

RIVERSIDE COMMUNITY COLLEGE DISTRICT
District Budget Advisory Council Meeting

*Thursday, October 10, 2019 – CAADO, Conference Room 334A
10:00 a.m. - 12:00 p.m.*

AGENDA

- I. Welcome and Call to Order
- II. Approval of Minutes
 - A. August 22, 2019
 - B. September 12, 2019 – Meeting Cancelled
 - C. May 17, 2019
- III. State Budget
- IV. RCCD Budget
- V. 2020-21 Phase II BAM Implementation
 - A. Data Analysis
 - 1. STEM Analysis Results (Completed)
 - 2. Liberal Art Analysis of Results (Completed)
 - 3. CTE Analysis of Results
 - 4. Unique Analysis of Results
 - B. Exchange Rate Decision (Median or Mean)
 - C. Use of Prior Year Discipline Cost per FTES – Decision
 - D. Escalation Factor – Decision
 - E. FTES by Discipline for FY 2020-21
- VI. Next Meeting – Friday, November 8 from 10:00 a.m. to 12:00 p.m.

RIVERSIDE COMMUNITY COLLEGE DISTRICT
District Budget Advisory Council Meeting

August 22, 2019
CAADO – Conference Room 309A
2:00 p.m. – 4:00 p.m.

MEETING MINUTES

Members Present

Aaron Brown (District)
Majd Askar (District)
Nathaniel Jones (Moreno Valley College)
Michael Collins (Norco College)
Chip West (Riverside City College)
Michael McQuead (Moreno Valley College)
Misty Cheatham (Norco College)
Quinton Bemiller (Norco College)
Melissa Bader (Norco College)
Mark Sellick (District)
Asatar Bair (Riverside City College)
Rachelle Arispe (Recorder)

Members Not Present

Jennifer Lawson (Riverside City College)
William Diehl (District)

I. CALLED TO ORDER

A. By Aaron Brown

II. RCCD BUDGET

A. Brown reviewed the FY 2019-2020 final Budget presentation that will be presented at the Board of Trustees meeting September 3, 2019 and then approved on September 17, 2019.

Brown briefly noted the following:

1. Prop 98 information is the same as tentative budget. (slide 3)
2. Additional state projects were funded; 20 continuing and 39 new projects. (slide 6)
3. The state held \$135M of apportionment and the colleges were not provided rates or categories for calculating. Therefore, Brown used the overarching parameters (70% Enrollment/20% Supplemental/10% Student Success) to estimate the apportionment for the final budget (slides 7-8). There is a lot of uncertainty for apportionment, however, the rates will be adjusted accordingly once the revised parameters are provided by the state at P1. (Adjustment will be made to slide 8 to reflect no Revised 3 Year Phase-In)

4. For the Student Success allocation, only the highest degree awarded will count and it will only be applicable for the year it is earned. The student success metrics will be calculated on a 3-year average.
5. Pension Relief (slide 9 to be updated) will reflect the funds being split between PERS and STRS to drive down the rates.
6. FY 2018-19 Credit FTES (slides 11-12) briefly reviewed.
7. Total Apportionment for FY 2018-19 (slides 13-15) was reviewed (base allocation, supplemental allocation, student success incentive allocation and total apportionment). Overall, the P2 calculated amount of \$186M was close to what we budgeted for the year.
8. FY 2019-20 FTES Projections (slide 16) was briefly reviewed. Brown explained that he will know more once P2 is out.
9. FY 2019-20 FTES Targets (slide 17) was reviewed. The breakdown includes the target shortfall from Moreno Valley and Norco Colleges and reallocates it to Riverside City College based on the agreement between the three colleges Vice Presidents of Academic Affairs.
10. FY 2019-20 Supplemental Metrics Projections (slides 19) shows the trend. Only one year (2018-19) is used for the supplemental allocation calculation.
11. FY 2019-20 Student Success Metrics Projection (slide 20) reflect actual FY 2016-17 and 2017-18 data and FY 2018-19 projected data that was calculated on a weighted bases (actual metrics are not filed with the state until November). The final column is the three- year average and is used in the formula for the FY 2019-20 budget calculation.
12. Apportionment Calculation Under the New Student Centered Funding Formula for Adopted Budget FY 2019-20 (slides 21-23) identifies the increase to the base apportionment budget for FY 2019-20 at approximately at \$12.4M. Brown commented that in the 2020-21, year there should be a little less uncertainty associated with it since the rates are not supposed to fluctuate. Asatar commented that being off less than 2% is very good for something that cannot be predicted. Brown added that there was a shortfall in the projected total apportionment which gets applied. However, it is not applied equitably because only those districts who are in hold harmless will get the deficit. We take a disproportionate share of the hit if the revenue estimates are not correct. If P1 shows we are better than anticipated, we can take a resolution to the Board to add it to the budget. West indicated that he had concerns with RCC's total revenues being out of balance. Brown asked him to share his concerns with Askar.
13. Total Ongoing Revenue Budget Adjustments of \$15.4M (slide 24-27) was reviewed showing increases in Full-Time Faculty, COLA, health insurance, election, contract increases, etc.

