. Vice Chancellor El Fattal explained the District sold existing Oxnard College structures (storage facilities, hose storage, etc.) as part of the sale of the Camarillo Airport property. Vice Chancellor El Fattal further indicated those facilities will need to be replicated. He indicated that the estimated cost is between \$1.3 and \$1.7 million.

Meeting adjourned at 12:04 p.m.

Complete list of ideas for consideration when reviewing Allocation Model (as of October 19, 2017):

- A college is growing, but the others colleges are benefiting from growth, but the expense of growth is on the growing college.
- A college is shrinking, but are they bearing the cost of shrinking?
- How much should be taken off the top for base allocation? Currently 15%. Is that the correct number?
- DAC rents - elimination of payment at Stanley Avenue and lease revenue at Daily Drive
- Ventura College potentially moving to small sized college; impact of \$600,000.
- How does the level of service continue in non-instructional areas? 50% Law awareness
- Generating more revenue – how do we account for that new revenue?
- What is the individual college incentive for Growth?
- Balance ongoing expenditures with ongoing revenue
- Moorpark College's priority item is equity in per FTES funding
- If changes are made, don't over-emphasize productivity. Where productivity is given a greater emphasis than growth. Example, a college doesn't have an incentive to pull back on offerings because they're saving money, but they are declining in FTES. Therefore, the District is declining in FTES and losing revenue.
- HRL/HR2 off the top (Districtwide services) as opposed to self-taxing via payroll
- Alternatives to the base allocation (For example, 9% instead of 15%, thus each college gets 3%.)
- Productivity Factor removal and/or manipulation
- Moorpark College perceives that in the last budget downturn whilst it implemented the cuts demanded with considerable cost, other colleges were able to delay and minimize the strictness of the cuts. (Specifically, in 2011 Moorpark discontinued 9 programs: CIS, CS, Interior Design, EMT, Sign Language, Work Experience, and three Athletic teams. In 2012, Moorpark cut an additional three programs: Education, Drafting Technology, and Nutritional Science. Over these two years Moorpark laid off one full-time faculty member, had many part-time faculty not rehired for discontinued programs and reduced sections; laid off X number of classified staff; and had thousands of students not able to get into classes.)
- A concern not to over-react to fiscal events both within the district and at the state level. Too severe a reaction is as damaging for our students as too little reaction. At Moorpark, we have now restored almost all the programs we cut but it has taken up to eight years to rebuild what we had.
- The need to renegotiate the 6.98% rate of the DAC in light of changes in its expenses with the move to Daily Drive as well as other factors, as discussed but not completed for the FY18 Allocation Model.
- Cost of growing Santa Paula site/center