

CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
District Budget Study Group
January 25, 2013
Draft Minutes

<u>Present</u>	<u>Present</u>	<u>Absent</u>	<u>Non Members</u>
Bob D'Elena	Sandeep Sidhu	Joanne Bishop-Wilbur	Charlotte Loft
Dave Fouquet	Susan Sperling	PedroRuizDe Castilla	Marcia Cocoran
Justin Garoupa	Heidi Ulrech	Todd Steffan	Lisa Everett
Ming-Lun Ho	Dale Wagoner		Marilyn Flores
Judy Hutchinson	Kevin Walthers		Wyman Fong
Kathy Kelley	Judy Walters		Jared Howard
Natasha Lang	Gordon Watt		Jeannine Methe
Lorenzo Legaspi	Connie Willis		Sylvia Rodriguez
Sarah Thompson	Linda Wilson		Rajinder Samra
Tim Nelson	Yvonne Wu-Craig		
Janice Noble	Barbara Yesnosky		
Diana Rodriguez			

1. Review and Discuss the Simulation of Resource Allocation Model

Dr. Walters summarized the time spent on working on the allocation model from prior meetings. Since 2009 the DBSG have had 37 regular meetings and 20 meetings of other sub groups. At 2.5 hour per meeting with average attendance of 30 people, the combined total man hours were 2775 hours. Due to personnel turnover some things did not get carried over. She distributed a list of operational questions that were submitted to her to be addressed. At this meeting, Mr. Hill would review the two simulation models and then address the questions along with any additional ones.

Mr. Hill recalled that in the past few meetings the group talked about the strengths and weaknesses of revenue versus expense model. The direction of this group was to move toward a revenue model and part of the discussion was the hybrid model. The simulation model was built from that discussion and the knowledge from prior meetings. The attempt was to be very open and transparent in building a logical structure. The chancellor and the Presidents reviewed the two versions of the model and made some adjustments. Subsequently, a meeting was held with Faculty Association for discussion on some related issues and obtained some decision making points on the context.

Mr. Hill used the adoption budget numbers in the two versions of the simulation model. The Funded FTES for the district is the primary driver of the model. First he reviewed Version 1 of the resource allocation model: Step 1 is the base FTES and the ratio, Step 2 - the apportionment, then Step 3A district wide costs. The balance is then allocated to the two colleges.

Step 2 would be subject to change if there was any COLA, growth, and changes to the funded base. Similarly, if there was change in 3A costs, the district would need to identify, document it

and true up the numbers. As the 3A costs increase, there would be less to allocate which would affect all operational units of the district. And, if it decreased, more money would flow through to all units. 3B is the balance after the district wide costs for which a ratio has to be established for the allocation. Step 5: back out the Foundation amount for the two colleges under the state apportionment formula. The balance of that is allocated on the ratios of the FTES. Each unit will manage their own expenditure. At the end of the year the model would need to be trued up. The adopted model should be evaluated annually and then maybe a standard review every three years.

Version 2 had a slight change under step 6, in that the Foundation amounts would be rolled up and distributed as FTES allocation. Based on the FTES, Chabot College would receive higher amount. However, it would be in the interest of Las Positas College to support Chabot College as they would share in the higher total revenue.

The two versions were done based on the guidelines that were established for step 2 and 3A costs. The numbers would change for 2013-14 and depending on the outcome, adjustments could be made and then develop a transitional plan. The revenue model would give the colleges more autonomy with decisions, but colleges would also be charged with the requirements of the 50% Law, certain contractual requirements, managing the FON and the FTES numbers.

Mr. Fouquet requested that Mr. Hill's calculation be shown in an excel format for better understanding. It would help him answer the concerns on the impact of allocation during workload reduction.

Mr. Hill agreed to do that.

Ms. Thompson asked if the district should grow at the same rate as the colleges grow. Her question was added to the list to be addressed because it deserved additional discussion.

Dr. Walters and Mr. Hill addressed some of the questions. Others would have to be resolved in the appropriate areas like DEMC. Also, some of them would get addressed in the Procedures and different subgroups maybe formed to write those procedures to address the issues and share with the group.

1. How would district wide reserve be used and replenished.

The district wide reserve is for emergencies and replenished through a 3A assessment for a budget year. In the revenue model the reserve is not automatically replenished because all the monies are flowing through and out.

2. How much local reserve would the colleges be allowed to keep.

Some parameters need to be established for the colleges with some incentive to accumulate it.

