VENTURA COUNTY
COMMUNITY COLLEGE DISTRICT

District Council of Administrative Services
(DCAS)

October 18, 2018 – 9:00 a.m.
District Administrative Center, Thomas Lakin Board Room

AGENDA

- Approval of Meeting Notes – September 20, 2018
- Student Centered Funding Formula MIS Data/Process
- Full-time Faculty Obligation Number (FON) Historical Analysis
- Actuarial Study Update
- Irrevocable Trust Workgroup (update)
- FTES Shift Financial Analysis
- Fund 693 – Retiree Health Benefits (quarterly review)
- Infrastructure Funding Model (discussion)

- Other Business

Next meeting(s), 9:00 a.m., November 15, 2018

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

District Council on Administrative Services (DCAS)

District Administrative Center, Thomas Lakin Boardroom
Thursday, September 20, 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
Emily Day, Director, Fiscal Services
Jeanine Day, Classified Senate Representative, Ventura College (via Skype)
Gilbert Downs, Classified Senate Representative, Moorpark College
Diane Eberhardy, Academic Senate President, Oxnard College
David El Fattal, Vice Chancellor, Business and Administrative Services
Mark Frohnauer, AFT Representative
Nubia Lopez-Villegas, Human Resources Representative (via Skype)
Lydia Morales, Academic Senate President, Ventura College
Chris Renbarger, Classified Senate Representative, Oxnard College
Julius Sokenu, Vice President, Academic Affairs, Moorpark College (via Skype)
Maria Urenda, SEIU Representative

Absent:
Jennifer Clark, Budget Director

Recorder: Laura Galvan

Vice Chancellor El Fattal called the meeting to order at 9:08 a.m.

APPROVAL OF MEETING NOTES
The meeting notes from August 23, 2018, were approved by consensus.

DCAS COMMITTEE CHARGE/MEMBERSHIP
The committee charge and membership was reviewed by DCAS members. There were no suggested changes. There was a brief discussion about student representatives. Ms. Galvan will reach out to each college's Student Activities Directors regarding student representatives.

DCAS FACULTY CO-CHAIR ELECTION
Dr. Eberhardy was nominated and elected DCAS Faculty Co-Chair for FY2018-19.

IRREVOCABLE TRUST WORKGROUP (UPDATE)

Dr. Bush briefed DCAS members on the Irrevocable Trust Workgroup's first meeting, which was held Friday, September 14. He explained the workgroup would like to review the new, draft actuarial study. Vice Chancellor El Fattal stated that he spoke with the actuary yesterday (September 19) and more information will be submitted to the actuary for further analysis. Dr. Bush asked for the reason why the actuary is using claims and estimated claim numbers as opposed to actual rates. Dr. Bush also inquired about the pooled claims over $250,000 and whether there is reinsurance on those claims. Vice Chancellor El Fattal asked that any additional questions from the Irrevocable Trust Workgroup be sent to him via email for forwarding to the actuary. Mr. Frohnauer asked for clarification on the actuarial study and historical information.

FON

Vice Chancellor El Fattal explained that the District's Full-Time Faculty Obligation Number (FON) for Fall 2017 was 33 over the obligation. Further, the preliminary numbers from the State indicate the District's obligation will be 416 for Fall 2018; the projection for Fall 2019 is 437. Vice Chancellor El Fattal indicated that the obligation number for Fall 2018 does not include the shifted FTES, which will affect the final obligation number. The calculation of the State's obligation number does not consider local needs, desires or interests. If a district falls below the obligation number, it will be penalized by approximately $77,000 (statewide average cost of full-time faculty). A preliminary analysis indicates the District will continue to meet or exceed its obligation number for this year (Fall 2018). There was a discussion about the percentage of full-time faculty vs. part-time faculty in the District. Ms. Brown stated that by reading the State's memo, she learned that the District receives money specifically for hiring full-time faculty. Vice Chancellor El Fattal stated that the money identified by the State for full-time faculty hiring is included in the District's Budget Allocation Model. Ms. Barajas restated her understanding of last year's FON submission. Additionally, she asked whether the District has a plan for addressing the 75% goal for full-time faculty. Vice Chancellor El Fattal explained that the District, like all districts, is obliged to strive toward meeting that percentage as a goal. However, it will be difficult to reach that number based on our grandfathered percentage, institutional history and balance between full-time and part-time faculty. Ms. Barajas asked for a historical analysis of FON as well as the District's reported number and the history of the full-time percentage figure, etc. This item will return to a future DCAS meeting. There was a discussion about whether or not the shift of FTES affects the obligation. The current full-time faculty obligation number of 416 may increase slightly due to the shift of FTES from FY19 (summer 2018) into FY18.

