

RIVERSIDE COMMUNITY COLLEGE DISTRICT

Budget Allocation Model Development Task Force

Friday – November 21, 2008

9:00 - 11:00 a.m.

AGENDA

- I. Welcome and Call to Order
 - Review minutes of November 7, 2008 meeting

- II. Budget Allocation Model
 - Analysis of Norm's BAM proposal presented on November 7, 2008
 - FY 2008-2009 and FY 2009-2010 Budget Projections
 - Strategies for potential Budget Reductions
 - New and Vacant Position Funding Allocation Methodology
 - Treatment of Budget Savings and Base Budget Adjustments

- III. Other
 - Strategic Enrollment Management

- IV. Next Meetings (all from 9:00 – 11:00 a.m.)
 - Friday, December 5, 2008 – DL 409
 - Friday, December 19, 2008 – Citrus Room
 - Friday, January 9, 2009 – Citrus Room
 - Friday, January 23, 2009 – Citrus Room

- V. Adjournment

RIVERSIDE COMMUNITY COLLEGE DISTRICT

*Budget Allocation Model Development Task Force
Meeting of November 21, 2008*

MINUTES

Task Force Members

Present

Peter Boelman, Associate Professor, Economics, Social & Behavioral Sciences (Norco)

Aaron Brown, Associate Vice Chancellor, Finance

Patti Braymer, Interim Vice President, Business Services (Moreno Valley)

Jim Buysse, Vice Chancellor, Administration and Finance

Becky Elam, Vice President, Business Services (Riverside)

Norm Godin, Vice President, Business Services (Norco)

Beth Gomez, District Budget Manager

Cindy Taylor, Outreach/Passport to College Coordinator (Riverside)

Tom Wagner, Associate Professor, Business Administration (Norco) – Arrived at 9:30 a.m.

Ajene Wilcoxson, Associate Professor, Business Administration (Riverside)

Meghan Skaggs, Treasurer, ASRCC (Norco)

Kristen Van Hala – (Recorder)

Absent

Michael McQuead, Associate Professor, CIS (Moreno Valley)

Meshay Brown, President, ASRCC (Riverside)

I. Meeting was called to order

II. Minutes of November 7, 2008

The minutes of the November 7, 2008 meeting were reviewed and approved without change.

III. Budget Allocation Model

- Review of Norm's BAM proposal (attached)
 - Everything in blue was taken from the BAM summary report that was presented to the Board of Trustees in May. The yellow line was created to set-aside additional reserve funds. The intent was to fund as many aspects of the model as possible, before reducing for the additional reserve set-aside.

- The BAM Task Force will need to decide on the importance and priority of the BAM component - 1% Reserve for Economic Uncertainty.
 - Moreno Valley and Norco appear to be impacted the most by the way the additional set-aside reserve was handled in the adopted budget. This impact was mitigated by the additional budget augmentations subsequent to budget adoption, The augmentations are shown as the “Small College Factor.”
 - Budget savings treatment still needs to be resolved. Can unused funds be retained at the site level and roll into the next year, for use on a one-time basis?
 - Dr. Buysse cited DeAnza College as a budget example. Their budget was divided into three groups: the “A” budget for personnel and utilities; the “B” budget (salaries); and the “C” budget for capital outlay. By consensus of the BAM Task Force, this methodology will be explored further.
 - Historically, the P/T faculty and overload budgets have been over-spent. If this occurs, how would shortages be handled? Right now they are handled primarily by salary savings.
 - Should it be the responsibility of the site to operate within the budget allocation model and handle any shortfalls themselves, including in P/T faculty and overload categories?
 - We need to keep in mind that we are transitioning to a three-college system and that some budget solutions and treatment may need to be phased in over time.
- Budget Reduction Strategies
 - The state’s “Big 5” are meeting today. Aaron distributed a handout of a budget scenario modeling what is expected to be worst-case showing mid-year cuts for 2008-

