

**Modesto Junior College
Resource Allocation Council
November 15, 2019**

Members	Representing	Present	Absent
Sarah Schrader , Interim Vice President of College & Administrative Services	Chair	√	
Jenni Abbott , Dean, Institutional Effectiveness	Dean, Institutional Effectiveness	√	
Kevin Alavezos , Professor, Office Administration	Academic Senate Appointee	√	
Florida Arias , Interim Vice President of Student Services	Vice President of Student Services		√
Patrick Bettencourt , Dean	Dean Rep	√	
Raymond Gonzales , Student	ASMJC Student Senate	√	
Maria Hernandez , Student	ASMJC Student Senate	√	
James Houpis , President	President		√
Cece Hudelson , Professor, Geography	Academic Senate Appointee	√	
Lisa Husman , Executive Secretary	Recorder	√	
Michael Leamy , Academic Senate Appointee	Academic Senate Appointee	√	
Donna Louie , YFA	YFA Rep	√	
Mike Morales , Professor, Ag & Environmental Science	YFA Rep	√	
Parul Parikh , Accounting Analyst	CSEA Appointee	√	
Elaine Schuber , Administrative Secretary	CSEA Appointee	√	
Nancy Sill , Dean	Dean Rep		√
Judy Wagner , Administrative Secretary	Classified Staff Advisory Council		√
Jennifer Zellet , Vice President of Instruction	Vice President of Instruction	√	

Vacant position
Academic Senate Appointee

Guests
Susan Yeager, Vice Chancellor of Fiscal Services
Nick Stavrianoudakis, Athletic Director

I. Call to Order

Sarah Schrader called the meeting to order at 10:03am. An agenda item was clarified. "Vice Chancellor of Fiscal Services" will be moved to an informational item from an action item on today's agenda.

Action Items

II. Review and Approval of Minutes – 11/01/2019

Action Item:

Motion: Jenni Abbott made a motion to approve the minutes.
Seconded by: Cece Hudelson
Abstained: Jennifer Zellet, Parul Parikh, Michael Leamy
Result: Motion passed

III. Vice Chancellor of Fiscal Services

Susan Yeager, Vice Chancellor of Fiscal Services, shared her appreciation for the invitation to Resource Allocation Council. She recognized the Council for submitting an organized list to District Fiscal Advisory Council (DFAC) in regards to the Resource Allocation Model (RAM). She relayed that she has been doing several budget presentations and has appreciated the interest and the presentations being well attended. She is glad to get the correct information out to the campus communities rather than having rumors start regarding our fiscal position. The following is a summary of her presentation:

- Susan stated that her first goal when starting with the District in March 2018 was a new RAM. The current RAM had served its purpose but was is no longer serving the institution. Once the new RAM is developed, it should be reviewed every 3 years and this will be part of the language of the RAM.
- Susan stated that DFAC is a way of making sure everyone has an opportunity to have input on the Resource Allocation Model and budget processes and practices. DFAC has been meeting twice a month and working hard on the RAM. She did state there are no students on the Council and invited the ASMJC representatives to appoint someone if they would like as a way for them to have input.
- Susan stated a Resource Allocation Model takes the revenue that comes into the college and allocates it out. Our District uses an expenditure model based on our revenue. We allocate an expenditure budget to each site. Our sites consist of Central Services, Columbia College and Modesto Junior College.
- We are all working collaboratively to serve our students. Our goal is always getting the resources out to the colleges to serve our students.
- The new RAM does not give us more money; it will help us with a way to allocate the dollars under the Student-Centered Funding Formula (SCFF). Our old model is fairly typical where District takes a portion of the budget off the top and the two colleges get a percentage. The current RAM percentages have become skewed over the years due to augmentations for salary increases, etc.
- Each college will defend their expected amount and the District needs enough to operate. She explained that salary increases may affect the District more as a lot of the salaries are higher which would throw off the budget percentage. Other things that impact the budget are insurance hikes, operational budgets, facilities costs.
- With this model being worked on right now, we developed some goals at the October DFAC meeting that promoted a student first culture and the model must be widely perceived to be fair by developing the RAM by consensus through constituent groups.