STUDENT CENTER FUNDED FORMULA

Vice Chancellor El Fattal explained that the two components/metrics of the new funding formula not currently available are wage gain and transfer rates. It is expected that the data will be provided by the state in January 2019. He stated that districts are hopeful that data can be viewed on a local (district/college) level and it can be replicated. Vice Chancellor El Fattal stated that in January, the 17-18 data will be available so districts can conduct trends and analyses. Further, the State is supposed to create a file where districts can access individual district data. Vice Chancellor El Fattal explained that the Institutional Research Advisory Committee (IRAC) set a goal of submitting consistent data from college to college. He stated that IRAC indicated the data is being reported by the colleges similarly and accurately. A taskforce group of IRAC recommended that Administrators should review the data prior to submission to the State. The group felt that at a minimum, the numbers to be reported should be approved by campus and district executive level administration.

Vice Chancellor El Fattal indicated that he recently met with John Cooney regarding the District's data and elements in the new funding formula. There was a discussion about a potential mismatch of courses, which may be related to TOP codes. Dr. Sokenu explained that this issue has been discussed in various forums and believes there is a misconception. Ms. Brown suggested that DTRW-I review this for compliance.

There was a discussion about COLA and how it relates to the three-year hold harmless clause contained in the funding formula. Vice Chancellor El Fattal stated that at the end of the three year-hold harmless period, the value of COLA received could in effect be reduced from districts' allocations. He further explained that FTES remains a large driver for the new funding formula. He reminded the group that the Chancellor is interested in hiring a consultant to help the District through the process of deciphering the funding formula and related elements. Vice Chancellor El Fattal stated that it is his interest and goal to conduct and re-establish multi-year projections. For example, in one scenario, the District would assume that the FTES, outcomes and equity data would remain the same going forward. A second scenario might show what funding would look like if the District grows 0.5% in each metric. Another scenario might include a decrease of 0.5% in each metric.   These would be districtwide scenarios. In conjunction, individual college projections based on the scenarios would also need to be developed to discover how each entity might be impacted. Vice Chancellor El Fattal indicated that more informed discussions can begin in January, once the State releases the actual data.

Vice Chancellor El Fattal indicated that the Budget Allocation Model was discussed at DOC last week.   He stated that DOC's consensus was that it is unrealistic to move forward with a new model when so much is unknown about the funding formula, specifically data. Vice Chancellor El Fattal indicated that the CCCCO has stated specific numbers will be known in October/November, but the actual data will not be released to the field until January. The District should have a dollar value in October/November, but the actual numbers for transfer and wage gain will not be known until January. Ms. Bojorquez suggested that if the District has some of the numbers, DCAS can begin discussions even with limited data. She expressed a desire to begin having these conversations with her colleagues.   Ms. Brown stated that this is a culture shift and information would be helpful sooner rather than later. Vice Chancellor El Fattal asked whether or not the use of a consultant would be helpful to assist DCAS in the process of evaluating the allocation model and discussing the SCFF. Ms. Brown stated that everyone will want the use of a consultant and suggested that DCAS conduct the evaluation ourselves without the use of a consultant. Vice Chancellor El Fattal hypothesized that a consultant may be able to provide us with preliminary insight for aligning our allocation model to the SCFF and also as to our best opportunities for increasing revenue based on our specific results and multi-year data trends. There was a general discussion revolving around whether districtwide research staff, DCAS and other stakeholders should work through matters related to SCFF or whether a consultant would be beneficial, at the initial stages of this work. Vice Chancellor El Fattal stated that he has used consultants on occasion but does not always advocate for using a consultant on projects.