- The projected adjustments and mid-year cuts result in an estimated shortfall of \$5 million for 2008-09. Moving into 2009-10, the deficit is projected at \$10 million after the 5% contingency.
- Becky Elam distributed the Budget Allocation Model Principles sheet that was presented to the Board in May. It has been updated by RCC to show Student Services as a high priority. Student access, student programs, and stand-alone college status are all priorities. Prioritizing in-house recruiting for positions instead of outside recruiting will save money.
- Aaron distributed a revised version of the 2008-09 Budget Allocation Model that has been updated for the budget augmentations provided to Moreno Valley and Norco (shown as the Small College Factor.)
- There is approximately \$2.1 million left of the Remaining Allocation Increment for FY 2008-09 after factoring in the growth funding relocation, Lottery reduction, and Moreno Valley and Norco augmentations.
- Possible consideration of a Golden Handshake.
- Scrutinize expenditures. Look at prior years to see how budget savings were achieved.
- Some budgets cannot be reduced without reducing student services.
- Some budgets have already been cut to fund new positions.
- Maintaining student access should be the primary goal.

- Cutting P/T faculty may impact student accessibility. Would it be better to cut online courses or in-class sections?
- Dr. Buysse will discuss Budget Reduction Strategies with Executive Cabinet on Monday, November 24th. Communication has to be very clear.
- In the 1990's, the District did not have any instructional equipment money or scheduled maintenance money.
- When enrollment fees were increased to \$26/unit, demand for classes died. We ought to assume a similar scenario if the enrollment fees go up to \$30/unit.
- Proposal Consensus
 - Each Campus and each Vice Chancellor area should develop their own reduction strategy. Departments can help advise on where cuts can be made. The goal will be to achieve a 5% cut (approx. \$7 million) over an 18-month period.
 - It should be emphasized that these are planning strategies only at this point, so we can be prepared in the event actual reductions become a reality.

IV. Next Meeting

- Next BAM Meeting is scheduled for Friday, December 5, 2008 in the Digital Library 4th floor conference room, DL 409, 9:00 a.m. to 11:00 a.m.
 - Discuss the BAM proposals.

RIVERSIDE COMMUNITY COLLEGE DISTRICT BUDGET ALLOCATION MODEL



FY 2009–2010 Budget Allocation Model

The BAM Task Force will continue to meet regularly throughout FY 2008–2009 to assess and evaluate the new BAM and to consider the following items for the Budget Allocation Model:

- ❖ Review/Analysis of Base Expenditure Budgets
- ❖ Development of Discipline WSCH:FTEF Standards
- ❖ Student Success Incentive
- ❖ New Position Funding Allocation Methodology
- ❖ Treatment of Budget Savings
- ❖ Base Budget Adjustments
- ❖ On-Line Education FTES Allocation
- ❖ Other Incentives/Disincentives



RIVERSIDE COMMUNITY COLLEGE DISTRICT BUDGET ALLOCATION MODEL

PRINCIPLES: The Budget Allocation Model (BAM) will encourage:

