

OCTOBER 17, 2011  
 JOINT DC/DBAC SPECIAL MEETING  
 SUMMARY

<b>Present</b>	<b>Members:</b>	
X	Teresa Amos	District Administrative Services Representative
X	Randy Castello	ACE Representative
X	Queenie Chan	MC Classified Senate Representative
X	Ngoc Chim	District Budget Manager (non-voting)
X	Charles Clemons	SEIU Representative
X	Peter Czupil	MC Student Representative
X	Brad Davis	Associate Vice Chancellor, Human Resources
X	Blake Dibala (alternates w/Fullmer)	WVC Student Representative
X	Michelle Donohue-Mendoza	Teamsters Representative
X	Brigit Espinosa	District Administrative Services Representative
X	Cheryl Farnsworth	Confidential Unit Representative
X	Pat Fenton	ACE President
	Chance Fullmer (alternates w/Dibala)	WVC Student Representative
X	Lori Gaskin	WVC President
X	Bryan Dallara for Sergio Gonzalez	WVC Associated Student Organization President
X	John Hendrickson	Chancellor (non-voting)
X	Kurt Hibner	District Administrative Services Representative
X	Victoria Hindes	WVC VP, Student Services
X	Penny Johnson	MC VP, Student Services
X	Tracy Johnson	Recorder/District Administrative Services Rep.
X	Laurel Jones	MC President
X	Laurel Kinley	WVC Classified Senate Representative
X	Napoleon Mendes DeCosta	SEIU Representative
X	Susan Monahan	MC Classified Senate Representative
X	Ed Maduli	Vice Chancellor, Administrative Services
X	Albert Moore	District Administrative Services Representative
X	Worku Negash	MC VP, Administrative Services
X	Jeff Nelson	MC Academic Senate Representative
X	Kuni Hay for Michael Renzi	WVC VP, Administrative Services
X	Rose Schultz	Confidential Unit Representative
X	Lance Shoemaker	WVC Academic Senate Representative
	<b>Guests:</b>	
	Gerri Oliver, Cathy Cox, Rene Mesa, Elizabeth Maciel, Sarah Randle, Rebecca Wong, Lauren Milbourne, Katy Fitzgerald, Norma Ambriz Galaviz, Carolyn Kuri, Charles Clemons, Doug Masury, Thais Winsome, Janice Morgan, Carol Qazi, Diane Hurd, Frank Kobayshi, Sandy Dinh, Geri Peterson, Inge Bond, Angelica Buendia-Bangle	

Facilitator Albert Moore called the meeting to order at 2:35 p.m.

1. Order of the Agenda

It was M/S/P (Negash/Amos) to approve the order of the agenda.

2. Oral Communications from the Public

There were none.

3. Revenue Allocation Model

Vice Chancellor Ed Maduli briefly reviewed the Revenue Allocation Model and the Transition Plan proposals, which have been under discussion for the past several meetings. (A copy of these proposals is attached to these minutes.) He reminded members that the vote taken on the RAM concept at the October 10, 2011, meeting, had been a tie, so that no model had been adopted at that meeting.

Chancellor Hendrickson indicated that he is confident that the group will achieve consensus regarding the RAM to be used, as well as a transition plan.

There was discussion regarding the RAM proposal. Mission College President Laurel Jones said that proposal is a concept and framework that needs to have the details developed. A group would work with Mr. Maduli on the details, and DC/DBAC is the body where dialogue and review regarding the details would take place.

It was M/S/P (Jones/Negash; Castello opposed) that there be no re-vote on the RAM proposal, that the tie vote received at the October 10, 2011, meeting remain standing, and that the issue go to Chancellor Hendrickson to make a decision based on his knowledge and expertise.

Chancellor Hendrickson indicated that he understands the decision, and will be pleased to undertake the task. He asked Mr. Maduli to assemble a RAM Task Force to develop the details of the plan.

(Following the above vote to let the tie vote stand and to refer the issue to Chancellor Hendrickson for a decision, Chancellor Hendrickson forwarded a letter to DC/DBAC regarding his decision. That November 4, 2011, letter is attached to these minutes for clarity.)

