

Resource Allocation Model Taskforce

Meeting Minutes

April 28, 2017 // SJCC, T-112 // 2:30 p.m. to 5:00 p.m.

Members Present: Eric Narveson (Academic Senate – EVC), Fabio Gonzalez, (Academic Senate – District), Jesus Covarrubias (Academic Senate – SJCC), Guillermo Castilla (Academic Senate – SJCC), Barbara Hanfling (AFT 6157), Doug Smith (Administrator – District), Peter Fitzsimmons (Administrator – District), Keiko Kimura (Administrator – SJCC), Lauren McKee (Administrator – EVC), Dan Hawkins (CSEA – District), Yesenia Ramirez (CSEA – EVC), Steven Graham (Academic Senate – EVC), Jorge Escobar (Administrator – SJCC), Andrea Alexander (Administrator – EVC)

Members Absent:

Alternates Present: Chris Frazier (Academic Senate - SJCC), Marilyn Morikang (Business Services - SJCC)

Also Present: Roy Stutzman (RAM Consultant, via phone), Carol Anderson (Recorder), Jonathan Camacho,

- 1) Call to Order – 2:39 p.m.
 - a) Mr. Smith skipped to agenda item #7 to explain that due to a health issue with Mr. Stutzman is having, that he will be joining the meeting via phone. Mr. Stutzman then explained that he is having a procedure next week on his hip and is hoping that if all goes well, he will be able to participate in person for the remainder of the currently scheduled meetings.
- 2) Approval of 04/28/17 Meeting Agenda – M/S/P; Ayes- 15, Opposed-0, Abstentions-0, Absent-3, a Motion to approve was made by Chris Frazier; Seconded by Jorge Escobar. The agenda was approved as submitted.
- 3) Approval of 03/30/17 Meeting Minutes- M/S/P; Ayes- 14, Opposed-0, Abstentions-1, absent-0, A motion to approve the amended minutes was made by Fabio Gonzalez; seconded by Eric Narveson.
 - a) Mr. Covarrubias would like the following amended in the 3/30/17 minutes: Page 3, paragraph 1, remove “these are perceptions”
- 4) Task Force Membership:
 - a) The question has been asked if the membership as it stands now is the original membership. After thorough research by Sherri Brusseau, we have found that the individuals are the same but different constituent groups are now being represented. Today’s agenda has been reformatted and has the same individuals reflected in their agreed upon positions.
 - b) Mr. Escobar would like to add Marilyn Morikang as an alternate if he is unable to attend. It is agreed that Ms. Morikang will be added as an alternate.
 - c) Mr. Smith welcomed Ms. Morikang and explained to her that the members have the majority voice and the alternates are the secondary voice.
- 5) John Morton – June 6th, 2:00 – 4:00 PM:
 - a) John Morton is the CEO of the University of Hawaii Community College System. The Trustee’s attended a convention in Hawaii and met Mr. Morton. The Trustee’s would like to invite the RAM Taskforce to listen to Mr. Morton speak, specifically to his “Innovation and Performance

Incentive" theme as a mechanism for a revenue based allocation model. While the Trustees are not members of the RAM Taskforce, they would like the taskforce to hear this great, novel idea.

- b) The taskforce agreed to meet with Mr. Morton. While the time is tentatively scheduled for June 6th from 2:00-4:00, Mr. Smith will send a confirmation email to the group confirming the time and the location.
- c) The group agrees that the District Budget Committee should also be asked to meet with Mr. Morton as the taskforce is a subcommittee of the DBC. Mr. Smith will send an email to DBC introducing Mr. Morton and invite them to attend on June 6th.
- d) Mr. Smith will send an email to Mr. Morton and see if he can get any tangible examples to share with the group ahead of the June 6th meeting.
- e) Faculty members who are able to attend will be paid for their time.

