

DISTRICT CONSULTATION COUNCIL
October 28, 2019

SUMMARY

MEMBERS PRESENT: Josh Ashenmiller, Christie Diep, Cathy Dunne, Craig Goralski, Manjit Grewall, Cherry Li-Bugg, Cheryl Marshall, Dawnmarie Neate, Kim Orlijan, Jeremy Peters, Valentina Purtell, Irma Ramos, Lizeth Sanchez, JoAnna Schilling, Greg Schulz, Kai Stearns Moore, Jason Thibodeau, Joseph Vasquez, Nick Wilkening, and Fred Williams.

VISITORS: Rod Garcia, Alex Porter, and Kashu Vyas.

Chancellor Cheryl Marshall called the meeting to order at 2:01 p.m.

CONSENT CALENDAR & SUMMARY

Consent Items: The agenda contained no consent items.

Summary: The summary of the September 23, 2019, meeting was approved as amended.

STRATEGIC GOALS & PLANNING

Schedule/Process for Major Topics: Chancellor Marshall shared the updated schedule for major topics which extended the one-time funds and Resource Allocation Model (RAM) discussions through November. She reminded members that the AB 19 funds discussion would take place at the next meeting. The committee agreed to have the Educational and Facilities Master Plan (EFMP) consultants attend the November DCC meeting and add the RAM discussions to the January DCC meeting agenda.

One-Time Funds: The committee continued its one-time funds discussion from the September 23 DCC meeting. Dr. Marshall provided members with a listing of the suggestions received at that meeting, and noted that discussion would center on the Council on Budget and Facilities (CBF) suggestions, allocation options and campus recommendations, and a potential benefits simulation.

CBF Suggestions: At its October 14 CBF meeting the group received the DCC suggestions listing along with a listing of allocation of one-time funds by campus that included 19-20 allocations that have been made and a proposal for potential allocations for 20-21 and 21-22. At CBF, it was shared that certain amounts were provided to campuses based on initial requests, with the expectation that additional requests would be made from the campuses as discussions progressed.

During the discussion, DCC members stated that it is difficult to tell from the budget detail which line items are new funding streams, and if an area is receiving money for the first time or if it is being added to an existing budget allocation; that campus priorities cannot be articulated without knowing how much is being added to a budget; that members may not be well versed in the budget details and require additional information; and that the CBF process needs to be more defined and robust in order to make recommendations to DCC.

Fred Williams, Vice Chancellor of Finance and Facilities, stated that more information would be brought back to CBF and that suggestions are in process, but noted that the information shared is their best guess at this point in time. He emphasized anticipated changes to the Student Centered Funding Formula (SCFF) and future uncertainty related to the hold harmless/stability funding that is the biggest revenue that is coming in to the District.

Allocation Options and Campus Recommendations: At the October 14 CBF meeting, the College Vice Presidents of Administrative Services submitted requests totaling \$15,457,000 for campus maintenance and equipment supplements. CBF conditionally approved the requests with the understanding that the vice presidents would attend DCC to answer questions. Rod Garcia, Fullerton College Vice President, indicated that the \$7,900,000 list for Fullerton College included costs related to equipment and maintenance. Alex Porter, Cypress College Vice President, stated that the \$7,557,000 Cypress College list was an augmentation to the College's five-year scheduled maintenance plan.

Chancellor Marshall requested to hear about what campus discussions occurred. Cypress College agreed that their 20-21 budget would come from the program review process ensuring a more equitable, holistic approach that is data driven and data informed. At Fullerton College, President's Advisory Council (PAC) and their Faculty Senate have had discussions where suggestions have included student basic needs, sustainability, gathering spaces, facilities updates, Fullerton College Foundation funding, and other campus related areas such as augmenting the extended day budget. NOCE shared a handout outlining their six one-time funding ideas with proposals aligned with District priorities, supporting certain metrics, and tied to the NOCE Strategic Plan. The areas included online education, universal design, the extended day deficit, the NOCE pledge cohort, positive attendance data collection, and outreach/marketing. The ideas were discussed at Provost Cabinet and the budget committee, and shared at the Pastries with the Provost events. Vice Chancellor Williams also stated that repairs to the Anaheim Campus upper parking deck are estimated to be \$10 million and there are approximately \$40 million in districtwide needs related to the ADA compliance list.

During the discussion, members asked the District to be mindful of the use of professional experts and hourly rates; why the District is identifying the needs of the campuses at this level and not allocating the funding to the campuses to identify their needs; why there is an almost equal distribution of the funds to the campuses when they are different sizes; and stated the need for different allocation distributions dependent on size, need, and potential cost savings.

Benefits Trust Simulation: Dr. Marshall introduced the idea of creating a benefit trust –similar to the Retiree Benefits Trust– and shared earning scenarios provided by Vice Chancellor Williams. The scenarios outlined the earnings that investments ranging from \$20 – 50 million would accrue at 1-6% interest rates. She indicated that she would share the idea with the Board as one potential avenue of an on-going source of funds to help with the cost of benefits.

During the discussion, members inquired about potential interest rates; whether the trust could be set up as a long-term investment, but with access to the interest earnings; whether the interest earnings would cover the cost of family benefits coverage; and whether the current irrevocable trust could be used for other purposes. Members also noted that investment of one-time funds would be a way to have on-going revenue for the District, and also cautioned about the power of narrative and that, hypothetically, faculty could use the trust to claim that the District is hiding money and that the negotiations that stalled and failed last year were a bad faith effort.