4. RAM Transition Plan

It was M/S (Hibner/DeCosta) to add another option to the transition plans presented: that the Land Corporation allocate an additional \$400,000 to West Valley College.

Several members indicated that they would not be able to support this proposal if there were no back-up plan, in case Land Corporation did not allocate the additional funds. After much discussion, the motion was amended to include option three listed under 'Options for 2011/12' from the existing transition proposals as the backup plan should Land Corporation not allocate the additional \$400,000.

Mr. Maduli indicated that he had presented the group with three transition options at an early meeting and then presented other options at a subsequent meeting. One of the options was to have Land Corporation backfill lost funding for a period of time. It is a three-year plan to initiate the transition in 2011-12, and backfill lost funding as the new model transitions in over the three-year period. Option three of the transition plan allows Mission to use its discretionary fund balance to backfill the amount shifted in 2011/12, 2012/13, and 2013/14.

Teresa Amos said that the final budget for 11-12 has already been adopted, and that she finds it unfair to Mission students to make changes to funding already allocated in the budget.

Norma Ambriz-Galaviz discussed the affect on Mission College of shifting to an FTES split for the RAM. She pointed out that the Mission College budget was already approved based on the past model, and now the College suddenly finds itself in the position of having to adjust in this fiscal year to an even greater reduction than could have been anticipated. She said this shifts a greater percentage of the budget reduction to Mission if the plan goes into effect in this fiscal year. It would be better if the first year of the new model was next year, to give sufficient time for planning.

Lance Shoemaker said that all DC-DBAC members understand the pain that Mission College feels over having to make reductions, but that the proposed RAM is a more fair way of distributing funds. He said that the past method has been unfair to West Valley for a long period, and that just because the two colleges disagree does not mean that West Valley does not understand and sympathize

Mr. Maduli reminded the group that when the final budget was adopted, there were caveats regarding mid-year cuts, and Land Corporation agreed to provide funding to alleviate the effects of any cuts. He indicated that the proposed transition plans do not impact the budget as passed by the Board; budget reductions are not taking place until 2011-12. Mr. Maduli reiterated that Land Corporation is already backfilling for three years by making one-time funds available, and would likely not be able to provide an additional \$400,000.

Randy Castello agreed with Ms. Amos' earlier comments, and said that it is difficult to implement a new model retroactively. In her opinion, the issue is what to do about West Valley College in this fiscal year.

Mission College President Laurel Jones reviewed her understanding of the process that led to this point. Options for a new revenue allocation model were presented, and it had been indicated that 2011-12 would be a hold harmless budget. The perception that went out to the Colleges was that there would be no impact to the Colleges in this year. Then there was a meeting that was very undermining, and more options were added to those originally suggested. This added to the discomfort of those at Mission. It has been said that budget reduction cannot be finalized at the Colleges until the RAM issue is decided here. She said that she does not see the just-proposed Land Corporation option as viable. She expressed her disappointment at the way the issue was handled, and indicated that a vote should proceed on the third option of the Transition Plan.

Following the discussion, Mr. Hibner and Mr. DeCosta withdrew their motion.

Mr. Hibner made a motion, seconded by Mr. Shoemaker, to approve option three of the Transition Plan.

Angelic Bangle said that she agrees with Dr. Jones regarding how this issue has evolved. She appealed to the group's sense of leadership and community, and urged everyone to stay objective and focused to bring the issue to a positive conclusion.

Jeff Nelson said that, based on his analysis of the numbers, Mission should be receiving additional funds because of the FTES generated by their larger international student enrollment, and he believes that these should be considered in the development of any plan. Ms. Carol Qazi indicated that there are inequities between the Colleges in the way resources from the international students programs are allocated, and asked that this be considered.

Cathy Cox thanked those at the District working on this issue for their commitment to working to serve students and maintain the overall district health. She said that Mr. Nelson's paper on the international and non-resident fees was interesting, and she felt that the point of the fee disparity between the Colleges was ignored. Without those funds in the general fund, the budget could not have been balanced and even more cuts would have to be made. She said that the funds generated by Mission in this area should be grounds for holding the College harmless for the \$400,000 – these funds are benefiting West Valley College even though the bulk is generated at Mission College.

