

**Modesto Junior College  
Resource Allocation Council  
October 2, 2020**

<b>Members</b>	<b>Representing</b>	<b>Present</b>	<b>Absent</b>
<b>Sarah Schrader</b> , Vice President of College & Administrative Services	Chair	√	
<b>Jenni Abbott</b> , Dean, Institutional Effectiveness	Dean, Institutional Effectiveness		√
<b>Kevin Alavezos</b> , Professor, Office Administration	Academic Senate Appointee	√	
<b>Flerida Arias</b> , Interim Vice President of Student Services	Vice President of Student Services	√	
<b>Patrick Bettencourt</b> , Dean	Dean Rep	√	
<b>Iris Carroll</b> , Librarian	Academic Senate Appointee	√	
<b>Samantha Carvajal</b> , Student	ASMJC Student Senate	√	
<b>James Houpis</b> , President	President		√
<b>Ceca Hudelson</b> , Professor, Geography	Academic Senate Appointee		√
<b>Lisa Husman</b> , Executive Secretary	Recorder	√	
<b>Donna Louie</b> , Counselor, EOP&S	YFA Rep	√	
<b>Mike Morales</b> , Professor, Ag & Environmental Science	YFA Rep	√	
<b>Parul Parikh</b> , Accounting Analyst	CSEA Appointee	√	
<b>Hannah Ransdell</b> , Student	ASMJC Student Senate	√	
<b>Elaine Schuber</b> , Senior Administrative Secretary	CSEA Appointee	√	
<b>Nancy Sill</b> , Dean	Dean Rep		√
<b>Judy Wagner</b> , Senior Administrative Secretary	Classified Staff Advisory Council		√
<b>Jennifer Zellet</b> , Vice President of Instruction	Vice President of Instruction	√	

<b>Vacant position</b>
Academic Senate Appointee
<b>Guest</b>
Maria Vivas

**I. Call to Order/Welcome**

Sarah welcomed everyone and called the meeting to order at 10:03am. We started the meeting without quorum so we skipped ahead to the first informational item and came back to the review and approval of minutes.

**Action Items:**

**II. Review and Approval of Minutes – 09/18/2020**

**Motion:** Iris Carroll made a motion to approve the minutes from 09/18/2020

**Seconded by:** Donna Louie

**At the time of the motion:** 10 ayes, 0 nays, 0 abstentions

**Motion passed.**

**Informational Items**

**III. Quarterly Fiscal Report**

Sarah shared the quarterly fiscal report. This report is posted on the RAC website. Sarah explained that this report shows the fiscal activity from July 1 to September 30. The report shows the percentage of what we spent this fiscal year through the first quarter and then comparing it to last year's fiscal year to date at the same time.

Sarah provided a detailed explanation of the revenue and expenditure codes on the report.

Donna Louie asked if the details Sarah explained could be added to the next report as footnotes. Sarah advised she will do that and would also add notes to this report as well and it will be added to the website.

#### **IV. DFAC Update - Reserves**

Sarah stated that the “DFAC Update” will be a standing item on the RAC agenda. She conveyed that the topic DFAC is currently covering is the definitions of reserves and fund balance and also the thresholds that we want for reserves and fund balance. She shared a document created at DFAC titled, “Definitions of Reserves and Fund Balances for the Unrestricted General Fund” (draft form) and it is posted on the RAC website.

Sarah explained that fund balance is the savings that the District has been generating year over year. This is made of several line items and those line items are often called reserve line items. Sarah explained the line items called encumbrances, prepays, inventory. She advised there is also a Board designated reserve and explained the percentages and how the economy could affect those percentages.

Hannah Ransdell inquired about the definition of IT TCO and Facilities TCO. Sarah provided a definition of both. There was a brief conversation regarding the recalculation and update of the IT and Facilities TCO.

#### **Recommendation**

**Motion: Jennifer Zellet made a motion that one of our RAC team members make a recommendation to DFAC that the spreadsheet portion of the IT TCO and Facilities TCO be updated each year to reflect what is actually needed when the budget is being built.**

**Seconded by: Kevin Alavezos**

**12 ayes, 0 nays, 0 abstentions**

**Motion passed.**

Sarah opened up the conversation to the Council asking if there were any questions regarding fund balance or reserve. She asked if DFAC should recommend moving in the direction of increasing Board designated reserves or try to achieve an overall fund balance goal percentage.