6) Historical Data:

- a) The question has been asked if there has been more effort put into personnel at District Services in the last five years. Mr. Smith reviewed the Historical Expenditure Comparison that was distributed. From FY11-12 to FY15-16, personnel at SJCC increased by 27.9%, personnel at EVC increased by 25.03% and District Services personnel increased by 46.26%. The answer is yes; more effort has been put into personnel at District Services.
- b) Mr. Stutzman went back to the five years before we were a basic aid district. From FY06-07 to FY11-12, personnel at SJCC increased by 4.81%, personnel at EVC increased by 9.6%, however District Services personnel decreased by 12.16%. Mr. Smith represented that the report had been corrected to properly reflect the decentralization of custodial and grounds staff, which represented a total of 44 positions. So while District Service personnel did increase more than the colleges from FY11-12 to FY15-16, it appears that it was a recovery from the decline from FY06-07-FY11-12.
- c) When looking at the 10-year span from FY06-07 to FY15-16, personnel increased by 34.05% at SJCC, by 37.03% at EVC and by 28.48% for District Services.
- d) The sole purpose of this report was to test what was the five-year history, roll it back five years and see what happened and then to look at the 10-year average.
- e) The Discretionary history is not an accurate picture because prior to FY11-12, District Services and District-wide were comingled and also included carryover, rental and one-time money.
- f) All personnel are included in the historical data.
- g) Mr. Frazier questioned whether we were able to function in FY11-12. Was there a demonstrable absence of performance from District Services or were we functioning just fine? The real question according to Mr. Frazier is performance. He feels the students aren't getting what they need, he feels we are poisoning our students by neglecting our facilities and that District Services is not providing necessary services to the colleges. There are serious flaws with what the colleges are receiving now. The colleges are not getting the services they are requesting and have paid for.
- h) Mr. Frazier believes that the colleges did not ask for a Resource Allocation Model. Mr. Smith pointed out that RAM came directly from the QFE plan from SJCC.
- i) Mr. Escobar is concerned with the swings in data points and that they are really just a snapshot of time. He is concerned with the staffing at the colleges. He believes that without the proper data, our conclusions could be incorrect.
- j) Mr. Smith attested that to the best of his ability, the data is correct. The report is intended to show where the effort went. The data supports what Mr. Escobar is saying, however when you look at the 10-year story it shows a different story.
- k) Mr. Frazier feels that it is difficult for District Services to see the need for staffing of Faculty and classified personnel on the campuses. He would like to see an evaluation done on the

effectiveness of District Services being based on the campuses. Byron and Jorge should evaluate the effectiveness, not the Chancellor.

l) Mr. Stutzman feels we need to drill down into District Services and District Wide costs.

7) RAM Transition

a) See notes above under agenda item #1.

8) RAM Updates

a) Presentation to Academic Senate

1. Mr. Smith asked if he or Roy could be of any help to Mr. Covarrubias and Mr. Narveson with a presentation to the Academic Senate. Mr. Narveson feels that the help will be needed when we are closer to the final product. Mr. Covarrubias agrees. Mr. Smith said that the offer is there, and is an open offer, when they are ready.

b) Presentation to students through College Governance Process

1. Mr. Smith asked if there is something we should be doing that we are currently not doing relative to our student legislative group?
2. Mr. Frazier stated his concern that students do not get information from District Budget Committee or the RAM Taskforce. Neither group has student representation at either meeting. Per Mr. Frazier, this is an organizational issue that should be solved by the Chancellor and Vice Chancellor's. Our organizational structure bases everything on rumor and minutes that are hard to understand.
3. Mrs. Ramirez pointed out that it is the end of the semester and it will be very difficult to get student representation.
4. The general consensus is that if we are committed, we should consider offering a stipend and/or mileage reimbursement as an incentive for recruiting student participation, and the sooner the better.
5. Ms. Hanfling pointed out that it is all committees that lack student representation, not just DBC and RAM.

9) Variable Status Update:

a) Dr. Breland's statement was read by Mr. Escobar. See attachment.

1. Mr. Escobar and Ms. Alexander were tasked with looking at the variables and how they could be put into a model. They came to the conclusion that the variables weren't quantifiable and after much discussion agree that the variables do not need to come out of the college's own budgets and they are therefore proposing a base allocation model. Ms. Alexander explained that personnel at each campus is 36M regardless of the number of students. We have to start somewhere as both colleges have the same needs.
 - a. The two main variables for both colleges are Innovation and Performance and Total Cost of Ownership. Mr. Escobar and Ms. Alexander are proposing that 5M be cut from District Services and split equally between the colleges for these variables.
 - b. It does not make sense to cut District Wide as the costs associated with District Wide are fixed and don't change because they are the college level.

