

District Planning Council
Friday, January 30, 2015 - 2:00-3:30
Bradshaw Bldg., HOF, Riverside City College
MINUTES



Committee Webpage: <http://www.rccd.edu/administration/educationalservices/ieffectiveness/Pages/StrategicPlanning.aspx>

Chair: Chancellor Michael Burke- not present (Dr. Reiner acted as Chair pro-tem)

Present: Ruth Adams; Tom Allen; Ree Amezcua; Martha Arellano; Melissa Bader; Aaron Brown; Peggy Campo; Amy Cardullo; Chris Carlson; Diane Dieckmeyer; Travis Gibbs; Rick Herman; Wolde-Ab Isaac; Ruth Leal; Sandra Mayo; Paul Parnell; Michael Reiner; Leslie Salas; Sylvia Thomas; John Tillquist, David Torres

Absent: Michael Burke; Ed Bush; April Galvan; Irv Hendrick; Richard Keeler; Susan Mills; Eric Muehlebach; Lee Nelson; Steinback, Robin

Guest: LaTonya Parker; Sal Soto

1. Committee Business

Minutes - Approval of minutes for December 12, 2014/**As Amended/MSD/Dieckmeyer/Tillquist (1 abstention)** Revision made to Dr. Parnell's Norco College Report under item #6.

2. Chancellor's Report – Re-visioning/Re-design of DSPC - M. Burke not present

- Tom Allen commented that RCC is in the process of refreshing their strategic plan and one of the essential components is to convey how the college plan is integrated with the District plan. Dr. Reiner reiterated that Dr. Burke's vision is to work with this committee on re-designing the District's Strategic Plan to ensure that the District will be in sync with the college plans.
- Dr. Mayo – MVC is in the process of working on their integrated strategic plan through 2018.
- Dr. Parnell – Norco has revised their strategic plan to take them through 2018.
- The suggestion was made that the District should align their plan with the college plans which Dr. Burke will address at the next meeting.

3. Information Items

- a. Inclusive Community, RCCD – C. Carlson for Dr. Burke – This Inclusive Community program, which the City of Riverside has embarked upon, is being brought forward to DSPC to see if the colleges and District would like to adopt something similar for our organization here at RCCD to show we also adhere to these principles of inclusiveness.
 - Norco felt that to accept these principles would just reinforce what they already have in place.
 - Chris suggested that the college's Presidents send her what they already have in place and she will put it all together to bring back to this committee so DSPC can review it from the District's standpoint and see if we have a plan that already addresses these principles.
- b. DBAC Meeting Minutes for 10/24/14 & 11/26/14 – A. Brown – emailed to all committee members.
- c. FY 2015-16 Governor's State Budget Proposal – A. Brown – On January 9th the Governor rolled out his 2015-2016 budget proposal. The minimum guarantee for 2015-16 has been set at \$65.7 billion, \$5 million more than 2014-15. **Unrestricted revenues/these numbers are not final:**
 - Budget includes 2% growth - \$107 million. If the new growth formula is put into place, this means another \$1 million in revenue for us. COLA is at 1.58% - a little over \$2 million for us.
 - Proposal to increase basic allocation of apportionment - \$3 million for us. Also, there is a one-time unrestricted revenue item of \$351 million - \$8 million for us. Have to be careful how we use these one-time funds.

Restricted Revenues:

- \$200 million for Student Equity and Student Success, if it holds. Concerned about the match component. Prop 98 Energy Efficient Funds – \$750,000 District-wide. CTE - \$48 million distributed through a competitive grant process. \$29 million for apprenticeship. They are bumping up the enhanced non-credit rate to equal the credit rate and there is \$49 million to achieve that objective but we are not a part of that.
- Things to watch out for: (1) Prop 30 will begin to phase out in 2016 (2) PERS and STRS increases

- It was stated that we have the potential to change some policies to go after a little more Basic Skills money, and also have the possibility of this enhanced non-credit where this could easily be implemented.
- d. District Responses to Recommendations for Follow-Up Reports – D. Dieckmeyer – Her question was who will be doing Recommendation #1 which is addressed in the District Technology Plan Update in Agenda item #6c.

