

*RIVERSIDE COMMUNITY COLLEGE DISTRICT*

*Budget Allocation Model Development Task Force*

*Friday – November 7, 2008*

*9:00 - 11:00 a.m.*

AGENDA

- I. Welcome and Call to Order
  - Review minutes of last meeting
  
- II. Budget Allocation Model
  - FY 08-09 Budget Update
  - New and Vacant Position Funding Allocation Methodology
  - Treatment of Budget Savings and Base Budget Adjustments
  
- III. Other
  
- IV. Next Meeting
  - To be determined
  
- V. Adjournment

*RIVERSIDE COMMUNITY COLLEGE DISTRICT*

*Budget Allocation Model Development Task Force  
Meeting of November 7, 2008*

MINUTES

**Task Force Members**

Peter Boelman, Associate Professor, Economics, Social & Behavioral Sciences (Norco) - Present  
Aaron Brown, Associate Vice Chancellor, Finance - Present  
Patti Braymer, Interim Vice President, Business Services (Moreno Valley) - Present  
Jim Buysse, Vice Chancellor, Administration and Finance – Arrived at 9:20 a.m., left at 10:00 a.m.  
Becky Elam, Vice President, Business Services (Riverside) - Present  
Norm Godin, Vice President, Business Services (Norco) - Present  
Beth Gomez, District Budget Manager - Present  
Michael McQuead, Associate Professor, CIS (Moreno Valley) - Present  
Cindy Taylor, Outreach/Passport to College Coordinator (Riverside) - Present  
Tom Wagner, Associate Professor, Business Administration (Norco) - Absent  
Ajene Wilcoxson, Associate Professor, Business Administration (Riverside) – Present  
Kristen Van Hala – (Recorder)

**I. Meeting was called to order**

**II. Minutes of September 5, 2008**

The minutes of the September 5, 2008 meeting were reviewed and approved without change.

**III. Budget Allocation Model**

- FY 2008-09 Budget was approved by the Board on 10/21/08
  - BAM worksheet from Exhibit G of Budget Binder shows \$7.4 million in savings from expenditures, \$2.4 million in additional revenue, \$1.3 million for new initiatives, and the total available funds: \$7.5 million.
  - Base budget adjustments for each location are shown on last page of Exhibit G.
  - Based on consultation with Chancellor Hendrick and the Executive Cabinet, \$3.6 million Remaining Allocation Increment was left in Contingency as a hedge against possible mid-year budget cuts for FY 08-09 and budget cuts for FY 09-10.

- Unfortunately, due to severe time constraints the BAM Task Force could not be engaged on FY 08-09 Final Budget strategies prior to consultation with the Chancellor, Executive Cabinet, and the Board Committee meeting.
- RCCD's Board allocated a total of \$500,000 between Norco and Moreno Valley for prioritized positions. This will be shown under the Small College Factor on the BAM.
- The Community College League of California's Budget Update #22 (handout from Aaron) shows a \$332 million budget cut to community colleges, as proposed by the Governor:

<u>Governor's Proposal</u>	
<u>System</u>	<u>RCCD (Estimate)</u>
\$39.8 (0.68% COLA)	\$872 K
<u>292.4</u> (Gen. App.)	<u>6.4 million</u>
\$332.2 million	\$7.3 million

The Remaining Allocation Increment set-aside as additional Contingency (\$3.6 million) in the adopted budget has already begun to erode:

<u>08/09</u>	
\$3.6	Remaining Allocation Increment
<u>&lt;0.7&gt;</u>	FY 07-08 Growth Reduction (Simulation #1)
2.9	
<u>&lt;0.1&gt;</u>	FY 07-08 Add'l. Growth Reduction (Simulation #2)
2.8	
<u>&lt;0.5&gt;</u>	Augmentation to MV and Norco
\$2.3	

- COLA: Approximately 1/3 (\$300 K) will have been paid out in the form of salaries by 11/30/08.
- The BAM Task Force will need to look at prior years to see how savings were achieved; look at approaches for scaling down budgets; and look at strategically managing enrollments.