Regarding the FY19 Adoption Budget, Vice Chancellor El Fattal explained that $4.6M was not included in the budget. He reminded DCAS members that during the FY19 budget development process, it was agreed that COLA would be included in the Adoption Budget, but any potential additional funding would be handled some time during the FY19 fiscal year. There were comments and questions about the exact dollar figure of unbudgeted money; some mentioned it is $7.6 million rather than $4.6 million. Vice Chancellor El Fattal explained that $3 million for the shifted FTES is budgeted, which is shown in the total FTES number. He explained an outstanding issue is the revenue generated by the FTES shift, which was received for FY18. The State's estimate of additional revenue was $11.8 million, which included approximately $4 million in COLA. Vice Chancellor El Fattal indicated that final, exact revenue numbers will not be known until January/February 2019 (final recalc). Vice Chancellor El Fattal stated that he does believe the additional revenues will be budgeted. Dr. Bush asked for clarification. Vice Chancellor El Fattal indicated that Dr. Gillespie has expressed a desire to treat the funds as one-time. He stated the funds will be budgeted, but he does not have a firm timeline. Dr. Bush asked for confirmation that it will be budgeted in FY19 and it will flow through the current allocation model. Vice Chancellor El Fattal stated the funds will be budgeted in FY19 and will be allocated through the current allocation model. He further explained that this year is an opportunity to look at issues across the district and at this time the funds are being considered as one-time in nature. The allocation model will be used as an allocation mechanism. Ms. Brown asked for clarification regarding previous statements made by Vice Chancellor El Fattal regarding salary increases, etc. Vice Chancellor El Fattal restated previous comments about the District having a rare opportunity to be able to capitalize on such an influx of money and deal with various structural deficits. He is also highly concerned that any one-time money could be eliminated after the three-year hold harmless period. If that happens, especially if many districts are negatively impacted, he feels that legislative action would probably take place to deal with that issue. Dr. Bush explained that some of the funds could be used on said salary increases, etc. Ms. Barajas asked for clarifications on the structural deficits previously mentioned and whether or not they agree. Speaking broadly, Vice Chancellor El Fattal indicated that wage issues are in the forefront. Ms. Brown said that the PRT team is scheduled to evaluate three areas and the DAC salaries. Vice Chancellor El Fattal said that he has heard Chancellor Gillespie mention districtwide salaries; he does not have a list of other structural deficits. Dr. Bush inquired about the funds from the FTES shift from the prior year. There was a discussion about the previous shift and how the revenue from shifted FTES was handled. The details will be brought back to a future DOC meeting.

BUDGET ALLOCATION MODEL

Vice Chancellor El Fattal suggested that a list of priorities and guidelines related to the Budget Allocation Model be brought back to the next DCAS meeting. Dr. Bush expressed his concerns about revamping the budget allocation model for the subsequent budget year; it will be difficult enough to have it done for 2020-21. However, the District still needs to develop a budget each year. Ms. Brown stated that last year's exercise proved that an allocation model cannot be built from scratch; DCAS should start with what is already in place. She suggested a calendar or timeline to consider alterations. Discussions can begin and some pieces can be implemented. Vice Chancellor El Fattal indicated he will draft a calendar to discuss with DOC; this will be brought back to next DCAS meeting. Ms. Brown suggested tackling each piece of the model at separate DCAS meetings. Ms. Barajas stated there is a new way of receiving money from the State; however, this has not affected how this year's money has been allocated? She stated that during the entire last year DCAS addressed the current model's attributes (equity, small/medium sized college, etc.) and nothing changed. Vice Chancellor El Fattal suggested the possible development of a long term calendar for allocation model implementation in three years, for example. Dr. Bush explained that understanding the model and changing our behaviors should be clearly understood in order to maximize revenue from the state. How can the District earn as much revenue as possible from the state?

Ms. Brown suggested DCAS start with what's coming in and what's going out on page 42 of the FY19 Adoption Budget book. There is final deadline of February 2019 in order to begin development of the FY20 Tentative Budget.

There was a discussion whether to invite the college researchers (IRAC) to the October DCAS meeting. They may be able to help with the elements contained in the funding formula and how they relate to the District's data.

