

Resource Allocation Model Taskforce

Meeting Minutes

January 26, 2017 – SJCC, T-415

Present: Doug Smith, Jorge Escobar, Keiko Kimura, Peter Fitzsimmons, Eric Narveson, Steven Graham, Guillermo Castilla, Dan Hawkins, Barbara Hanfling, Andrea Alexander, Mark Newton

Absent: Lauren McKee, Fabio Gonzalez, Jesus Covarrubias, Yesenia Ramirez, Eugenio Canoy, Chris Frazier, Phillip Crawford

Also Present: Sherri Brusseau, Roy Stutzman, Paul Fong, Jonathan Camacho, Kathy Tran

The Meeting began at 12:45 p.m.

- 1) Call to Order – A quorum was achieved and the meeting was called to order at 2:52 p.m.
- 2) Approval of Agenda – M/S/P; Ayes-10, Opposed-0, Abstentions-0, Absent-0, a Motion to approve was made by Eric Narveson; Seconded by Steven Graham. The agenda was approved as submitted.
- 3) Approval of 01/26/17 Minutes- M/S/P; Ayes-10, Opposed-0, Abstentions-0, absent-0, A motion to approve the 5a was made by Barbara Hanfling; seconded by Dan Hawkins. The minutes were approved as submitted.
- 4) Review of Models - Peralta CCD, & San Mateo CCD:
  - a) Mr. Stutzman recapped for the committee those models that we have already looked at including the original brief summaries provided in the [RAM Taskforce Binder](#), as well as a closer look at South Orange (SB 361 Model), Venture CCD, WVMCCD, and today we will look at Peralta and San Mateo in some detail.
    - i) **Peralta CCD:**
      - (1) Mr. Stutzman notes to the committee that Peralta CCD initially created the 2011 adopted guiding principles as their previous model did not connect expenditures and revenues.
      - (2) Mr. Stutzman specifically draws the committee’s attention to page 5 of Peralta’s guiding principles noting the importance they place on the partnership between the District and the Colleges.

*“On the broadest level, the purpose of this partnership is to encourage and support collaboration between the colleges and the district office. The colleges have broad oversight of institutional responsibilities while the district office primarily ensures compliance with applicable statute and regulatory compliance as well as essential support functions. It is understood that colleges have primary authority over educational programs and student services functions. Each college develops autonomous and individualized processes to meet state and accreditation standards. The college president shall be responsible for the successful operation and performance of the college.” “The Chancellor, under the direction of the Governing Board, is responsible for the successful operation, reputation, and fiscal integrity of the entire Peralta Community College District. This budget allocation model does not diminish the role of the Chancellor nor does it reduce the responsibility of the district office*

*staff to fulfill their fiduciary role of providing appropriate oversight of District operations. It is important that guidelines, procedures and responsibilities be clear with regard to district compliance with law and regulation as it relates to the 50% law, full-time/part-time faculty requirements, attendance counting, audit requirements, fiscal and accounting standards, procurement and contract law, employment relations and collective bargaining, payroll processing and related reporting requirements, etc. Current responsibility for these requirements remains at the district office.”*