As part of the discussion on one-time funds, members were asked to vote for their top five areas of funding from the following: Professional Development; Emergency Preparedness and Safety Technology; Equipment; Program Review; Student Outreach/Recruitment/Onboarding; Student Equity and Student Success; Capital Expenses; Salary and Benefits; Scheduled Maintenance; Operating Allocation/Restoration/Deficits; Institutional Capacity; and Sustainability.

Chancellor Marshall stated that the votes would be tallied and shared with the group, used during the Board Study Session on November 26, and that further discussion would continue at the November DCC meeting.

Area for Funding	Votes
Professional Development	9
Emergency Preparedness and Safety	7
Technology	9
Equipment	None
Program Review	2
Student Outreach/Recruitment/Onboarding	5
Student Equity and Success • Programs and Services to Support Students	10
Capital Expenses	None
Salary & Benefits • Off schedule salary and benefits contributions • Benefit Trust	10
Scheduled Maintenance	7
Operating Allocation Restoration/Deficits	2
Institutional Capacity	9
Sustainability	10

Resource Allocation Model: Kashu Vyas, District Director of Fiscal Affairs, provided the summary that was provided to CBF from the Resource Allocation Model (RAM) workgroup. The process began with the principles that would drive the conversation and helped to identify what was important. The proposed new internal allocation model principles include:

- Recognize the District as the fiscal entity while honoring the unique legacy and culture of each institution.
- Use planning and goals to drive the budget process.
- Ensure that resource allocation decisions align with the type of funding.
- Consider both the inputs and outcomes of proposed budget decisions.
- Regularly assess operations and use data to inform the decision-making and planning processes.
- Incentivize innovation and program development.
- Take a long-term perspective.
- Be transparent, simple and easy to explain.

Components of the new funding model include:

- Revenue: Breaking out the unrestricted General Fund revenue by campus (CC/FC/NOCE) with apportionment revenue from the SCFF and locally generated revenue to the site that generates it. District Services is provided with an allocation from the three institutions (CC/FC/NOCE) and then expenses are considered for all four sites (CC/FC/NOCE/DS).
- Expenditures: Direct expenses identified by whose expense it is are allocated to each site with districtwide expenses allocated across all four sites.
- Chargebacks: Chargebacks are considered for costs that are paid by one site for services provided to another site. A chargeback would be a consideration if there are costs that are born by one site but the revenue is credited to a different site.

Ms. Vyas provided summaries of the new internal allocation model using current information and noted that the proposal for implementation is that the District run the existing model and the newly proposed model alongside each other for the upcoming fiscal year to determine how the new model is functioning and to allow for any adjustments that may need to be made for practical operation. She also stated that there is ongoing discussion on the actual percentage for District Services, but that the workgroup is theoretically in agreement that it would be easier to fund District Services instead of having them be an ongoing districtwide expense. Salary and benefits would not be a districtwide expense, and utilities would be taken out and realigned back to the campuses.

During the discussion, Ms. Vyas addressed questions related to where executive and confidential salaries are included in the expense budget; where the process currently stands, what feedback is needed from DCC; what the thought process was on changing the processes; whether there is a separate allocation from the State to maintain the District's FON obligation and if it is included in the model; whether the State provided additional funding for 19-20 for full-time faculty; thoughts on the tremendous impact to NOCE which would result in difficulty maintaining operations; and what percentage other multi college districts use for District Services.

Members noted that with the SCFF model changes related to student metrics, the campuses will need to have conversations on revenue generating opportunities and suggested the development of a dashboard to provide scenarios as well as the inclusion of a narrative on the charts highlighting the takeaways. Chancellor Marshall stated that the RAM would be an ongoing DCC item with more simulations and that any questions be directed to her.

POLICY

Chancellor Marshall noted that the 2019-20 policy schedule that was distributed with the agenda had been revised. Revisions included a new Adjunct Faculty Hiring Procedure (currently Administrative Guide #3000) and a new Preferred Name procedure to address pronouns for students and staff.

Board Policy and Administrative Procedure Revisions – 6-year Review Cycle Revisions:

DCC reviewed the following board policies and administrative procedures and the following comments and feedback were received.

- BP 3280, Grants: No comments.
- AP 3280, Grants: No comments.

- BP 3300, Public Records: No comments.
- AP 3300, Public Records: No comments.
- BP 3310, Records Retention and Destruction: Members inquired about holding off on the revisions since the policy will be further revised soon, but it was agreed to move forward with the proposed changes in order to have the policy be legally compliant now.
- AP 3310, Records Retention and Destruction: No comments.

Subsequent to the discussion, there was **consensus to approve all of the administrative procedures and post them to the District website**, and to **approve all of the board policies and forward them to the Board of Trustees for their consideration**.

Board Policies – Content Revisions: DCC also reviewed and discussed proposed revisions to the following board policies:

- ~~BP 6360~~ AP 7400, Travel and Conference Attendance: Clarification was provided regarding travel associated with Section 1.1.1, and members agreed to strike “water” from Section 5.2.3.
- BP 7400, Travel and Conference Attendance: No comments.

Subsequent to the discussion, there was **consensus to approve the board policies and forward them to the Board of Trustees for their consideration**.

ADJOURNMENT: The meeting adjourned at 3:59 p.m.

NEXT MEETING: November 25, 2019