3. Will funded FTES be allocated to the colleges and how will it be during growth and decline.

Restoration ratios would have to be planned out and DEMC would need to get involved.

4. Will the model be corrected for actual results according to the deficit.

The budget was built based on the assumptions and would need to be trued up at the end of year actual.

5. Summer FTES is an important consideration to this model.

Develop a strategy to utilize summer FTES without harming the colleges in the allocation process.

6. How is Step 3A costs adjusted.

Evaluate and document it. It would be trued up.

7. How does collective bargaining process impact the model.

Collective bargaining would stay in place just as it had. Negotiation process would be played out in the cost of each unit as budgets are being developed with available resources.

8. Will DEMC be affected by the model changes.

It is not anticipated to have negative impact. The intent is to protect the good work of DEMC. There has to be conversation between FA and DEMC to resolve.

9. At what point should the model be evaluated and adjusted.

The district has to decide, but within the timeframe of the initial review and anticipate every three year review.

10. How would the normal operational costs be addressed.

When the revenue is slow the expenditure budget would be built accounting for it.

11. Is the transition plan needed from the model changeover.

It would depend on the differences of all the various sides. The resources that need addressing and the solution plan to develop. The idea is not to hurt either college.

12. Does Nursing/Dental Hygiene have district implication and should it be accommodated under 3A costs.

More data is needed on this and then decide if there is room for it in 3A Expense.

13. How does this model impact Accreditation.

All the continuing work in the DBSG has been adding to answering that question. The group needs to decide on the end result to show the work done for 2013/14. Then evaluate it at the end of year to address Accreditation Commission's comment on the district's deficit spending in 2008-09 and the structural deficit. Dr. Walters acknowledged Ms. Thompson's suggestion that the work be continued to maintain all the basic requirements of Accreditation and not just to address the current recommendation.

14. Why is the budget done separately when it is a district-wide function.

It was requested that M&O be split from the District Office. Part of M&O was moved to 3A.

15. How do we handle mid-year cuts and the associated costs increase in the district

Mid-year cuts would be a factor of the recalculation which would be in February. If deficit is anticipated, then it should be accounted for in the budget at the top, e.g. set aside 1%, but with the consultation and agreement.

Mr. Hill stated that everything needs to be documented in the administrative procedures which could be changed as things change. Subgroups would be formed to write the procedures and share with the whole group.

Mr. Fouquet stated that regardless of whatever model is chosen, the FON distribution has to be at rest.

Dr. Walters had requested Ms. Yesnosky to do an analysis of the faculty costs at both colleges. Chabot's average faculty cost was \$91,000 and Las Positas' was \$90,000. The numbers came up to \$149,413 on top of the schedule.

Mr. DeWit stated that he did not agree with the answer with the fulltime faculty, since it is balanced by the FON of ratio between the colleges. Once it is balanced there is still a marginal difference in benefits and salaries.

Ms. Thompson commented that this budget has implications of changing our functional map. It is important to bring in the functional map along with the budget because some labor burden may shift.

It was an operational issue that existed in the model. A discussion would be necessary to centralize or decentralize a task and the model could respond to that.

Mr. Wagoner thanked Mike Hill and said that the template was great for a new allocation model to start with. He said that it costs Chabot College approximately \$450,000 for Nursing and slightly under \$200,000 for Dental Hygiene. The revenue base model would incentivize the college to cut these programs as they are pulling revenue out. A few years ago the Board told them to make these programs work. In Version 2, Mr. Hill talked about shifting the FON. Chabot is two positions short and in April they would be mandated to fill the two positions. Nursing is foremost at the Chabot campus that attracts people.

The last question was, what are the specifics about when, where and who regarding this discussions and decisions and timeline.

Dr. Walters responded that based on the information from the DBSG, DEMC and the contract faculty, the Chancellor would make a decision for the 2013-14 budget. The intent is not to cut the money from the colleges, but to develop a transition that everyone would feel comfortable. The question on the Nursing/Dental Hygiene will be addressed. The issue of the district office will need to be handled with the new Chancellor. She appreciated the work that went on over the last four years and the work done by Mike Hill.

Mr. Garoupa clarified that along with the Chancellor's decision, this body is supposed to make a recommendation to the Board. And, if necessary both are presented side by side.

Dr. Walters agreed with Mr. Garoupa. The policy states that this body makes a recommendation to the Chancellor who would carry it forward. If they did not like it, then they make their own recommendation to the Board.

I. Other

None

II. Next Meeting

February, 2013