

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

District Council on Administrative Services (DCAS)

District Administrative Center, Thomas Lakin Boardroom

Thursday, July 19, 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
Jennifer Clark, Interim Budget Director
Jeanine Day, Classified Senate Representative, Ventura College
David El Fattal, Vice Chancellor, Business and Administrative Services
Nubia Lopez-Villegas, Human Resources Representative
Lydia Morales, Academic Senate President, Ventura College
Chris Renbarger, Classified Senate Representative, Oxnard College
Julius Sokenu, Vice President, Academic Affairs, Moorpark College
Doug Thiel, AFT Representative

Absent:

Diane Eberhardy, Academic Senate President, Oxnard College
Linda Resendiz, Classified Senate Representative, Moorpark College
Maria Urenda, SEIU Representative

Recorder: Laura Galvan

Vice Chancellor El Fattal called the meeting to order at 9:05 a.m.

APPROVAL OF MEETING NOTES

The meeting notes from May 31, 2018, were approved by consensus with a minor change to the list of attendees.

DCAS COMMITTEE SELF APPRAISAL SURVEY RESPONSES

Vice Chancellor El Fattal provided a brief overview of the Spring 2018 DCAS Self-Appraisal and committee members' responses. Ms. Brown indicated that she serves on most of the participatory governance committees and DCAS scored very high. A request was made to recognize the committee co-chairs as well as the meeting recorder for their work on this committee.

There was a discussion made about future agenda items, which should include the District's allocation model and irrevocable trust.

STUDENT CENTERED FUNDING FORMULA

Vice Chancellor El Fattal indicated that information was provided from the State Chancellor's office on Tuesday evening (July 17, 2018) at 4:20 p.m. He explained that he has only briefly reviewed the information that has been provided.

Vice Chancellor El Fattal inquired whether anyone had an opportunity to listen to the conference call that was held by the CCCCCO regarding the new funding formula allocation. Dr. Bush and Ms. Barajas had participated and each shared information. Dr. Bush explained that the Student Success Matrix is derived from the October MIS data. The data will change in October. Dr. Bush suggested that the District's MIS data be vetted each year prior to upload. Ms. Bojorquez also supported the idea of having the MIS data reviewed prior to submission. She explained that there have been instances where the college data is different than what has been uploaded to the State. Dr. Sokenu further added that all colleges should be doing the same thing and data submission must be consistent. He went on to explain that this effort needs District coordination. Ms. Barajas suggested that the institutional research staff review the data dictionary so all participants are counting similarly and accurately.

Vice Chancellor El Fattal explained the additional revenue provided through this new funding formula will not be finalized until after October, when FY18 MIS data becomes available. The State cautioned Districts to not count on the funds until they are received. However, districts are guaranteed the "hold harmless" amount; for VCCCD the amount is \$154 million. Vice Chancellor El Fattal explained that MIS data throughout the system is known for being inconsistent. He explained that as districts "clean up" their data, the funding amounts may change. He explained the State has been auditing FTES data for years, and now the MIS data will begin to be closely monitored.

There was a discussion regarding base allocation related to small/medium sized colleges. As presently understood, funding remains for small/medium sized colleges and the FTES per college still holds for the new formula.

Vice Chancellor El Fattal explained that Chancellor's Cabinet members had a healthy discussion at their recent retreat on July 18. He stated it would be irresponsible to budget money the District is not guaranteed to receive. Vice Chancellor El Fattal explained he asked the college presidents to solicit input from their respective campus communities as to what they may need in terms of one-time expenses. This year's additional revenue should be considered one-time and be used for extraordinary expenses. Vice Chancellor El Fattal stated all the colleges were fine at Tentative Budget. Dr. Bush explained that at Tentative Budget Oxnard College was deficit spending up to \$750,000 for fiscal year 2019. He explained that budget allocations have changed at some point each year since he's been at the District.

Vice Chancellor El Fattal explained that he has previously stated the District has an allocation model; all revenue should flow through the model. However, until more information is known (October or later), the District needs to proceed cautiously with expenditures related to any potential additional revenue.