INFRASTRUCTURE FUNDING MODEL

This will be discussed at a future DCAS meeting.

OTHER BUSINESS

There was no other business.

Next meeting is October 18, 2018, 9:00 a.m.

- IRAC to attend DCAS meeting
- FON analysis – 10 years
- Analysis of two years' shift money
- Infrastructure Funding Model (review)
- Irrevocable Trust Workgroup update
- District Reserves
- Fund 693 – Retiree Health Benefits

Meeting adjourned at 11:08 a.m.

VCCCD FON
2009-2019

Year	State compliance	VCCCD reported	FTEF over/(under)	FT Faculty %
2009	397	418	21	55.9%
2010	397	409	12	56.8%
2011	388	400	12	58.0%
2012	378	391	13	58.7%
2013	364	386	22	58.6%
2014	369	391	22	57.4%
2015	392	402	10	55.8%
2016	412	431	19	59.8%
2017	407	440	33	59.2%
2018	417	428	11	58.3%

Ventura County Community College District

Shift of Summer 2016 FTES to FY 15-16 from FY 16-17

FY16 Operational FTES:	25,782	
Shifted FTES:	685	
FY17 Adoption Budget FTES:	26,468	
FY16 fiscal impact:	$1.9 MM	Increased unallocated fund balance.
FY17 fiscal impact:	$1.9 MM	FY17 adoption budget in fund 111 with subsequent transfer to 113

From the Budget Narrative: In FY16, the District did not fully achieve their FTES goal, however State regulations give districts the ability to shift qualifying class sections between fiscal years. This practice enables districts to manage enrollment fluctuations, while minimizing the impact on operations. As the District anticipates constrained funded growth in future years, the Board approved the shift of 685 FTES from FY17 to FY16. As a result, the colleges received an additional $1.9 million in operating allocation for FY17. Since this revenue was from shifted FTES for growth, which may or may not materialize in FY 17, the colleges did not allocate the funds to operations but set the funds aside in Fund 113. The FY17 budget (and resulting class offerings) has been developed assuming 26,468 FTES.

Shift of Summer 2018 FTES to FY 17-18 from FY 18-19

FY18 Operational FTES:	26,079	
Shifted FTES:	590	
FY19 Adoption Budget FTES:	26,660	
FY18 fiscal impact:	$3 MM	Increased unallocated fund balance.
FY19 fiscal impact:	$3 MM	FY19 adoption budget in fund 111

Reconciliation between

FY 19 Total Computational Revenue (TCR)

FY19 TCR at Advance:	$162,610,566
FY19 TCR in Adoption Budget:	$157,962,401
Difference:	$4,648,165

References:

CCCCO's Exhibit R August 2018

VCCCD Budget Book Revenue Projection Page 42

FY19 Fund 693 - Retiree Health Benefits
July 2018 through September 2018

Title	Budget	YTD (9/30/17)	Estimated Add'l Rev/Exp	Estimated YE	Budget to Estimated (Short)/Avail
In-District Contributions	-16,849,333.00	-3,422,705.81	-12,654,720.00	-16,077,425.81	(771,907.19)
Faculty Retiree Benefits	7,992,331.77	2,024,024.15	6,122,295.00	8,146,319.15	(153,987.38)
Manager Retiree Benefits	1,493,724.62	371,229.07	1,101,330.00	1,472,559.07	21,165.55
Supervisor Retiree Benefits	713,226.32	173,219.08	524,178.00	697,397.08	15,829.24
Confidential Retiree Benefits	393,956.64	97,423.74	292,275.00	389,698.74	4,257.90
Classified (SEIU) Retiree Benefits	5,091,253.03	1,262,546.98	3,670,488.00	4,933,034.98	158,218.05
Other Payments	0.00	0		0.00	0.00
Total Expenditures	15,684,492.38	3,928,443.02	11,710,566.00	15,639,009.02	45,483.36
			Excess projected (contributions)/expense	(438,416.79)	

Note:

Expenditures adjustment assumes cost for next 9 months same as September.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

INFRASTRUCTURE FUNDING MODEL

Fiscal Year 2018-19

I. Introduction

The Infrastructure Funding Model (Infrastructure Model) represents the methodology for distribution of certain variable revenues such as interest income and miscellaneous revenue to address the infrastructure needs at the colleges. These needs include scheduled maintenance, furniture and equipment, library materials and databases, technology refresh, as well as other identifiable infrastructure needs. Although the Infrastructure Model may not fully address all identified funding needs, its intent is to provide each college a dedicated, ongoing (although variable) source of funds to mitigate operating concerns and maintain quality facilities and equipment in order to provide excellent instructional programs.