- ❖ **A student focused orientation.** The best interest of students will be primary. **Student Access and Student Services will remain the highest priority.**
- ❖ **Collegiality.** Resource allocation must be viewed as the distribution of funds in a manner that is best for the District with an understanding of the “power of three”. **Continue with the focus on Moreno Valley and Norco separate college goal. Engage the college community in the dialogue. Reduction must be equitable.**
- ❖ **Long range planning.** By relying upon the District strategic goals, the College Education and Facility Master Plans, the Strategic Planning and Program Review process. **Vision must match planning and vice-versa. Postpone costly start-ups.**
- ❖ **Empowerment of authority and accountability.** At the College level. Authority must be assigned at the lowest applicable level. **Empower each entity to determine where budget cuts will come from and sequence of cuts.**
- ❖ **Significance of fiscal year boundaries.** Alignment of on-going commitments with on-going revenue streams and one-time allocations with one-time acquisitions. **Communicate fiscal information and projected short term and long range impacts to the campus community.**
- ❖ **Campus responsibility.** By providing Colleges with the opportunity and authority to manage budgets by providing carry-over of unused funds. **Allow each entity to identify cut sequence; provide for carry-over to incentivize cost reduction and promote long-range planning.**
- ❖ **Fiduciary responsibility.** Compliance with Federal, State, and Local regulations will be adhered to. This includes funding a minimum five (5) percent Reserve first. **Communicate regulatory requirements and changes to the college family.**
- ❖ **Data determined decision-making.** The data elements of the model will be widely known and distributed. Downstream financial impacts must be identified in decision-making. **Model scenarios. Deliberate and careful planning over knee-jerk reacting. Data informed decisions should include long-term impacts.**



RIVERSIDE COMMUNITY COLLEGE DISTRICT BUDGET ALLOCATION MODEL

PRINCIPLES: The Budget Allocation Model (BAM) will be:

- ❖ **Dynamic.** The BAM will provide the ability to reflect changes in District and College priorities or structure. **Revisit base budget and organizational structure. Relocate existing staff to provide better opportunity of meeting stand alone college status goal.**
- ❖ **Communicated broadly.** The College community will have a full understanding of the model, the process and resulting funding decisions. Information will be easily accessible and clearly communicated. **Maintain an open dialogue with the college community.**
- ❖ **Bottom-up and Top-down.** Mechanisms will exist for input from all levels of the College community including students. **Allow each entity to determine where budget cuts will come from.**
- ❖ **Easy to apply.** The model must be straightforward in its application.
- ❖ **A decision-making tool.** The BAM must support strategic planning, planned growth, program expansion and contraction. The BAM must be able to **respond to crisis** as well as multi-year plans.
- ❖ **Evaluated and assessed.** On an annual basis and improved as appropriate. **Strategic Enrollment Management techniques should be introduced and implemented.**
- ❖ **Rational.** Budgets must reflect needs and available resources. When imbedded formula's don't work, alternative options must be available. **Reorganize in a sensible and efficient manner. Identify duplication of effort and consolidate to eliminate redundancy. Fill vacancies from within.**
- ❖ **Timely.** Allocation of funds through the BAM will be distributed in a timely manner to allow for thoughtful implementation of plans. **Proactive measures taken now will alleviate fear and unavoidable actions in the near future.**

Riverside Community College District Budget Allocation Model FY 2008-2009
--

Revenue

Contingency from 2007-2008	9,423,484	
Additional Revenue from 2007-2008	2,396,043	
Unspent DO/DSS 2007-2008 Budget	1,715,632	
Unspent Riverside Campus 2007-2008 Budget	2,785,724	
Unspent Norco Campus 2007-2008 Budget	1,372,571	
Unspent Moreno Valley Campus 07-08 Budget	<u>1,565,622</u>	
Estimated Beginning Balance 7/1/08	\$ 19,259,076	
Projected Revenue FY 2008-2009	<u>144,293,942</u>	
Notes Total Available Funds (TAF)	163,553,018	
1. Less, 5% Contingency Reserve (Board Policy)	(8,922,869)	
2. Less, 1.0% Reserve for Economic Uncertainty		
3. Less, District Interfund/Intrafund Transfers	(1,542,363)	
4. Less, New District/College Program/Initiatives	(1,259,090)	
5. Less, Operating Costs for New Facilities	-	
6. Set-Aside for New Positions/PT Faculty Growth	<u>(1,860,446)</u>	
	(13,584,768)	
Total Available Funds for Allocation (TAFA)	<u><u>\$ 149,968,250</u></u>	