4. Action Items:

- a. Accreditation Recommendation – OPEB Liability Funding Plan – A. Brown – The Response to the Accrediting Commission’s Recommendations were distributed among the committee members as discussed in DBAC. There was strong support for the Irrevocable Trust vs. restricted funds.
- VP’s of Business Services discussed this at DBAC and should have taken it back to their colleges Shared Governance groups for discussion.
 - Suggestion – to submit to District Senate at the end of March for final submission to Board by June.
- Motion** – to accept the draft response with the understanding that the college’s strategic planning processes will be met through Shared Governance and DBAC will report back to this committee.
MSC/Bader/Mayo/Unanimous
- b. ICR Revenue Sharing Formula – A. Brown
- Challenge:**
Grant preparation, submittal and post award support may require resources not allowable as direct cost of the grant. At times, it may not be possible to secure unrestricted resources from the general fund to provide the necessary budget for pre and post award support. Therefore, in order enhance competitive grant applications and appropriately support grants post award an alternative revenue source is required.
- Recommendation:**
To allocate indirect cost recovery revenue to the grantee (e.g. RCC, NC, MVC, DSS) and District Office, the allocation methodology will provide the District Office with ICR revenue of 17% of the of the grant indirect cost rate that is equal to or less than 8%. The remaining ICR revenue will accrue to the grantee. ICR revenue shall be placed into a holding account (at the entity level) when earned (at grant close-out).
- Discussion followed/Comments:**
- A verbal proposal was made by one of the colleges to the Chancellor to provide specific funding tied to the indirect cost rate to be able to utilize those funds to hire a consultant to write grants. An expenditure has not been specifically identified in association with this revenue.
 - Aaron doesn’t agree to applying a base expenditure percentage to an indirect rate, but would rather apply the base expenditure percentage against the whole amount, not a percentage.
 - Have deviated from the original proposal to the Chancellor.
 - Needs to go through the college’s shared governance process before going to DBAC.
- 1st Motion** – to go back to through the college’s Shared Governance process for recommendation
Gibbs/Mayo (Motion withdrawn)
2nd Motion – to withdraw 1st motion and accept 2nd motion to send recommendation back to DBAC and have them go through the participated shared governance process before it comes back to this body/**Gibbs/Adams/Unanimous**

5. SubCommittee/Task Force Reports

- a. District Budget Advisory Council – A. Brown – No report (see above)
- b. District Enrollment Management Committee – M. Reiner – This committee is meeting on Wednesday, February 4th and the goal of that meeting is to decide upon the apportionment of FTEs for 2015-2016. Dr. Reiner will continue with the traditional approach and he has charged the committee to meet monthly until the end of the semester to look at and consider alternative models for dealing with FTEs and funding.
- c. Information Technology Strategy Council – District Technology Plan Update - R. Herman
Rick gave an update on the District Technology Plan Recommendation Response which includes the following:
- Description summary; the commitment that was made to the Board of Trustees on how they are going to approach this; four items that the IT Strategic Council used in putting this together (1) to

support the District Strategic Plan (2) to integrate with the three college Technology Plans (3) to incorporate the recommendations from the IT 2010 audit to address accreditation standards in I.B.6 and III.C.2 (4) and respond to the specific accreditation recommendations from the spring 2014 visit.

- Will be including a Disaster Recovery Plan as well as a Technology Refresh Plan.
- Has been vetted through the college's Advisory Groups.

Comments:

- Rick will send the recommendation response to Sylvia Thomas for review before emailing it to all the committee members.
- It was suggested that the description summary, analysis, etc. doesn't have to be pages long. It is a response, so we need to keep it simple.

