

Riverside Community College District
District Strategic Planning Council

Friday, March 13, 2015 - 2:00-3:00

Bradshaw Bldg., Heritage Room, Riverside City College

MINUTES



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

Meeting called to order by chair at 2:04

Chair: Michael Reiner

Present: Ruth Adams, Melissa Bader, Aaron Brown, Amy Cardullo, Travis Gibbs, Norm Godin (for Robin Steinback), Beth Gomez (for Paul Parnell), Rick Herman, Richard Keeler, Ruth Leal, Sandra Mayo, Eric Muehlebach, Lee Nelson, Michael Reiner, Leslie Salas, John Tillquist, David Torres

Absent: Tom Allen, Ree Amezquita, Martha Arellano, Michael Burke, Ed Bush, Peggy Campo, Chris Carlson, Diane Dieckmeyer, Wolde-Ab Isaac, Susan Mills, Paul Parnell, Robin Steinback, Sylvia Thomas

Guest: Henry Bravo

1. Committee Business

- a. Minutes - Approval of minutes for February 20, 2015 **/MSC/Adams/Tillquist/2 abstentions**

2. Chancellor's Report – M. Burke—absent

3. Information Items – M. Reiner

- a. District Strategic Plan 2017—The current RCCD plan is for 2013-2016. We will begin developing a new plan next year for 2017 and beyond.

4. Presentations – N/A

5. Items for Action

Discussion: Reiner asked for Rick Herman's presentation (5.b.) to be removed from the Action Items and moved to the Task Force Report section. Discussion ensued regarding whether or not the Chair has the authority to revise the agenda at the meeting. This is not a Brown Act Committee.

a. Proposed membership and charge for the subcommittee to review, revise, and potentially reformat DSPC structure and function – M. Reiner

- A proposal was distributed for the need, charge, and composition of the subcommittee. A concern was raised that the presidents are not members. Reiner discussed the purpose of the subcommittee (i.e., it's a working group that will bring ideas to the DSPC for consideration) and that the VPAA's suggested their college presidents need not be involved at this level of detail. The intention was to keep the group relatively small, but ensure that DSPC constituents were represented.
- A question was raised as to why there was no fiscal representative from colleges. Gibbs emphasized that the subcommittee representatives need to communicate with their constituents. Mayo asked if the VPAA representative would represent all of the VPAA's and his/her specific college. Reiner responded in the affirmative, noting that the structure of the subcommittee is a type of matrix organization.
- A question was asked if this subcommittee was implementing Chancellor Burke's ideas presented in February to DSPC. Reiner responded that was not the intent of the subcommittee. They will look at various models, including the Chancellor's. Options will be discussed and subcommittee members will be asked to act in the best interest of this District body, not advocate for their individual constituents.
- The proposal (see attached) was accepted with the following revisions: (1) 2b. Delete the word "recommendations" and add "bring forward options for revision and reformat of the DSPC's structure and function"; (2) 2c. Change the year from 2013 to 2015; (3) Add to item #3 under District Composition "CSEA Representative". Dr. Reiner to send out an email to have eight subcommittee members selected.

Motion: to accept the subcommittee proposal with revisions as noted above.

MSC/Muehlebach/Brown/Unanimous

b. Decentralization of Microcomputer Support—R. Herman

Reiner asked Herman if he wished to pull this action item and move it to Task Force Reports. Herman did not want to pull it so that the committee could take action if needed.

- Herman reviewed the history of decentralization. At the last meeting, 9 were in favor of the recommendation and 3 opposed (all from Riverside). Riverside had made an alternative proposal citing the following reasons: (1) Insufficient time to move forward; (2) allocation of personnel had not been considered; (3) further discussion including the inventory of computers needed to be evaluated by VPs of Business; and (4) the transition plan for July 1st.
- Henry Bravo addressed the DSPC as a guest from RCC and discussed his concerns which included not being aware of relocating individuals to another location, the problem of managing staff distributed throughout campuses, and concern about a deadline of July 1st for implementation without all the details. Bravo also stated that decentralization would have many benefits such as enhancing services and elevating skill sets. It was necessary, though, to know expectations and communicate to administrators. What would the proposed new structure provide to District and to what level?
- Further discussion about logistics, responsibilities, staffing and District/College functions ensued, including what will happen when the District moves downtown.
- Discussion took place on implications of the structural change for budget. Historically, when changes are made budget usually follows personnel. It was felt that this was a flaw in RCC's alternative proposal as they wanted to retain the traditional BAM split of 54, 23, and 23. However, we can't split people, so this proposal was not considered valid.
- District contracts for Western Data and computer software licensing will be retained. However, overtime salaries and the 4000s and 5000s will move based on the same personnel split. RCC proposal had nothing allocated to district under the assumption that RCC would service District and Help Desk would become a Riverside position.
- The emerging consensus was that decentralization was fine if it doesn't create chaos. This sounded like a great idea in terms of potential benefits, but execution may need more planning. Are we in a hurry? If we wait for all details to be worked out, nothing will ever be executed.
- Herman agreed that July 1st is a reasonable timeline for reorganization. Reiner acknowledged the importance of the Academic Senate in this decision and noted that it is the intention of the motion to examine DSPC structure and process.
- There was not a consensus among the colleges to move forward with this recommendation in ITSC, but there was a majority in favor of moving forward as the vote was 2 to 1. (The three RCC reps were not in agreement to move forward).