Allocation Increment

PY Base Expenditure Budget (2007-2008)	\$ 142,436,406
CY TAFA (2008-2009)	<u>149,968,250</u>
Allocation Increment (A.I.)	7,531,844
7. Less, Base Budget Adjustments	(3,887,912)
8. Less, Small College Factor	(518,728)
9. Less, Enrollment Efficiency Incentive	-
10. Less, District Office/District Support Services	<u>-</u>
11. Remaining Allocation Increment	<u><u>\$ 3,125,204</u></u>

Expenditures

	Moreno Valley	Norco	Riverside	DSS	D.O.	Total
FY 2007/2008 Base Expenditure Budget as of 4/30/08	\$ 26,852,718	\$ 21,233,736	\$ 65,948,338	\$ 23,324,271	\$ 5,077,343	\$ 142,436,406
Base Budget Adjustments - Final Budget	688,192	103,854	3,229,592	(63,016)	(70,710)	3,887,912
New District/College Program/Initiatives	364,305	-	415,279	100,000	379,506	1,259,090
New Positions/PT Faculty Growth	614,337	185,725	829,733	154,065	76,586	1,860,446
District Office/District Support Services	-	-	-	-	-	-
Subtotal	<u>28,519,552</u>	<u>21,523,315</u>	<u>70,422,942</u>	<u>23,515,320</u>	<u>5,462,725</u>	<u>149,443,854</u>
Small College Factor (Contingency Transfer)	237,368	281,360	-	-	-	518,728
Enrollment Efficiency Incentive	-	-	-	-	-	-
Remaining Allocation Increment	-	-	-	-	-	-
Base Expenditure Budget for FY 2008-2009	<u><u>\$ 28,756,920</u></u>	<u><u>\$ 21,804,675</u></u>	<u><u>\$ 70,422,942</u></u>	<u><u>\$ 23,515,320</u></u>	<u><u>\$ 5,462,725</u></u>	<u><u>\$ 149,962,582</u></u>
% Increase to PY Base Budget	7.09%	2.69%	6.79%	0.82%	7.59%	5.28%
\$ Increase to PY Base Budget	<u>\$ 1,904,202</u>	<u>\$ 570,939</u>	<u>\$ 4,474,604</u>	<u>\$ 191,049</u>	<u>\$ 385,382</u>	<u>\$ 7,526,176</u>
% of Base Budget Increase	25.30%	7.59%	59.45%	2.54%	5.12%	100.00%
% of Base Expenditure Budget	19.18%	14.54%	46.96%	15.68%	3.64%	100.00%
Allocation of Potential 08-09 Mid-Year Reductions	(958,803)	(727,004)	(2,348,017)	(784,040)	(182,136)	(5,000,000)
Allocation of Potential 09-10 Reductions	(2,301,128)	(1,744,809)	(5,635,241)	(1,881,695)	(437,127)	(12,000,000)

Riverside Community College District
FY 2008-2009 and 2009-2010 Budget Projections

11/18/2008

FY 2008-2009			
Beginning Balance at July 1, 2008	\$ 18.6	Actual Ending Balance for 07-08	\$19.26
Budgeted Revenues	143.9	Adjustment for decreased growth revenue due to more claimed restoration in 07-08 (See simulation 10-14-08)	(.36)
Governor's Proposed Mid-Year Budget Cut	(7.9)	Revised simulation 10-27-08 for the same type of adjustment as indicated above	(.05)
Total Available Funds	154.6	FY 07-08 Lottery Reduction	(.28)
Less, Ending Balance Target (5%)	(8.4)	Total	<u>\$18.57</u>
Amount Available for Expenditures	146.2	Final Budgeted Revenues	\$144.30
Less, Budgeted Expenditures	(151.2)	Adjustment for decreased growth revenue due to more claimed restoration in 07-08	(.36)
Amount of Expend to Cut and/or Budget Savings to Achieve 5% Res	\$ (5.0)	Revised simulation 10-27-08 for the same type of adjustment as indicated above	(.05)
Budgeted Revenues	\$ 136.0	Total	<u>\$143.89</u>
Less, Budgeted Expenditures	(146.2)	Final Budget Expenditures	\$151.00
Current Year Deficit	\$ (10.2)	Adjustment for 1/2 cost of Salaries and Benefits due to rescinding COLA	(.36)
		Adjustment for Board Directive to Allocate a total of \$500K to be shared by MV and Norco for staffing needs	.52
		Total	<u>\$151.16</u>