6. Presidents and Vice Chancellor Reports

- a. Moreno Valley College – S. Mayo – Working on the integrated master planning process and making sure they have measurable and obtainable objectives. Excited about where the college is going in the strategic planning process. In the near future, they hope to bring the Comprehensive Master Plan forward to this body and then move forward to the Board.
- b. Norco College - P. Parnell – (1) Today 20 of their Associated Students met and were planning for the next semester; (2) 50 Foster Youth are meeting today with their representatives getting ready to transition to Norco College; and (3) Two of Dr. Parnell's colleagues joined him at the Bellweather Award and they were the winners of that Award! This program has high impact to a large number of students. Another college could easily replicate it, take the plan and work with their other institutions. In the Summer Advantage Program, they have saved students over \$90,000 in tuition fees. They have worked hard in English and math and have had good success rates. Students are completing their English at 40% in one year and have the math number has doubled.
- c. Riverside City College - W. Isaac – In the process of completing the refresh of their strategic plan. Working to have internal alignment at RCC and have revamped the comprehensive program review process to make it more of a planning document rather than a reporting document. Every unit of the college will produce a five-year plan, including all levels, so that there is complete alignment of planning throughout the whole process. Assessments are complete and they have gone through the SWOT Analysis and during flex day, February 6th, they are going to go through a mechanism process for setting concrete, measurable, achievable standards for each of their nine metrics. They have analyzed all their data over the past five years and have mapped out a student success pathway and they have sold this idea to all their school districts. They have been approached by the UC President who would like to have a forum to invite 15 community colleges to Riverside to discuss building a strong partnership between the community colleges and the UC system. RCC will be hosting the forum sometime in March or April.
- d. Educational Services – M. Reiner – Dr. Reiner's goal is to visit every college, every educational center, to get to know individuals as best as he can and learn their interests and needs. Another goal is to see the whole of all the parts of the colleges feeding together as one organism. The Chancellor has charged Dr. Reiner to work with management and speak to the college presidents and to other individuals as well, to find out ideas for different ways to deal with our budgeting process as it relates to FTEs and other complex issues.
- e. Business and Financial Services - A. Brown – No report.
- f. Diversity and Human Resources - S. Thomas – No report.
- g. Facilities Planning – C. Carlson – No report. Tom mentioned that they did get a total cost of ownership plan together and the template is now available.

Meeting Adjourned at 3:40 pm/Allen/Bader - Next meeting:

**February 20, 2015
2:00 – 3:30 pm
Bradshaw Bldg., Heritage Room, RCC**

Response to the Accrediting Commission's Recommendations

District Recommendation 1

In order to meet Standards, implement a plan to fund contributions to the District's other post-employment benefits (OPEB) obligation. (Standard III.D.3.c)

Descriptive Summary

Governmental Accounting Standards Board (GASB) Statement 45 is an accounting and financial reporting provision requiring governmental employers to measure and report the liabilities associated with other (than pension) post-employment benefits (OPEB), both funded and unfunded. Reported OPEBs may include medical, pharmacy, dental, vision, life, long-term disability and long-term care benefits. There are two considerations when determining this liability. The annual required contribution (ARC) consisting of the normal cost plus an amortization component and the long term liability which is the cumulative difference between the amounts expensed and the amounts contributed to a plan.

The District's plan is a single-employer defined benefit healthcare plan which is administered by the District. The plan provides medical and dental insurance benefits to eligible retired academic, classified, confidential and management employees and one dependent until age 65 (BP/AP 7380). Eligibility is available to all retirees who have a minimum of 10 years of service with the District and who have reached the age of 55.

On July 1, 2014, an actuarial valuation was performed to determine the District's liability for its post-employment benefits. Currently, the District utilizes the pay-as-you-go method to finance its OPEB contributions.

The net OPEB obligations for each of the fiscal years 2010 through 2014, ending June 30, are as follows:

Year	Annual OPEB Cost	Actual Contributions	Percentage Contributed	Net OPEB Obligation
2010	\$1,462,715	\$ 766,350	52%	\$1,653,090
2011	\$2,262,462	\$ 577,224	26%	\$3,338,328
2012	\$2,242,316	\$1,199,115	53%	\$4,381,529
2013	\$2,872,832	\$1,209,729	42%	\$6,044,632
2014	\$2,960,168	\$1,159,902	39%	\$7,844,898

To date, the District has partially allocated resources to support future liabilities related to post-employment benefits, leave time, and other related obligations. Leave balances are paid when used through existing resources, and the District finances its current post-employment benefit obligations annually. The District's annual required contribution is \$3,041,672 and annual OPEB cost is \$2,960,168 based on the FY 2013-14 Annual Audit. (III.D.3.c, III.D.3).