- c. Mr. Escobar feels this is good timing to speak with John Morton as this is an Innovation and Performance model.
 - d. Mr. Escobar acknowledges that it will take time and effort to make such drastic cuts to District Services.
 - e. The assumption is that the colleges keep any local revenue they generate and carryover and managed it at the college level.
 - f. Mr. Frazier does not agree that the variables are not quantifiable and is concerned about creating pools of money that are inaccessible to things that could be strategic in nature, (i.e. compensation). The variables identified were meaningful to the group. He just doesn't believe that the variables are not quantifiable. Wants Social Justice taken into account. Does not want the variables abandoned because of the coincidence that the colleges have the same personnel needs.
2. Ms. Hanfling is also concerned with many pots of money in many places that make it difficult as a union to be able to advocate and fight for raises. She agrees that not all variables are quantifiable but she is concerned that some are and that we need to look at them and be careful about money that just sits.
 3. Mr. Narveson is concerned that we may be setting a precedent that Milpitas is its own entity. It should not be its own entity if it is truly under SJCC. Ms. Alexander explained that the graph is exactly what Mr. Stutzman has shown us with all models over the past few months.
 4. Mr. Covarrubias wanted to clarify that SJCC and Milpitas are the same entity and that what we are failing to recognize is that money is being taken from SJCC to support Milpitas. He then questioned why the District separated District Services from District Wide and feels it's the same thing. They are separate cost centers.
 5. Ms. Alexander stated that we don't want to do something that is so complicated that it's not transparent. There are variables that are exclusive to each college and each college should spend their allocation as they see fit. The data bears out what we need to function at the college level.
 6. Mr. Hawkins stated that the simulations prepared by Mr. Stutzman are revenue based and the chart prepared by Mr. Escobar and Ms. Alexander show a reduction of 15.9M by 5M which is District Services, which is human beings and his constituency group will not sit still for that, coming from management at the colleges. He also states that he does like simulation #7 as a model.
 7. Mr. Stutzman states that the organizational issues around Milpitas are "fuzzy" to say the least. The District needs to clarify who is responsible for Milpitas and how it gets funded.
 8. Mr. Fitzsimmons pointed out that Milpitas is a joint-use facility and we have to be able to track the costs associated with it.

10) Simulation #7, #7A, #7B, #7C and #9

- a) Everyone has seen simulation 7 before and there is nothing new with this simulation
- b) Simulation #7A highlights 1M for Performance Allocation and Innovation Fund. It is simply to illustrate how something like this can be put into a model. It reflects John Morton's idea of having money for this type of fund.
 1. Mr. Smith explained that he and Mr. Stutzman worked behind the scenes and grappled on how you do this without subtracting money or adding money that doesn't exist so they created this line item to simply show what it may look like. The math is the same and maybe

over time as this fund is funded and criteria are developed and incentivizes one more than the other based on that criteria. Mr. Smith was asked to introduce the concept, which is the reason for simulation #7A.

2. Ms. Hanfling questioned why there are two lines for basically the same thing. If there is money allocated the colleges can spend the money at their discretion and if they want to create a fund they can.
 3. Mr. Frazier considers this to be another variable (#17). He would like to see each college choose 3-4 variables that is strategic to that college and he would like to see the 5M broken out by those variables on the simulations. Each college should focus on the characteristics of their respective colleges.
- c) Simulation #7B shows actual Spring enrollment and the only purpose is to show what happens to the bottom line when you know your FTES as opposed to a three-year average.
1. Ms. Alexander explained that FTES has always been considered as a variable but was based on the three-year average. This simulation shows actual FTES for Spring enrollment. Mr. Frazier pointed out that this is in fact a variable that is quantifiable. Ms. Alexander again reiterated that FTES has always been the main variable that all simulations have been based on.
 2. Mr. Fitzsimmons explained to the group that P2 is not really the actual data. P1 is in January, P2 is in April and is more refined. P3, also called "annual", is in July and is what is considered actual.
- d) Simulation #7C applies a 2.18% deficit factor applied to District Services. District Services is taking their share of whatever expenditure reductions would be necessary given what the adopted budget says is a 2.18% deficit. Applies only to District Services.
- e) Simulation #9 takes all full-time salaries and benefits off the top. This is more of an expenditure type model. Who is responsible for the monies taken off the top? This model is very similar to what we have now.
- 11) Status update of Business Procedures
- a) Mr. Stutzman explained that we as a District are so different in terms of the way revenue comes that it would have been more confusing had he sent out the Business Procedures. He is working on creating the San Jose-Evergreen version of the Business Procedures. He needs to clarify
 - Ending Fund Balance
 - Carry-over
 - Overage Expenditures
 - b) Mr. Stutzman concluded that we aren't there yet. All the simulations we have reviewed provide a skeleton of a model.
 - c) Mr. Smith asked if the group wants Mr. Stutzman to start putting together a simulation and Business Procedure for a revenue based model? The group agrees to have Mr. Stutzman proceed with creating the 2016 Business Procedures document and as a group we will evaluate it at the next meeting. Mr. Stutzman agrees to have it ready and sent to the group by the end of the day on Wednesday.
 - d) Mr. Stutzman reminded the group that this will be a work in progress and will in no way be close to the final project. This will simply be a draft for us to work on and react to.
 - e) Mr. Frazier is concerned we are abandoning the other variables.
 - f) Ms. Hanfling thought that we already agreed on a 3-yr. average.