Source: Peralta CCD, Budget Allocation Model, Dec. 2014, Page 5

- (3) Mr. Stutzman continues that on Pg. 7 of this document outlines Peralta CCD’s use of the SB361 model, allocating the remaining revenue to credit/non-credit.
    - (a) The committee notes that Peralta uses a rolling three-year average, which may not be an appropriate approach for SJECCD.
  - (4) Mr. Stutzman continues that on pg. 8 they discuss non-resident fees allocate all non-resident tuition fees.
    - (a) Mr. Smith notes that this was one of the issue statements brought to this committee’s attention.
    - (b) Mr. Fitzsimmons clarified that in 13-14 the colleges posed the question, “what is the incentive to grow programs?” Thus the district and campuses came to an agreement that from 13-14 forward, 75% of the non-resident tuition fee would be funneled directly back to the colleges.
  - (5) Mr. Stutzman draws the committee’s attention to the Peralta CCD budget detail document, noting that each college in this district share all costs equally, regardless of their particular size.
    - (a) Mr. Newton asks for clarification around OPEB Benefit Expenses and OPEB Debt Service.
      - (i) Mr. Fitzsimmons responds that SJECCD OPEB debt services are paying the bond back that funded the trust. Mr. Fitzsimmons adds in regards to the OPEB Benefit Expenses, the ARC (Annual Return Contribution) would be required by SJECCD if we were underfunded, however, we are currently overfunded, thus making our situation different from what is displayed in Peralta’s model.
- ii) San Mateo CCD:**
- (1) Mr. Stutzman draws the committee’s attention to San Mateo CCD’s brief description, provided to the group describing their model:
    - (a) Roll prior year budgets for colleges, district office, and facilities.
    - (b) Adjust for new costs, utilities, retiree benefits, legal consultants and all district-wide costs.
    - (c) San Mateo gives their smaller college a “small college augmentation”
    - (d) Add non-resident growth to college budgets.
    - (e) Add collective bargaining settlements, step & column, health & welfare, PERS, STRS, and all statutory benefits.
    - (f) District strategic Plan – Innovation fund allocation by Chancellor’s Cabinet
      - (i) The committee notes that this is similar to SJECCD’s Redesign Funds/Board Initiatives Funds.

- (ii) Mr. Stutzman notes that it would appear that not all the community support funds are fully allocated at the beginning of the year.
  - (2) Mr. Stutzman draws the committee's attention to San Mateo CCD's 2016-17 Final Budget Pages #121-#123.
  - (3) The committee questioned, what portion of the Workforce Institute is paid for by the District.
    - (a) Mr. Fitzsimmons clarified that in FY2010-11 an agreement was reached that 15% of the operating budget will go to the district to offset the services provided by the district at the end of the year.
  - (4) Mr. Stutzman notes that he would like the committee to create a list of those items that the committee likes about the models that have been reviewed.
    - (a) The committee notes the importance of including Step and Column, Negotiated Raises, and COLA.
    - (b) The committee further notes that, in terms of innovation, Total Cost of Ownership needs to be considered and included.
      - (i) Mr. Fitzsimmons follows stating total personnel costs (personal computer equipment, desk equipment, etc.) need to be included in that total cost of ownership.
    - (c) Mr. Smith notes that his sense of where the organization wants to go is towards a de-centralized approach.
- 5) Conceptual Models:
- a) Mr. Stutzman distributes SJECCD Simulations for discussion by the committee.
    - i) Simulation #1 Concept – 1st \$30M Revenue is distributed to the colleges equally in the form of a "Basic Allocation" to fund fixed costs not driven by size or FTES. Balance of allocation is based upon FTES. In this revenue based approach the colleges are responsible for determining how they spend their allocation. DS and DW costs are assessed to the colleges based upon FTES.
      - (1) Mr. Fitzsimmons notes the need to consider what adjustments, if any will be put in place if each college is over/under in terms of FTES.
      - (2) The committee questions what the specific cost of District Services is.
        - (a) Mr. Fitzsimmons notes that we can go into that in greater detail later, but overall the departments included under District Services are: Maintenance, Facilities, HR, ITSS, Fiscal Services, Admin Services, Research, Chancellor's Office, Board of Trustees, and Campus Police.
      - (3) The committee notes that this Simulation #1 is silent to some of the larger questions this group has asked in terms of District Services costs, as well as CTE and program costs.
        - (a) Mr. Stutzman responds that he recognizes this and has been gathering data regarding those issues.
  - b) Mr. Stutzman distributes Simulation's #2, #3, and #4 for the committee's review. All use a similar revenue based approach to allocate and assign budgetary/expenditure responsibility to the colleges.
- 6) Build Next Agenda
- a) Future Meeting Schedule
  - b) District-wide/District Services Allocation Details
  - c) CTE Program Cost Data
  - d) Total Cost of Ownership

e) Best Practices from reviewed models

The meeting was adjourned at 3:26 PM