The funds allocated to the Infrastructure Model are budgeted and accounted for in a separate Infrastructure Fund (113) from the Unrestricted General Fund (111). The colleges determine the budgeting of these funds within the allocation categories in accordance with their specific budget development processes and priorities. These budgets are presented to the Board for approval as part of the overall budget development process.

Annually, the Infrastructure Model is reviewed by the District Council of Administrative Services (DCAS) and Cabinet. Modifications and/or revisions to the Infrastructure Model may be recommended for Board consideration as deemed appropriate for the maintenance of the model's equity and integrity.

II. Model

The following describes the elements of the Infrastructure Model:

A. Revenue Categories

These revenue categories are included as a result of their relative instability to other funding sources and in recognition that a number of districts across the state do not include these resources as a part of their Unrestricted General Fund budget allocation model, but instead allocate them for specific purposes. These revenues will be recorded in the Unrestricted General Fund (Fund 111) with the equivalent amount being transferred out at year end. The Infrastructure Model includes the following specific revenue categories:

- Enrollment fee local revenue
- Interest income

- Any unbudgeted Unrestricted General Fund revenue except growth and COLA
- Any net savings between budget and actual expenses from the District Wide Services and Utilities allocations

B. Expenditure Categories

The Infrastructure Model includes specific expenditure categories that are necessary and fundamental to the maintenance of a quality educational institution. The expenditure categories are:

- Scheduled Maintenance and Capital Furniture (including classroom, faculty and administration)
- Library Materials and Databases
- Instructional and Non-instructional Equipment
- Technology Refresh and Replacement (hardware and software)
- Other - to be restricted to one-time and not on-going expenditures, such as new program/process start-up costs, staff innovation, and program specific accreditation (e.g., nursing, dental hygiene, child development)

C. Allocation Basis and Rates

Basis for Allocation of Resources to Identified Categories

Category	Allocation Basis
Scheduled Maintenance and Capital Furniture	Assignable Square Footage
Library Materials and Databases	FTES
Instructional and Non-instructional Equipment	FTES
Technology Refresh and Replacement	Number of Computers
Other	Equal shares (1/3, 1/3, 1/3)

Funding Rate for Each Category

Category	Funding Rate
Scheduled Maintenance and Capital Furniture	$1.60/square foot
Library Materials and Databases	$10.00/FTES
Instructional and Non-instructional Equipment	$30.00/FTES
Technology Refresh and Replacement	$150.00/computer
Other	$150,000/college

During years when the total dollar allocation to the Infrastructure Fund is insufficient to fully fund the Infrastructure Model, based on the then approved funding rates, the funding rates for all categories will be adjusted downward by a coefficient equal to the total of the funds available divided by the calculated full funding amount. For example, if the calculated full funding amount, based upon funding rates and allocation bases is $4 million and the available funds based upon the allocation parameter is only $3 million, then the funding rate for all categories will be computed at 75% (3 million/4 million) of their then approved rate.

The funding rates are determined based on recent experience/estimate of need, previous funding levels used by state, etc. As part of DCAS's annual review of the Infrastructure Model, the allocation bases and funding rates are assessed for appropriateness.

D. Carry-over

The Infrastructure Model recognizes that while infrastructure needs are ongoing, the frequency and amount of expenditures fluctuates. Therefore, colleges are allowed to carry over all unspent balances in these accounts from year to year in order to meet the fluctuating needs.