11) Differences between revenue model vs. cost based model

The group agreed to move this item to the next meeting agenda.

12) Revisit District-Wide costs in 16/17 Adopted Budget

The group agreed to move this item to the next meeting agenda.

13) Evaluation of District Services costs at the College Level

a) FTES to \$\$DS Graph

The group agreed to move this item to the next meeting agenda.

14) Build Next Agenda

See above

15) Check out

a) Mr. Frazier reiterated that there is a communication issue District wide.

b) Mr. Escobar and Ms. Alexander will continue to work on the variables

c) Ms. Hanfling would like to have a sense of where we are going and when it will end. We talk a lot and relook at models, someone needs to say that these are the meetings and this is what we have to accomplish.

d) Mr. Stutzman hopes the group can come to a recommendation sooner rather than later, focusing on simulation #7. He reminds the group that not all will be happy.

e) Mr. Smith reiterated that the objective is to hone in during the next three meetings and get as close to the end as possible.

f) The ultimate goal is to reach consensus among the various constituent groups.

g) Mr. Graham feels it would be nice to have a complete product when we meet with Mr. Morton so we can pick his brain.

16) Adjournment

The meeting was adjourned at 5:11 PM

Address to RAM committee Friday, April 28, 2017

President Breland wanted to join us today; however he is driving back from Sacramento, where he was elected to serve on the CA CEO board representing the interest of the 20 community colleges that make up area 4 in the Bay Area.

I would like to read the perspective of the College:

We appreciate the effort demonstrated over the past few months, including the compilation of documentation, reference materials, and models from other colleges, which also includes those that are in basic aid status.

We are not surprised that the models that other institutions use, or that at least have developed, do not fit our district. This is a good thing, as we can develop a model that represents who we want to be and furthermore, creates an organizational environment to support best support our future efforts.

We believe this is a unique moment for breaking the mold, to learn from history but leave traditional formulas and methods to the side. This is the time to be creative, confident, and while we will also remain responsible; we should allow ourselves the freedom to think, to innovate, to build, to transform, leaving to the side the scarcity modus operandi.

Our Colleges collectively have over a century of experience and service. But we have also accumulated a set of operational practices and methods that may not be sustainable over time, nor fit our current or future operational needs. Obviously, we'll never put the future of our students at risk, but it's also our responsibility to have an operation that is reflective of the century in which we live. For instance, people now have in their homes terabytes of storage and high speeds of connectivity, you can program your lights to be turned on and off from your phone, and can make reservations by dictating to a device in your kitchen. To that end, how do we begin to justify utilizing heavy machinery that keeps our processes manual, and our data loose? We can't continue to fuel a system without agreeing on achievable results. We can't allocate budgets and resources without making the connection to outcomes, not only academic and student service outcomes, but operational results and plans. We need to spend more time serving students and less time paper pushing; we need to promote student success as one team, as a complete District, with clear roles and responsibilities, with autonomy and accountability.

The current model will not take us far. As a matter of fact, we have not reacted fast enough to take advantage of strategic planning for over three years since we became a basic aid district to invest in the right technology, in having the Cadillac of student service tools, in cultivating the

pipeline of students. Simply put, we have not invested in simplifying our processes, minding efficiencies at all levels of the organization, or training our people.

We have high expectations to share a common vision, to work as one team, and to be the model of Colleges, if we so desire to get there. We implore everyone, at all levels in the organization to continue to work together to take full advantage of the time that we have spent on this effort and perhaps more important, be courageous enough to maximize this opportunity to reach our full potential to best serve our students.

Dr. Byron D. Clift Breland