Mr. Maduli indicated that one of the reasons the budget was able to be balanced was the revenue from the non-resident tuition fees. If that had not been used, there would have been additional cuts. He indicated that discussion on this issue could take place in the future.

A number of guests made comments on both sides of the issue.

Dr. Jones said that words that are spoken have repercussions, and that some of the discussions have led to people saying that Mission College is in the wrong and owing money back. This is not the case, and mistrust has been created as part of this dialogue. She said that Mission is an incredible college and it will get beyond this issue. She noted that if an FTES split is going to be used, it should be used in all areas. It should not be used in some areas, and then not used in others.

Dr. Jones called the question. (Motion by Hibner, second by Shoemaker, to approve Option Three of the Transition Plan

It was M/S/P (Hibner/Shoemaker) to approve Option Three of the Transition Plan, by the following vote:

Ayes – 14

Nays – 12

Abstentions – 2

Mr. Shoemaker made and withdrew a motion to adjourn the meeting.

Chancellor Hendrickson distributed a draft of the agenda for the November 1 Board of Trustees Focus Topic meeting, and suggested that DC-DBAC might choose not to cancel its next regularly-scheduled meeting, because of the just-concluded special meeting, and the fact that an early draft of the November 1 Board agenda was available for review.

DC-DBAC members reviewed the November 1 Board Focus Topic agenda, which included presentations on STEM by both Colleges, and a report from the demographer

It was M/S/P (Shoemaker/Hindes) to cancel the October 24 District Council meeting.



## West Valley - Mission

Community College District

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To: District Council/District Budget Advisory Committee Members  
From: Chancellor John Hendrickson  
Date: November 4, 2011  
Subject: Resource Allocation Model (RAM)

Over the past few months, District Council/DBAC has considered information provided by the District Finance Department and other data describing current and proposed formula and procedures for the allocation of District resources. Attached is the RAM Concept and Transition Plan recommended by Vice Chancellor Maduli at the October 10 and 17, 2011, District Council/DBAC meetings. The RAM fully allocates all general purpose funds received by the District. As a broad overview, the RAM recognizes and allocates resources to address all College and Administrative Services expenditure needs:

- Full-time faculty
- Part-time faculty, adhering to productivity calculations and FTES goals set by the Vice Chancellor after consultation with Performance Goals Committee and enrollment management committee
- Fixed costs set the by the Vice Chancellor after consultation with District Council/DBAC
- International Education base allotment
- Land Corporation base allotment
- Course exception exclusion
- District Services allocation
- Any other allocations set by the Vice Chancellor following Board direction or District Council consultation
- Each college receives core funding of \$1 million comparable to the intent of SB 361
- The allocation of remaining funds will be the proportion of actual FTES served by each college for the prior 2-year period. 2-year averaging will begin in the 2013/14 fiscal year
- The new model will be applied beginning 2012/13

I attend and actively engage in all District Council/DBAC meetings. As a non-voting member, I do not vote at these meetings. I also strive to not influence discussion leading to consensus or votes at these meetings. I have stated my opinion that the current RAM, as regards the allocation of remaining funds used at the discretion of each College, is neither sensible nor equitable. The RAM should recognize workload as measured by students served.

This subject has been a focus of numerous District Council/DBAC, College and Administrative Services participatory governance meetings and informal conversations for many months. Vice Chancellor Ed Maduli has prepared and shared financial data through charts, graphs and narrative materials used to inform all employees and constituent groups about the current model and alternative models. In fact, the subject of the RAM and the need to examine and change the model has been collectively studied at College and District-level participatory governance committees for more than a decade.

At the October 10, 2011, District Council/DBAC meeting, an advisory vote of 10 for and 10 against on the RAM proposal made by Vice Chancellor Maduli was recorded. On October 17, 2011, District Council/DBAC voted 14 for and 12 against the Transition Plan proposed by Vice Chancellor Maduli.

I have further consulted with Vice Chancellor Maduli on this matter. My perspective from attending our participatory governance meetings and closely listening to the positions and concerns of College and District employees and constituent groups is that the revised model and the transition plan developed by Mr. Maduli are fiscally and practically sound and support the needs of our Colleges and community. I have approved the RAM Concept and Transition Plan presented by Vice Chancellor Maduli and they will be in effect for 2012-13 budget planning as of today.