- The model will be based on the SCFF and the metrics. It has to be stable. Unfortunately, the state is not a reliable partner as things from them change often. We have to find a way to provide stability in our model and not change our formula every year even if the state does. We have to be able to accommodate good years and bad years and protect the integrity of the base funding. All of this should be tied to all of the master plans, be transparent and promote an environment to save, not spend it or lose it.
- We need to build in a timeline into our model and an agreed upon set of data. District will be hiring another researcher once the new Vice Chancellor comes on. This way we can all be working with the metrics that should be based on the same metrics as the SCFF since our goals are based on that.
- The potential model for calculating performance will show what each college actually earned. The theory we are operating under is “design thinking”. You have a broad range of people around the table, there is no rank at the table and everyone has ideas. With this you are listening to the people that actually do the work and put up the first prototype with these collaborative ideas. We are focusing on the goals of the model which asks how do we best serve the students and best funds the colleges so they can do the work they need to do.
- We have to keep in mind that Central Services is here as a service to the colleges. Without the colleges there would be no reason for Central Services to exist. Central Services supports the colleges and we have to remember that we must all share in the overhead. All of the reporting and compliance comes from Central Services.
- The question was asked, since we are working together, is \$3.6 million that we received/are receiving, is that one-time funding or are we receiving that as ongoing funding? Susan replied that we do not have that in our budget for ongoing funding. The \$3.6 million came from what we call deficit spending. Deficit spending can be the first step to insolvency but stated we are not going to let that happen. Just as a RAM does not give us more money, we cannot give out more than we are bringing in. This is what Susan would call an extraordinary situation. Under the SCFF as we understand it, we should be having several million dollars more but that was true for last year as well. We ended up with less and still do not know what our final allocation from the state will be for 18-19.
- Now in 19-20, she cannot tell us with any confidence how much more we will get. There is no way to predict with any accuracy what the State Chancellor’s Office is going to do. Everything they have done thus far, has nothing to do with the SCFF. We will get more info in February. The problem we will run into is we are competing with the larger districts for the money that is left. We are one of the larger of the 37 districts but we must be proactive and have plans in place if/when the funding formula changes again with things like the hold harmless agreement, etc. We must be prepared if there is an economic downturn.
- We are not discussing layoffs. When we are discussing lay offs, we will know

about it. There are other measures we can do first, we are simply not there and this discussion would be vastly premature.

- We do have a hiring freeze. We are asking people to be mindful of spending and travel. Susan is hopeful that we will get at least \$3.6 million from the state. Jennifer Zellet interjected to let Susan know that as our (the college) voice to the Board, if they inquire about travel, remind them that virtually all of our travel is restricted funds. These funds have an actual spending plan which include travel.
- Cece stated she hopes that DFAC will create parameters within the RAM. Susan agreed that was a great idea. We have the characters, behaviors, etc. but what are the outcomes? Susan stated she thought it was a great idea to have about a 15-minute conversation at each DFAC to talk about what would we do if we had to cut 5, 10 or 20% from our budget.
- Included in the discussion about the RAM is our fund balance and what we keep it for. We currently have a 10% required reserve which is part of the fund balance. The Board members would like to increase that to 12%. Susan is recommending another 5% on top of that which would give us 17% of fund balance if we move into difficult times. The purpose of the fund balance is to use it if the bottom falls out, we can use the fund balance to avoid extreme activities such as lay offs for as long as possible. The problem that we have is the percentage of salaries and benefits district-wide is 90% of our expenditures. MJC's salaries and benefits is about 98%. We have to work on getting the percentage down. There is no extra money to take on any new initiatives.
- Cece inquired as to how do we put more money into reserve when faculty is paid at median and below and the administrators are some of the highest paid in the state. She advised that salaries are an issue that would need to be taken up in negotiations. It has nothing to do with reserves. Susan stated we have to have a healthy reserve or we have no defenses when our budgets are cuts. If we did not have \$3.6 million, MJC couldn't have made their FTES, then we would bring in less money and we start a spiral affect. She reminded everyone that reserve is a one-time money. The \$3.6 million allocated to MJC is now gone.
- Cece also asked if we have set up the RAM to be more efficient. Susan advised that we are working on being more efficient at all sites. Each site is responsible for its budget. The Vice Chancellor of Fiscal Services does not micro manage the college budgets, that would not be inappropriate. The leadership from each respective college does that. That is why Susan is suggesting DFAC look at if we did have to do a 10% cut, what would that particular body do? The constituent groups need to talk and recommend to leadership groups.
- Jennifer interjected that growth models are the inverse of cutting models. The type of methodology and strategy cannot be increased straight across the board. Before a group like RAC could have a strategic conversation, DFAC

would have to show where we would strategically look at cuts. With this type of guidance, then we can have a strategic conversation.

- Susan stated we need to look at and leverage all funding sources. The RAM that we adopt should accommodate good and bad years. We need to be thinking, if we need to reduce, what would be the strategic way to reduce our budget and balance that with keeping the largest number of FTES as possible?
- Cece added that there has not been a body to bring these issues to. Susan assured the group that DFAC is ongoing and not just for the purpose of the RAM. Susan stated she shares as much information with DFAC that she can. She went on to say she tends to be more transparent than less.
- Cece stated another concern was that we make plans based on documents like the RAM and it is never followed and thrown out with the next leadership. Susan assured her this was a fully breathing and strategically documented piece of work that has gone through and has been adopted by the full governance process and will continue to be followed and updated as needed.
- Susan closed with the statement that the RAM document will be everywhere and should be followed. She will be giving it as much status and backing as she can and wants YCCD to be able to count on this new model.