- Norm Godin presented his proposal showing how the BAM Final Budget for 2008/09 (handout) should look to equitably allocate the undistributed Remaining Allocation Increment. The expenditures (in blue) fund the most important items. Row #9 shows the total cost for these items. The yellow row is the Economic Uncertainty Reserve. Under his proposal, each “entity” would share the burden based on their share of the Base Expenditure Budget. The Enrollment Efficiency was calculated using numbers that were pulled out of a June version of a BAM summary worksheet. There needs to be consensus on how items flow in the BAM and how to deal equitably with budget reductions and additional contingency reserves.
  - The Task Force agreed to study Norm’s proposal and discuss it at the next BAM Task Force meeting.

#### **IV. Next Meeting**

- Next BAM Meeting is scheduled for Friday, November 21, 2008 in the Bradshaw Building – Citrus Room, 9:00 a.m. to 11:00 a.m.
  - Discuss Norm’s BAM proposal.
  - Aaron will contact Dr. DiThomas to request that a student representative be appointed to the BAM Task Force.

Riverside Community College District  
Budget Allocation Model  
Final Budget - FY2008-2009

**Revenue**

Contingency from 07-08	\$ 9,423,484
Additional Revenue from 07-08	2,396,043
Unspent DO/DSS 07-08 Budget	1,715,632
Unspent Moreno Valley Campus 07-08 Budget	2,785,724
Unspent Norco Campus 07-08 Budget	1,372,571
Unspent Riverside Campus 07-08 Budget	1,565,622
Estimated Beginning Balance 7/1/08	\$ 19,259,076
Projected Revenue FY 08-09	<u>144,293,942</u>
TAF (Total Available Funds)	163,553,018
Less 5% Reserve	(8,922,869)
Less 1.0% for Economic Uncertainty	-
Less Estimated Inter/Intrafund Transfers	(1,542,363)
Less New Program/Initiatives Approved by Ex.Cabinet	(1,259,090)
Less Operating Costs for New Facilities	-
Set Aside for New Positions / PT Faculty Growth	<u>(1,860,446)</u>
	(13,584,768)
TAF (Total Available Funds for Allocation)	<u><b>\$ 149,968,250</b></u>

**Allocation Increment (A.I.)**

PY Base Expenditure Budget (07-08)	\$ 142,436,406
CY TAF (08-09)	<u>149,968,250</u>
Allocation Increment (A.I.)	7,531,844
Less Base Budget Adjustments (red list)	(3,887,912)
Less Small College Factor	(1,300,000)
Less Enrollment Efficiency Incentive	(543,538)
Less D.O. / DSS Augmentation	<u>(568,032)</u>
	(6,299,482)
<b>Remaining A.I.</b>	<u><b>\$ 1,232,362</b></u>

**Expenditures**

	Moreno Valley	Norco	Riverside	DSS	DO	Total
1 PY 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
2 Base Budget Adjustments - Final Budget	688,192	103,854	3,229,592	(63,016)	(70,710)	3,887,912
3 New Program/Initiatives Approved by Ex.Cabinet	364,305	-	415,279	100,000	379,506	1,259,090
4 New Positions / PT Faculty Growth	614,337	185,725	829,733	154,065	76,586	1,860,446
5 D.O. / DSS Augmentation	-	-	-	466,485	101,547	568,032
6 Small College Factor	650,000	650,000	-	-	-	1,300,000
7 Enrollment Efficiency Incentive	131,701	312,361	99,476	-	-	543,538
8 Remaining A.I. based on 3-yr weighted avg FTES %	287,017	274,817	670,528	-	-	1,232,362
9 Base Expenditure Budget for 08-09	29,588,270	22,760,493	71,192,946	23,981,805	5,564,272	<b>153,087,786</b>
10 Contribution to the Economic Uncertainty Reserve	(602,933)	(463,800)	(1,450,729)	(488,688)	(113,386)	(3,119,536)
11 <b>Adjusted Base Budget for 08-09</b>	<b>28,985,337</b>	<b>22,296,692</b>	<b>69,742,217</b>	<b>23,493,118</b>	<b>5,450,886</b>	<b>149,968,250</b>
12 % Increase to PY Base Budget	10.19%	7.19%	7.95%	2.82%	9.59%	7.48%
13 \$ Increase to PY Base Budget	2,132,619	1,062,956	3,793,879	168,847	373,543	7,531,844
14 % of Allocation Increment	28.31%	14.11%	50.37%	2.24%	4.96%	100.00%
15 % of total Budget before Reserve	19.33%	14.87%	46.50%	15.67%	3.63%	100.00%
16 FY2007-2008 FTES	6,207	6,117	14,687	N/A	N/A	27,011
17 Percent FTES of Total	22.98%	22.65%	54.37%	N/A	N/A	100%
18 Percent Base Budget of Total (less DO; DSS) After Reserve	24.45%	18.81%	58.83%	N/A	N/A	102%
19 Base Budget Per FTES	\$ 4,670	\$ 3,645	\$ 4,749			
20 Average Cost per FT Faculty	\$ 111,369	\$ 114,285	\$ 114,311			
Base Budget Adjusted to Percent of FTES	\$ 27,810,799	\$ 27,407,549	\$ 65,805,898			
Variance	\$ 1,174,538	\$ (5,110,857)	\$ 3,936,319			