Motion - to approve the ITSC proposal as submitted and forward as a recommendation to the Chancellor/**MSC/Mayo/Bader (vote: 14 ayes / 0 nays / 2 abstentions)**

Motion Passed

c. OPEB Obligation—A. Brown

This is a funding plan in response to the ACCJC recommendation related to the post-employment benefit obligation. It has been vetted through the colleges' shared governance processes, District Budget Advisory Council (DBAC) and is presented as a recommendation to DSPC. The plan consists of the following:

- (1) Effective July 1, 2015, establish 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, including application of the rate to grant and categorical programs in accordance with the OMB Circular A-21 and the State Chancellor's Accounting Advisory-GASB 45 Accounting for Other Post-Employment Benefits;

(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 retirees' health costs will be limited to a maximum of 50% of the outstanding OPEB liability;

(4) At least annually, transfer all funds provided by the retiree health care rate to the irrevocable trust; a

(5) Pay all retiree healthcare costs out of the irrevocable trust. (Note Definition - GASB 45: Governmental Accounting Standard Board Statement No. 45 - Accounting and Financial Reporting by Employers for Post- Employment Benefits Other than pensions).

Motion: to approve DBAC's funding plan with the GASB 45 definition/**MSC/Bader/Mayo/Unanimous**

6. Subcommittee/Task Force Reports - No reports

- a. District Budget Advisory Council – A. Brown
 - i. District Enrollment Management Committee – M. Reiner
 - ii. Information Technology Strategy Council – R. Herman

7. President and Vice Chancellor Reports - No reports

- a. Moreno Valley College, S. Mayo
- b. Norco College, P. Parnell
- c. Riverside City College, W. Isaac
- d. Educational Services, M. Reiner
- e. Business and Financial Services, A. Brown
- f. Diversity and Human Resources, S. Thomas
- g. Facilities Planning – C. Carlson

Adjourn 3:15/MSC/Mayo/ Bader

Next meeting – April 10, 2015, 2:00 – 3:30 pm, Bradshaw Bldg., Heritage Room, RCC

**District Recommendation #2
OPEB Obligation**

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

Response

The District’s medical plan, a single-employer defined benefit healthcare plan, is administered by the District. The plan provides a paid medical insurance benefit 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 55.¹

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.²

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 the annual OPEB cost is \$2,960,168 based on the FY 2013-14 Annual Audit. (III.D.3.c, III.D.3)³

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).

In addressing the Commission’s district recommendation, the district considered a number of options 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 **Governmental Accounting Standard Board Statement No. 45 – Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions (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 fund the GASB 45 liability completely, additional annual contributions of between \$.80 million and \$1.0 million (the remaining portion would presumably be from investment earnings) would be necessary. To address the recommendation, a funding plan has been developed to respond to the accreditation recommendation. The plan consists of the following:

1. Effective July 1, 2015, establish 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, including application of the rate to grant and categorical programs in accordance with OMB Circular A-21 and the State Chancellor’s Accounting Advisory – GASB 45 Accounting for Other Post-Employment Benefits;
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. At least annually, transfer all funds provided by the retiree healthcare rate to the irrevocable trust;
5. Pay all retiree healthcare costs out of the irrevocable trust;

This proposal, discussed with the District Budget Advisory Council (DBAC) on January 23, 2015 and on February 27, 2015⁴, was also vetted through each of the college’s shared governance processes and has been reviewed by both the District Strategic Planning Committee (January 30, 2015 and March 13, 2015) and the Chancellor’s cabinet (March 30, 2015).⁵ The final proposal was presented and discussed at the April 7, 2015 Resource Committee meeting. The Board approved the proposal at its April 21, 2015 meeting.⁶

Evidence

¹ BP/AP 7380, Retiree Health Benefits.

² Review district 2014 Actuarial Study.

³ See Audit Reports 2010-2014.

⁴ See DBAC minutes for January and February 2015.

⁵ See DSPC minutes for January and March 2015.

⁶ See Board of Trustees committee and regular meeting minutes for April 2015.