Riverside Community College District
FY 2008-2009 and 2009-2010 Budget Projections

11/18/2008

FY 2009-2010	
Estimated Beginning Balance at July 1, 2009 (08-09 Ending Balance)	\$ 8.4
Budgeted Revenues (assumes same level as PY after Mid-Yr Cuts)	<u>136.0</u>
Total Available Funds	144.4
Less, Ending Balance Target (5%)	<u>(7.9)</u>
Amount Available for Expenditures	136.5
Less, Budgeted Expenditures	<u>(148.5)</u>
Amount of Expend to Cut and/or Budget Savings to Achieve 5% Reserve	<u>\$ (12.0)</u>
<hr/>	
Estimated Revenues	\$ 136.0
Less, Estimated Expenditures	
Prior year expenditure budget	\$ (146.2)
Compensation Adjustments (1%, Step/Column, Health and Welfare, etc. No COLA)	(2.1)
New Faculty Positions (5 each at MV and Norco)	(1.1)
New Facility Cost - Norco Tech Building (Positions \$368K, Util \$125K)	(0.5)
Election Costs Reduction	0.7
Golden Handshake Reductions	0.6
Chancellor and President Recruitments	<u>0.1</u>
Total Estimated Expenditures	<u>(148.5)</u>
Estimated Current Year Deficit	<u>\$ (12.5)</u>

Final Budget Ending Balance	\$12.56
Assumed that entire amount above 5% Contingency Estimated for Adopted Budget was used for Mid-Year Budget cuts, Norco & MV Augmentations, Reduced FY 07-08 Growth, and Reduced FY 07-08 Lottery	(3.6)
Reduced FY 08-09 5% Contingency due to Mid-Year Budget Cuts reducing TAF	<u>(.60)</u>
Total	<u>\$ 8.36</u>

FY 08-09 Budgeted Revenues	\$143.9
Less, FY 08-09 Mid-Year Budget Cut	<u>(7.9)</u>
Estimated FY 09-10 Revenues	<u>\$136.0</u>

TAF	\$144.4
Cont Reserve % (Adj for Other Resources Ending Balances)	<u>5.44%</u>
Contingency Amount	<u>\$ 7.86</u>

Riverside Community College District
FY 2008-2009 and 2009-2010 Budget Projections

11/18/2008

Items Not Included in the 2008-2009 or 2009-2010 Projections:

1. Compressed Calendar FTES Correction - Approximately 2,000 FTES 2010-2011 (\$3.0 to \$9.3 million)
2. New Facilities Coming On-Line
 - a. Norco - Student Success Building
 - b. Riverside - Nursing/Sciences Building
3. Impact of Classification Study (2009-2010, 2010-2011) (\$1.1 million remaining)
4. Impact of Part-Time Hourly Reclassification Issue
5. Impact of South Corona Expansion
6. Impact of Ben Clark Training Center Growth
7. GASB 45 (\$1.0 million/year)
8. Compensation Adjustments in 2010-2011 (\$2.1 million)
9. Board Election Costs in 2010-2011 (\$700K)
10. No New College Funding for Norco and MV (\$3.2 million @ 100% funding)
11. PERS - Estimated 2% to 4% increase in 2010-2011 (\$492K to \$984K)
12. New Nursing Program at the Moreno Valley Campus
13. New Hospitality Program (including Culinary Arts)
14. Potential Property Tax Shortfall in 2008-2009 and 2009-2010