14. One-Time Expenditure Budget of \$33.72M (slide 28) was reviewed identifying \$4.27M for the shift of the 799 FTES from the prior year, set aside for the ERP was increased by \$160K, set aside for retirement incentive cost of \$4.49M, etc. The retirement incentive includes cost for an estimate of 51 employees and will be offset over time as positions are filled at lower levels, etc. The Set-Up Intrafund/Interfund Transfers of \$1.46M includes DSPS, non-resident tuition, Center for Social Justice, etc.
15. FY 2018-19 Set-Aside for Future Operating Costs has decreased from \$15M to \$13.96M and now is \$10M due to the set asides for future initiatives.
16. Expenditure 2019-20 identifies the total at \$257,038,013.
17. Challenges and Opportunities (slide 33) was reviewed briefly. West commented that Community Education is planned to be built up again. RCC's food services has increased revenue (the kiosk helped), however, childcare will still need to use contingency due to rate increases.
18. The remainder of the presentation is historical information. Brown indicated that the presentation will be emailed to the members. If they have any questions or concerns to contact Askar as soon as possible.

III. BAM REVISION PROJECT

A. FY 2019-20 BAM Development, Due Dates & Exchange Rates for Year 2 BAM Implementation

1. Brown expressed his concern with the timing of getting information out to the colleges for planning purposes. Because we are using the most recent year's data (2018-19) to formulate rates and 3 years of history, it does not provide the colleges enough time to make decisions in their planning process. The only way Brown can see in avoiding this situation is to use the prior year discipline cost per FTES information, increased by an escalation factor because the data is known. There may not be a big difference as long as we have an escalation factor that takes into consideration the new costs from the next budget year. By only having a month to close out and then pivot to calculate the information it limits the ability to effectively plan. Brown expressed frustration that when one or more colleges do not provide their information on time, it effects decision making and the burden on district office staff by having to work seven days a week.
2. Bader commented that the district office needs to be added to the plan. Brown responded that the district office plan has been on the agenda, the Vice Presidents of Business Services have been involved in the process. The service level expectations must be agreed to by the college's and the district office based

on the strategic plans of each. Once the college's and district roles and responsibilities are agreed to, it will drive how the resources are allocated.

3. The goal is to develop the exchange rates by the end of October 2019. We need to make sure the data is correct. The subgroup needs to meet with the VPAAAs and Dr. Mills to walk us through the pros and cons of median and mean so we can make a decision and then start modeling it. Brown is planning for all of to be completed by the end of fall. The exchange rates would be used for the FY 2020-21 budget.
4. Jones inquired on the status of receiving the budget development calendar for FY 2020-21. Brown responded that the colleges should already be working on it since the colleges have had the data for quite some time. However, the budget development calendar will be provided once the exchange and escalation rates are developed. We could then make estimates of what revenue will look like for FY 2020-21.
5. Collins is trying to get the history on FTES targets for each discipline.
6. Bader suggested that a presentation on the Revised BAM be provided for new staff to help them understand the process because they have a lot of questions.
7. Askar reviewed with the members the FY 2019-20 BAM Revenue spreadsheet. Askar reviewed the special program revenue and indicated that it was excluded from the expenses so the revenue is not used in the distribution calculation. Example: Barnes and Noble, Wells Fargo, etc. The three-year average incremental change was reviewed for the remaining cost categories. The 2019-20 Revenue Allocation for Direct Instructional and Academic Affairs was reviewed.
8. Brown commented that he wants to add to the model defining beginning and ending balances. He also wants the subgroup to determine how we are allocating the remaining balance for Student Services, Business Services and Other Costs.
9. The Vice Presidents of Business Services requested the spreadsheet be emailed to the group so they can review the numbers. West had concerns with the allocations because RCC's numbers were off by millions.
10. Brown reminded the group that this data is not fully implemented until FY 2020-21. There were no changes to how FY 2019-20 expenditures were budgeted and, therefore, no consequence for FY 2019-20. Once the exchange rates are set, the data will be rerun to see where everything lines up. Brown reminded the group that the District budget is balanced and we have a \$53 million fund balance.
11. Question was raised on how the District will rebalance the deficit issue midstream. Brown responded that it has been a discussion with the Chancellor, however, once the exchange rate is developed then we will deal with the issues.
12. Collins inquired if funds were included in the budget for a Comprehensive College. Brown responded that there is nothing built into the budget at this point.