Dr. Bush explained that he gets nervous when people begin discussing the expansion of departments and hiring more people at the District Administrative Center when there is an allocation model that should be used for the distribution of revenues. Also, there is an

impending increase to the District's contribution of PERS and STRS expenses. Dr. Bush explained that he anticipates Oxnard College will deficit spend approximately \$1.2 million next year, which is not sustainable. Ms. Bojorquez explained that Ventura College was deficit spending approximately \$1 million for the FY19 Tentative Budget.

Ms. Barajas stated that the only guarantee is \$154 million, excluding the FTES shift. The FY19 Adoption Budget includes the FTES shift, which increases revenue over the \$154 million. Ms. Brown asked for clarification regarding the FTES shift. Vice Chancellor El Fattal explained that the District's 320 Report was submitted Monday, July 16. The District reported an additional 590 FTES, which were shifted into FY18. Vice Chancellor El Fattal explained the shift was done to increase baseline FTES and for potential positive ramifications to the future three-year FTES average.

Vice Chancellor El Fattal explained that his broad perspective is that we will work through this new funding formula as a committee. He explained the District does have an allocation model, but the model is solely based on FTES while the new formula has three separate buckets to be considered. He explained he is highly concerned that the system could experience changing formulas over the next two to three years. There is some concern that with a new Governor in California, new ideas and priorities will also come.

Dr. Bush asked for clarification on his understanding that the District would use the existing allocation model for any new revenue as a result of the funding formula changes. He further explained he understood once the formula specifics were known, everything would be revisited. Dr. Bush stated that he feels his previous understanding is no longer the District's intent. He stated that it appears the District is going to set aside the additional funds and the colleges will receive the allocation mid-year; allowing a large reserve. Dr. Bush stated that he doesn't see how we can use it to benefit students if it is not allocated.

Ms. Brown followed-up on Vice Chancellor El Fattal's statement about asking the college presidents for a list of one-time spending priorities. She explained that by asking Cabinet to review wish lists from DCAS and the campus community, authority is shifted from DCAS to Cabinet. Vice Chancellor El Fattal explained that this is a way to make sure the Chancellor is aware of priorities at the campuses. Dr. Sokenu inquired whether the priorities would come from program reviews.

Ms. Barajas explained there are additional expenses (STRS, PERS, HRL, health benefits) on the horizon and the colleges are not receiving additional revenues for those increases. Vice Chancellor El Fattal explained that the District has a unique opportunity to evaluate issues and ensure we are moving together in the right direction to improve the future. He explained the allocation model needs to be changed to align more closely with how the State allocates revenue. Vice Chancellor El Fattal further explained he is concerned about future changes that may be legislated based on a new governor and, particularly, some colleges and their legislators wanting to make immediate changes to the new formula. He added that he is not interested in holding money from the colleges or building reserves; there are multiple conversations that need to take place. The Board certainly has a high-level interest in how the funds will be strategically used moving forward.

Mr. Renbarger asked for clarification about the college allocations for Adoption Budget. What number should the colleges budget? The \$162 million that includes the shifted FTES or the hold harmless amount of \$154 million? Ms. Bojorquez stated that budgeting to the \$154 million is appropriate. She feels that, at a minimum, the amount that includes the shifted FTES is more appropriate. Dr. Bush explained that if the entire amount is allocated, the colleges could set aside money on campus for one-time expenses to help move the colleges going forward.

Mr. Thiel stated that AFT just settled a three-year contract for \$0 on the salary schedule. He explained that the additional revenue should be evaluated before being distributed. Vice Chancellor El Fattal stated salary compensation is one area that should be reviewed, with such an influx of new funds. As previously stated, Vice Chancellor El Fattal feels the District is faced with an opportunity to correct or improve multiple district-wide structural issues. Vice Chancellor El Fattal thanked Mr. Thiel for his thoughts.

Ms. Barajas stated the District should be familiar with the term *Total Computational Revenue* (TCR) as opposed to *Total General Apportionment*. The District should use terms similar to the State's terminology.

Ms. Brown asked for clarification of one-time funds as well as the difference between the \$11.7 million and the \$8 million figures being discussed. Ms. Barajas explained the difference between the two numbers is the comparison of FY19 Tentative Budget to the FY19 Adoption Budget. The State is comparing FY18 P-2 to the FY19 TCR. The District has already accounted for some of those additional funds at the Tentative Budget.