A suggestion came forward to have a certain percentage in fund balance not necessarily increasing the Board designated reserve.

There was dialogue regarding the pension rate stabilization fund which is not part of the fund balance or reserve. It’s a completely separate account that was intended to be used to cover the increased cost of the PERS and STRS rates. In recent years the increase has been absorbed by new revenue that came into the District.

Although it is not part of the reserve and fund balance, Sarah agreed it does need to be discussed.

Sarah shared the final budget document. This document is also posted on the RAC webpage. Sarah explained all of the components of the fund balance. She noted that the fund balance is currently \$20 million which is a 17% of our expenditure budget. Sarah did advise that we are in the first fiscal year of an economic downturn due to the pandemic and we don’t know what the economy is going to do for next

few years. We have to make sure we are setting the budget up to fiscally protect the District for a minimum of 3 to 4 years. She added that the college budget is comprised of 98% salaries and benefits. If the economy were to tank, we would not be able to cut much from the operational budget so the more we increase the fund balance to protect ourselves from the economy going in the wrong direction, the more we protect the people that are here. This is important information when speaking with respective constituent groups.

Jennifer Zellet asked how we can promote conversations at DFAC regarding a more holistic and equitable distribution of resources, not just about where the money goes but how it comes in as well.

Sarah advised that Jeremy shared a new budget calendar. It is a more elaborate and detailed process. This will add more to the budget development process and allow the District to be able to have a broader resource allocation conversation.

Sarah advised that DFAC would like a recommendation from RAC on whether the Council wants to establish a fund balance goal versus a Board designated goal. They are also expecting some type of verbiage of when we can tap into various reserves as well as utilizing the designated fund balance.

This is also the first year the colleges have been able to keep their savings. The pilot RAM model does not indicate what percentage or dollar amount the colleges are allowed to keep. Sarah posed the question to the Council and there was conversation regarding percentages, set amounts and backfills for shortfalls. Jennifer suggested having a conversation that accommodates and considers the type of year we are having instead of a set percentage or amount. Different suggestions were made regarding holding on to 100% of the college savings and doing an 80/20 split with the savings. There was a detailed conversation among the Council.

Iris Carroll suggested moving forward the 80/20 recommendation. There was consensus from the Council members. Sarah will take the recommendation to DFAC and will report back.

#### **V. College Resource Allocation Model Brainstorm**

Sarah reminded the Council that one of our goals is a College RAM. She asked the group what they want to see in the College RAM. She advised she is working on the document that will show all of our fiscal sources.

A conversation ensued regarding Program Review and how it fits into the Resource Allocation Council.

Sarah stated that RAC will need an internal definition, strategic priorities and criteria of what the savings will be spent on which may include an internal reserve.

Patrick suggested we not only look at what we have in terms of funding but additional funding such as grants. Sarah advised she could bring back information regarding grants from a group she has been meeting with that includes George Boodrookas, Vickie Mulvaney-Trask and Jenni Abbott.

Kevin Alavezos suggested looking back at the "MJC Budget Development & Resource Allocation" document, also referred to as the dollar sign document. Sarah agreed that would be a good place to start with the sub-committee that will be formed.

Kevin and Iris mentioned the Program Review form and the supplemental form we have utilized in the past suggesting it be readily available and easy to submit on the

RAC website.

Sarah advised we will be revisiting the brainstorming ideas and designating sub-committee members at the next RAC meeting.

**VI. Other**

No additional topics were discussed.

**VII. Check-Out**

- Reviewed and approved the minutes from 9/18/2020.
- Talked about reserves versus fund balance in DFAC.
- Talked about the savings at the sites and that we are going to recommend an 80/20 split with the caveat that the 20% be utilized for backfilling budget shortfalls. This also comes with the caveat that if we do continue with sites being able to keep their savings that we come up with a more elaborate plan for budget triggers.
- A motion was made to recommend a broad topic be brought up at DFAC regarding the allocation of fiscal and human resources.

Meeting adjourned at 12:00pm.

**Next meeting:** October 16, 2020, 10:00am – 12:00pm, Online Zoom Meeting