Self-Evaluation

All audits of the institution have been unqualified. The District plans for and, to date, has used a “pay-as-you-go” methodology to allocate appropriate resources for the payment of liabilities and future obligations, including other post-employment benefits (OPEB), compensated absences, and other employee related obligations as disclosed in all annual audits. However, the District has not funded the future cost of the Annual Required Contribution (ARC).

Actionable Improvement Plan

In addressing the Commission’s district recommendation, a number of options were considered to address the OPEB liability. These included the formation of an irrevocable trust, the establishment of a restricted fund, the issuance of OPEB bonds, or the initiation of a self-assessment. The District has historically maintained a “pay-as-you-go” methodology and, since the inception of GASB 45, has not funded the future cost of the ARC. Annual “pay-as-you-go” costs of the ARC approximate \$1.2 million. The most recent actuarial valuation puts the annual funding of the future cost of the ARC at approximately \$1.2 million. Therefore, to fully fund the GASB 45 liability an additional annual contributions of between \$.80 million and \$1.0 million (the remaining portion would presumably be from investment earnings) would be necessary. At this point, that is cost prohibitive for the District. However, to address the recommendation and to begin addressing this obligation, a funding plan proposal has been developed to respond to the accreditation recommendation. The plan consists of the following:

1. Effective July 1, 2015, establish a new, restricted Resource OR an irrevocable trust to pay current retiree health costs and to accumulate funds for future costs to offset the OPEB liability;
2. Develop a rate to apply to every dollar of payroll, in all Resources that have payroll, to cover the annual current cost (“pay-as-you-go”) plus a minimum of \$250,000 annually to begin providing for future retiree health costs;
3. Investment earnings over time will contribute to the reduction of the outstanding OPEB liability so the total amount of funds set-aside by the District and accumulated to pay for future retiree health costs will be limited to a maximum of 50% of the outstanding OPEB liability.
4. Transfer all funds provided by the retiree healthcare rate to the new, restricted Resource OR to the irrevocable trust;
5. Pay all retiree healthcare costs out of the new, restricted Resource OR the irrevocable trust;

6. Periodically assess the feasibility of transferring accumulated funds in the new, restricted Resource to an Irrevocable Retiree Healthcare Trust Account, IF one is not established from the onset;
7. IF an irrevocable trust is not established, restrict use of the funds in the new, restricted Resource to payment of retiree healthcare costs, with the exception that accumulated funds may be used for cash flow or other purposes, if necessary, but only with the express approval of the Board of Trustees.

This proposal was discussed with the District Budget Advisory Council (DBAC) on January 23, 2015. The proposal was also vetted through each of the college's shared governance processes. Recommendations from the colleges will be (or were) discussed at the February 2015 DBAC meeting. The Chancellor's Cabinet consisting of the three college presidents, the chancellor's chief of staff and the vice chancellors will discuss the final proposal and recommended forwarding it to the Board of Trustees. The proposal will be presented and discussed at the April, 2015 Resource Committee meeting. The Board approved the proposal at their April, 2015 meeting.

Evidence

BP/AP 7380 Retiree Health Benefits
Audit Reports, 2010, 2011, 2012, 2013, 2014
Actuarial Study 2014

- DBAC minutes of January 23, 2015
- DSPC minutes of January 30, 2015
- Minutes from College Shared Governance Committees, February 2015
- DBAC minutes of February 2015
- DSPC minutes of February 2015
- Chancellor's Cabinet notes of March, 2015
- Resources Committee minutes of April, 2015
- Board of Trustees minutes of April, 2015