We have experienced spirited and sometimes uncomfortable debate about changing the resource allocation model. I believe that our employees and constituent groups will work cooperatively in District Council/DBAC and other settings to best serve our students with the resources available.

I thank you all for the time, energy, and careful consideration you brought to the process of reviewing the model and to giving me useful advice as I considered my decision.

## RESOURCE ALLOCATION MODEL CONCEPT

The District's proposed Resource Allocation Model borrows from SB361—the new funding model for community colleges adopted in 2006, in that a basic allocation and FTES are the drivers for the model. Similarly, the District's proposal funds the basic allocation first and the balance through an FTES ratio allocation to the colleges. The District's basic allocation includes the following:

- Faculty salaries and benefits
  - The full-time faculty obligation is fully funded.
  - Approved WSCH and FTES funded target for each college.
    - For FY 11/12, WSCH = 570. Funded target for WVC = 8,961 and MC = 7,388
    - Exempt WSCH is maintained at FY 10/11 levels
    - Reassigned time is maintained at 15.14 FTEF for each college
  - Associate Faculty Budget Funding Model is used to allocate budget for associate faculty.
- Fixed Costs
- District Services
- Reserves
  - 5% reserve is maintained.
  - Contingency reserve of no more than 3% is allowed.

Amount available after basic allocations are funded are allocated to the colleges based on an FTES ratio between the two colleges.

- Excluded from this calculation are baseline staffing allotments for each college in the amount of \$1 million each, plus the Land Corp base allotment and international student program base allotment.
- The FTES ratio will be the proportion of actual FTES served by each college. Propose to use the 53/47 split in the interim. Beginning in FY 13/14, the two year averaging of the prior two year period will be used.
- The proposed new model will be implemented fully in FY 12/13.

As there will undoubtedly be fund balances each year, proposed use of these balances are:

- Carry-over amounts for contractual obligations, reserves, categorical grants.
- Fund unexpected state apportionment shortfall in the current year.
- Fund one-time fixed costs in the new budget year, as approved by DC/DBAC.
- Provide one-time funding to cover shortfall in the new budget year, as approved by BOT.
- Allocate remaining balances proportionately between contingency reserve and colleges.
  - 75% of the college fund balance will be transferred to the District's contingency reserve except for funds required to implement a capital project, major equipment purchase, or special need. Such articulated college fund balance program proposals must be submitted in writing to the Vice Chancellor no later than October 1. Only programs approved by the Chancellor will be funded from college year-end balances. For FY 11/12, FY 12/13, and FY 13/14, college discretionary fund balance can be used to mitigate the transition to a new Resource Allocation Model.

In the likelihood that a shortfall occurs, the college with the shortfall will balance the fiscal year with funds borrowed from the contingency reserve. The college will then have to reimburse the contingency reserve in the next budget year.

There are revenues that will not be allocated through the District's proposed Resource Allocation Model. These funds will be allocated directly to the colleges. These include the following:

- Student support categorical programs
- Other categorical grants
- Restricted Land Corp rent allocation
- Restricted lottery

## TRANSITION PLAN

What is the appropriate budget split between the two colleges?

- Propose 53/47 split
- The two year averaging will begin in FY 13/14
- Excluded from this calculation are baseline staffing allotments for each college in the amount of \$1 million each, plus the Land Corp base allotment and international student program base allotment.

Options for FY 11/12

1. Do nothing—accept the 50/50 budget split for support funding
2. Defer action until FY 12/13
3. Start with FY 11/12 to shift funds. Use \$450,000 as the amount required. Adjust in FY 13/14 with two year averaging. Shift 1/3 amount of ongoing budget starting in FY 11/12. Mission College can use its discretionary fund balance to backfill the amount shifted in 2011/2012, 2012/13, and 2013/2014. West Valley College can use Fund 597 in 2012/13 to cover the amount shifted in 2013/14.

Other options

1. Have Land Corp fund the transition
2. Shift all the funds in FY11/12
3. Shift the funds in two years: 1/2 amount each in FY 11/12 and FY 12/13

RECOMMENDATION:

- Adopt the third option.

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