He suggested that their Presidents have meetings with the Chancellor on this issue.

13. Question was raised on when the FTES projections would need to be developed. Brown responded that the Strategic Plan calls for 3% growth in FTES. Therefore, the 3% could be used as a bench mark, however, it will be decided at the District Enrollment Management Committee.
14. Brown suggested that it would be helpful at the next District Enrollment Management meeting that it be communicated the importance of discussing the percentage of FTES growth for each college. Bader indicated that she would discuss at the next meeting.

IV. NEXT MEETING

A. September 13, 2019

V. MEETING ADJOURNED

RIVERSIDE COMMUNITY COLLEGE DISTRICT
District Budget Advisory Council Meeting

May 17, 2019
CAADO – Conference Room 309A
10:00 a.m. - 12:00 p.m.

MEETING MINUTES

Members Present

Aaron Brown (District)
Majd Askar (District)
Nathaniel Jones (Moreno Valley College)
Esmeralda Abejar (Norco College – Proxy for Michael Collins)
Liz Tatum (Riverside City College – Proxy for Chip West)
Michael McQuead (Moreno Valley College)
Asatar Bair (Riverside City College)
Misty Cheatham (Norco College)
Rachelle Arispe (Recorder)

Members Not Present

Michael Collins (Norco College)
Chip West (Riverside City College)
Nate Finney (Moreno Valley College)
Peggy Campo (Norco College)
Jennifer Lawson (Riverside City College)
Mark Sellick (District)
William Diehl (District)

Guest

Hussain Agah (District)

I. CALLED TO ORDER

A. By Aaron Brown

II. STATE BUDGET UPDATE/FY 2019-20 TENTATIVE BUDGET

A. State Update

1. Brown reviewed a handout pertaining to recommendations on the Student Centered Funding Formula (SCFF dated April 26, 2019). Brown indicated that he does not think the first item will be enacted. However, he thinks the remaining items will be approved. Approval of these items will not be known until the trailer language is published in August. Brown will advocate that the Chancellor's Office models FY 2019-20 or he may have to make estimates on his own.
2. The May Revise does not include the information from the SCFF handout (above).

B. FY 2019-20 Tentative Budget

1. Brown reviewed a draft of the FY 2019-2020 Tentative Budget presentation that will be presented to the Board of Trustees meeting on June 4, 2019 and then approved on June 11, 2019. He reminded the group that the Tentative Budget is essentially a continuing resolution of the FY 2018-19 budget, with certain modifications and estimates of COLA and contract increases, health benefits, STRS, PERS and other miscellaneous adjustments, including an estimate of ending balance. There are a lot of unknowns including the State budget. Brown noted the following:
 - a. Overall most of the funding has not changed from the May Revise.
 - b. The percentage is the same for Growth - .55%
 - c. COLA changed from 3.46% to 3.26%
 - d. A few technical adjustments for the SCFF – details unknown
 - e. No ongoing restricted revenues
 - f. Restricted revenues do not have a significant change
 - g. Physical Plant and Instructional Equipment now has funding - \$900K for our district. Additional projects were added to Prop 51 - \$3 million. Life Science/Physical Science Building (RCC) was approved under Prop 51 for 2020-21.
 - h. The Governor’s May Revision proposes continued implementation of the Student Center Funding Formula with three refinements identified on slide 8 of the presentation. The proposal is rolling over the same split, capping year-to-year growth, and refining the definition of a transfer outcomes for 2019-20.
 - i. Another \$500 million was added to reduce the STRS employer rate. The planned rate in 2019-20 was supposed to be 18.93% (approximately \$1 million); it is now decreased to 16.7% (\$400K).
 - j. Projections were reviewed by the members (slides 13-14), Brown explained the resetting FTES due to college shortfalls in reaching their target. Once P3 is received, adjustments will need to be made. Vice Presidents of Academic Affairs are currently working on the numbers.
 - k. The apportionment calculation under the proposed SCFF was reviewed (slides 15-17), identifying \$191 million of apportionment funding. However, due to the imposition of a cap (3 times COLA) and less the deficit, the estimate is \$186 million.
 - l. There is a \$244 million apportionment shortfall in the system. The shortfall difference is due to a timing difference in property taxes and the amount to fund each district’s SCFF calculation. \$140+ million of the shortfall is related to property taxes. However, it is likely to be fully realized once the true-up is completed subsequent to year-end. The