III. Background

The Infrastructure Model became effective with the adoption of the 2012-2013 fiscal year budget. Prior to that time, the District distributed nearly all its unrestricted general fund resources through a single funding allocation model. Those resources included state apportionment (enrollment fees, property taxes and state appropriation), non-resident tuition and fees, lottery revenue, interest income, and miscellaneous other fees and revenues. Noticeably, neither the State allocation model nor the then current district budget allocation model considered funding based on, or for, college infrastructure (e.g. size of the campus (number of buildings), age of the buildings, number and age of equipment, etc.).

For several years prior to the implementation of the Infrastructure Model, the State had reduced or eliminated funding for Instructional Equipment/Library Materials (IELM), Telecommunications and Technology Infrastructure Program (TTIP), and scheduled maintenance. Faced with its own funding constraints, the District had eliminated the majority of Unrestricted General Fund (Fund 111) support for library books and materials, instructional materials and equipment (IELM), scheduled maintenance, and technology equipment refresh and replacement and relied primarily on restricted (categorical) funding provided by the State for those purposes as well as college carryover of general funds unspent from the prior year. The District's past practice of including variable, and sometimes volatile, funds in its Unrestricted General Fund Budget Allocation Model had further destabilized funding. Additionally, in 2010, the colleges received Accreditation Recommendations from the ACCJC for giving insufficient attention to the "total cost of ownership" in their operating budgets as it related to their facilities and infrastructure.

Over approximately a two-year period, the District Council of Administrative Services (DCAS) diligently studied and discussed the matter extensively. The Infrastructure Model was developed in an effort to provide ongoing funding for each college's infrastructure needs, take direct corrective action to remedy the Accreditation Recommendations from the ACCJC on "total cost of ownership", and further stabilize the District's Unrestricted General Fund Budget Allocation Model, used primarily for instruction, some student services, and general operations. Great care was exercised in developing the Infrastructure Model to ensure the colleges' General Fund operating budgets would be buffered from any long-term impact and that the instructional and student service needs of the District would be preserved and adequately funded to meet the needs of the students.

To minimize the impact of reallocating resources from the Unrestricted General Fund Budget Allocation Model on the colleges' budgets, the implementation of the Infrastructure Model was phased in over several years. The transition process reallocated the funding as follows:

- Year 1 (FY2012-13)
  - Any net increase in General Fund Unrestricted lottery, interest, or enrollment fee local share revenue above budgeted for FY12
  - Any unbudgeted Unrestricted General Fund revenue (with the exception f growth and COLA) received in FY12, such as mandated cost reimbursement for collective bargaining
  - Any net savings between budget and actual expenses from District Wide Services and Utilities for FY12

- Year 2 (FY2013-14)
  - Those items included in Year 1 (2012-13) reallocation, and
  - Enrollment fee local revenue
  - Interest income over two years (50%)

- Year 3 (FY2014-15)
  - Those items included in Year 2 (2013-14) reallocation, and
  - Reallocate remaining 50% of interest income
  - Lottery income over five years (20%)
  - If growth funding is received, reallocate an additional 25% of lottery income balance

- Years 4-and beyond
  - Those items included in the prior year, and
  - Reallocate an additional 20% of lottery income each year until fully allocated
  - If growth funding is received, reallocate an additional 25% of lottery income balance

Additionally, in the first two years of implementation, the colleges were not required to spend their allocation in accordance with the specific categories which generated the allocations, but were restricted to use these funds for only expenses associated with allocation categories in total. For example, for the first two years, a college may have elected to fully expend its entire annual allocation for scheduled maintenance even though the allocation was derived from all infrastructure funding categories.

IV. Updates

In 2015-16, a review of the components of the Infrastructure Funding Model resulted in a change in the treatment of unrestricted lottery revenue. Beginning with the 2016-17 fiscal year, unrestricted lottery was removed from the Infrastructure Funding Model and included in the Districtwide Resource Budget Allocation Model for the distribution of General Fund unrestricted revenues.

In 2016-17, DCAS discussed how to incorporate the DAC within the Infrastructure Model now that the district had closed escrow on a property in Camarillo at Daily Drive for the DAC relocation. When these discussions occurred it was too early to have accurate figures for the District expenses that would occur as a result of the DAC relocation alongside the extra revenue that would be produced from existing tenant leases. For FY 18 the committee agreed to continue with past practice; DCAS will continue discussions toward a recommendation for the FY 19 budget.