FY19 Tentative Budget revenue (TCR without shift) - \$154 million
FY19 Adoption Budget revenue (Student Centered Funding Formula without shift) - \$162.6 million

Dr. Clark explained the difference in revenue for Adoption is the shifted FTES.

Vice Chancellor El Fattal explained that "one-time money" is money that is not expected year after year. He stated that the additional revenue allocated with the new funding formula may or may not be classified as one-time. Dr. Bush suggested that if Cabinet has a desire to evaluate funds for priority projects, it be done in FY20. He added that the colleges should be given the additional funds for FY19 with the caveat it cannot be allocated on an ongoing basis.

FY19 ADOPTION BUDGET

Revenue

Dr. Clark reviewed the FY19 Revenue Projections (dated 7/19/2018) and explained the change in FTES. 26,660 is being used to budget, which includes the shifted FTES. Further, another change is that the faculty full-time hiring revenue is \$0. (That line will be deleted for the final FY19 Adoption Budget Revenue). Dr. Clark indicated it was an error in the Tentative Budget. Full-time faculty hiring funds are given to VCCCD, but it is included in the TCR amount; it is not additional revenue. It is similar to the EPA funds. Dr. Clark stated that the local revenue is on the second-half of the schedule. She indicated the figures may change slightly due to non-resident tuition numbers.

Ms. Bojorquez explained that the 2017-18 Actuals column have not been finalized because year-end activities are ongoing and the books are not closed. There may be slight changes once

figures are finalized, but these are expected to be minor. Dr. Clark explained that the Adoption Budget is being built conservatively and the largest difference from the Tentative Budget is the FTES. This is a hold-harmless model. The hold harmless amount for FY18 at this time is a bit lower than what it will become once the shifted FTES are included. The hold harmless base will change because of the shift in FTES, which will be reflected at P1 in February. The FY19 Adoption Budget number is \$164 million, which includes TCR and local revenues (e.g., miscellaneous, lottery, non-resident students).

Ms. Brown inquired about Oxnard College's shortfall. Is the shortfall based on the \$164 million or Tentative? Dr. Bush explained that his comment regarding deficit spending is based on the allocation amount provided at Tentative Budget. \$159.8 million was budgeted for the Tentative Budget.

Utilities

Dr. Clark explained that the utility figures have tightened up due to recently updated numbers for actual expenses. Therefore, the utility budget has been reduced by approximately \$150,000.

Mr. Thiel inquired how the District's upcoming solar project may affect the utility figures. Vice Chancellor El Fattal explained that the solar project is still anticipated, but any benefits will not be realized for approximately 1½ years. Mr. Thiel asked whether there are state rebates available for solar projects. Vice Chancellor El Fattal indicated there are energy incentives through Prop 39 for LED lighting, and other sustainability efforts, but it is not enough for a solar system installation. He indicated that the Edison rates have been grandfathered for VCCCD through three interconnection agreements, one for each college. He stated the District will benefit greatly by these grandfathered rates.

Districtwide Services

Dr. Clark explained there has not been too much change to Districtwide Services since the Tentative Budget. She stated the SEIU release time and personnel commissioner figures have been finalized. She indicated the property and liability insurance premium number has been reduced as have the health benefit consultant fees. The overall Districtwide Services budget has been reduced by approximately \$30,000 from the Tentative Budget. The difference between the budgeted amount and actual amount flows into the Infrastructure Funding Model.

Budget Allocation

Dr. Clark explained that the total allocation for FY19 Adoption budget will be \$164,093,164. This is the amount the District is guaranteed for the next three years and this allocation includes the FTES shift as well as the 2.71 COLA amount. The revenue available for distribution is \$140,941,092 after DAC, utilities and Districtwide Services.

FY19 Adoption Budget allocations are:

- Moorpark - \$58,619,575
- Oxnard – \$31,237,904
- Ventura – \$51,083,613
- DAC – \$11,453,703

Ms. Barajas stated that the additional revenue is part of the Student Centered Funding Formula. It can be used to pay for increases in STRS and PERS.

Ms. Brown suggested, for future, to see the supplemental and the student success funding by college.

OTHER BUSINESS

Future agenda items:

- District Reserves
- Allocation Model

The next DCAS meeting has been rescheduled from the August 16 to the August 23. It will be held at the District Administrative Center.

Meeting adjourned 10:20 a.m.