remaining \$89 million is considered to be the true shortfall. Many are advocating for the State to fund the shortfall. Hopefully, if the advocacy is successful, \$6 million will go away. However, RCCD will still be short \$5 million under the SCFF. Therefore, our actual apportionment is going to equal our budget - \$186 million.

- m. Reviewed estimated current year ending balance that includes the summer shift and the full time faculty allocation increase.
- n. Estimated beginning balance at July 1, 2019 is \$55 million.
- o. Brown reminded the group that all the amounts are estimates until closing is complete in mid-August.
- p. Brown added that FTES needs to be monitored.

III. BAM REVISION PROJECT

- A. Brown indicated that at the last meeting the subgroup was projecting expenditures for 2018-19 as well as FTES by discipline so we could do the three-year average, then true it up when we close the year. The amount of revenue is an estimate prior to the State budget is adoption. The construct of the model is in place, but the numbers are not actual since we do not have final numbers for 2018-19 and final budget is not adopted for 2019-20.
- B. The revised BAM Principles were reviewed identifying the changes to numbers: 1, 9 and 10. Brown indicated that the subgroup determined that the net prior year budget savings would be permitted to be rolled over if it is tied to an expenditure plan linked to Strategic Planning Priorities. The process is not in place yet. However, the Vice Presidents of Business Services are supposed to put the plan together to present at subgroup for discussion. Dr. Isaac is supportive of this process and he has communicated it with the college presidents.
- C. Brown asked if the colleges had any feedback on the changes to the principles. Norco College indicated they did not get much feedback.
- D. Brown requested that if a college has a need to utilize budget savings on Strategic initiatives, then the colleges should generate a list (like Norco College) and submit to DBAC subgroup or DBAC, then forward to the Chancellor's Cabinet for discussion. A formal procedure is not in place but we have a general principle.
- E. The members reviewed the Board Report and presentation for the Revised Budget Allocation Model going to the Board of Trustee's Resources Committee on June 4, 2019 and then the June 11, 2019 Board of Trustees meeting for approval of the first phase of the BAM revision (see handouts).
- F. Askar indicated that RCOE's cut off for accruals is August 7. However, the college deadline for all of their transactions is August 2. The FTES cost worksheets also need to be completed. Brown requested these deadlines be communicated to their colleges. The colleges should set their own internal deadlines.

IV. MEASURE C ALLOCATION AUGMENTATION FOR MORENO VALLEY COLLEGE (MVC)

- A. Brown explained that MVC has a need to complete some critical projects to meet strategic objectives and safety. MVC's current budget is not sufficient to complete their projects.
- B. Brown indicated there is approximately \$12 million available in Measure C Centrally Controlled funds. However, \$2 million is planned to satisfy Norco College's deficit. There are also employee salaries and contingency funds that need to be set aside, leaving an available balance of approximately \$8 million.
- C. An assessment of the request was provided by Hussain Agah, Associate Vice Chancellor, Facilities, Planning and Development. Agah reviewed his assessment (handout) with the members and identified the cost escalations for the following projects:
 - 1. Student Services Welcome Center - \$5 million
 - 2. Education Center Building Ben Clark Training Center Phase I - \$2 million
 - 3. Elevators Modernization and Fire Alarms System Upgrade - \$1 million
- D. Jones reminded members that there are no scope changes to the projects. Jones provided more detail about each of the projects and the reasons for the increases.
- E. McQueed expressed his concerns with the elevators and how outdated they are.
- F. Asatar agrees with safety and enhancing student success.

V. NEXT MEETING

- A. June 3, 2019 – Cancelled due to Chancellor's Cabinet on the same day and finals/graduations the same week
- B. July – TBD (tentative)
- C. FY 2019-20 meeting schedule to be established and emailed to members

VI. MEETING ADJOURNED AT 12:00 P.M.