Comments and questions after Susan's presentation:

Elaine inquired as to who oversees District reorganizations and Board raises. Sarah explained the reorganizations go through Human Resources and it is presented to the Board and shows whether there is an increase or decrease in salaries. She also advised that with the new Board Policy that passed in October, went through the entire governance process, will now give Board members a \$400 stipend per month. It also allows for the Board member to raise that monthly stipend amount. Board members receiving stipends is new to our District. This includes student Board members as well.

Parul inquired on the break-down of percentage that each site receives. Sarah advised we have the current RAM. But over time the percentages have shifted and the budgets get allocated with the shifts that arise. Sarah stated the new RAM may not even include specific percentages because of these shifts.

IV. DFAC Report out on RAM

The bullet points for the RAM developed by RAC were submitted to DFAC. RAC was the only Council that submitted feedback.

Sarah reviewed the additional comments regarding the RAM from the DFAC meeting.

1. Colleges should be allowed to manage the budget it is allocated rather than having restriction (i.e. benefits).
Past practice has been, if we have a vacant position, we can gain access to salary savings but not benefit savings unless given special permission to do so. This would be requesting access to all of the savings including salary and benefits.

Kevin inquired how much the salary savings has been historically over the last few years. Sarah advised she would be able to go back and pull the information.

2. Evaluation of revenues received to determine if there can be additional allocation that can be made to the colleges and central services initiatives (TCO's, OPEB, etc.).

When the budget is initially prepared, there are many different revenue line items. There has not been a process in the past to true up those revenue line items, i.e. interest. There needs to be a process in place to evaluate those revenues coming in. In the past it falls to the bottom line and it creates a savings at the end of the fiscal year and if there is enough it becomes a one-time amount that is kicked back the following year.

IELM was mentioned. Sarah explained that IELM comes in as one line item from the state. It has been coming in 50% physical plant/equipment and 50% IELM. From that 50%, MJC receives 85%. We need to have a process in place as to how much should be allocated.

A few years back there was a large one-time amount of funds that came in at the District level from the state. You have 2 years to spend IELM dollars. The intent was to package as IELM so the colleges can take longer to spend instead of the 2-year time line.

3. As our budget grows, the fund balance grows. The Board would like to see a 12% reserve. It needs to be determined if this is calculating on total expenditures or only on-going expenditures.

Susan wants an additional 5% for a total of 17%.

DFAC appreciated our notes and totally agree with the concept of a glossary. We agreed to the characteristics that were being read at the meeting. We need to ensure we have a consensus of goals and characteristics for the RAM at DFAC.

Mike advised that YFA thought the characteristics were too vague. Sarah advised that we need to have a connection between our funding and our FTES generation regardless of lab, lecture, online, etc. because we currently do not have that connection.

Kevin advised that a couple of questions arose at the Academic Senate meeting:

- They would like the word "sensible" defined that is used in bullet two under behavioral.
- Under bullet three, how do you encourage a culture of grant-seeking? And additional support is needed for grant writing.
- Bullet five, explain "desired student success outcomes with a particular focus on student equity" and is this based on the number of students or a percentage?

Sarah explained that under bullet three, we go out and get grants and the indirect costs associated with those grants stay 100% at the district office. This bullet is saying we need to be able to maintain that so we can have funding to be able to hire someone to help write grants or oversee them. If we had an indirect we could centralize the operation and pay for that with the indirect earned instead of through fund 11.

For bullet number 5, to make sure that part of our RAM is based off of student

success metrics and supplemental metrics. We are hoping this is based on the number of students we serve.

Sarah advised she would define sensible as making prudent decisions that create savings that come back to us and promoting efficiency.

Sarah advised there is some culture we need to work on to take the fear away of “we don’t spend it, you’ll lose it” or it will lessen your budget the following year.

Raymond requested clarification on a reorganization. Sarah explained what a reorganization is and provided an example.

Mike Morales requested Sarah provide the FTES target by instructor and how many students does it take to pay for a median salary for that discipline, lab verses lecture. Sarah will research with the Instruction Office and how we get paid per metric and bring it back to a future meeting. Mike requested the due date for the RAM. Sarah advised the due date is January 30, 2020 but could request a 6-month extension on it.

V. Check-Out

Vice Chancellor of Fiscal Services, Susan Yeager, covered the RAM, DFAC and addressed the allocation we received. The \$3.6 million is one-time money.

We discussed DFAC and received feed back from Academic Senate and comments from YFA. Will bring back a definition for “sensible”.

Will bring back information regarding dollars per metric to the next meeting.

Sarah also advised the Council to let her know any information or numbers they want to discuss and she will cover it in a future meeting.

Meeting adjourned at 12:01p.m.

Next meeting: December 6, 2019, 10:00am – 12:00pm, Morris Bldg., Conference Room A.