**Brown, Aaron**

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**From:** scottlay@ccleague.org  
**Sent:** Thursday, November 06, 2008 4:45 PM  
**To:** Brown, Aaron  
**Subject:** League Budget Update #22: November 6, 2008



## **League Budget Update #22: November 6, 2008**

### **Governor Proposes <sup>332</sup>~~\$322~~ Million Cut to Community Colleges**

Today, Governor called a special session of the state Legislature to address California's emerging budget shortfall. State revenues are plunging as the impact of the housing and stock market declines.

The governor proposes \$9.2 billion in current year budget solutions, including \$4.7 billion in new taxes and \$4.5 billion in budget cuts. Specifically, the governor proposes increasing the state sales tax by 1.5 cents, expanding the sales tax to include some services, increasing alcohol taxes by 5 cents per drink, and instituting an oil severance tax.

The governor proposes significant cuts to education, including community colleges. For higher education, he adds to cuts (including below-statutory COLA) approved in September for all segments to create roughly 10% total cuts for this fiscal year. K-12 spending would be cut by \$2.2 billion.

#### **For community colleges, the Governor proposes:**

- Cutting \$39.8 million, which is the remaining funded 0.68% for the cost-of-living adjustment. This results in a cut of 5.66% from the statutory funding level.
- A five percent (5%) cut to each district's general apportionment (\$292.4 million). Allowing districts to backfill portions of their general apportionment cut by doing a mid- year shift from categorical program funding. Normal consultation and public meetings requirements would be required.

We intend to fight these proposed cuts by talking about the increased enrollment we are seeing on our campuses and the incredible job that faculty and staff are doing expanding career-technical education programs and addressing the basic skills crisis. It's going to be a difficult fight, and we will need your help. Meanwhile, I am sharing with you the talking points that we sent out to public information officers earlier today.

## **Community colleges: California's Economic Stimulus**

### **Mid-year Budget Cuts Talking Points**

#### **Overall**

- The 10% cut at a time of 10% enrollment increase will lead to a slashing of 165,000 full-time

11/19/2008

equivalent students, or **nearly one quarter of a million Californians seeking job training and education at our community colleges.**\* At best, this will slow California's economic recovery; at worst, it will accelerate our state's economic decline.

\* There are currently 100,000 unfunded FTES and the governor's proposal would slash funding for another 64,066 FTES. Each FTES translates into 1.51 term headcount students.

- As California's unemployment rate is projected to continue to rise, enrollment demand at community colleges will continue to increase.
- Instead of a \$332 million cut, the Legislature and Governor **should fund the 100,000 unfunded full-time students** currently being served as required by law by California's community colleges. **The cost of serving these students is over \$450 million.**
- Community colleges have been belt-tightening for years. **Community colleges receive one-half what the California State University receives per student and one-third what the University of California receives.**

### **Property Tax Backfill Guarantee**

- Any mid-year proposal for community colleges must be accompanied by the same guarantee of property tax revenues that the Legislature and Governor have made for K-12 schools.

### **"Categorical Flexibility"**

- While we have sought new flexible funds in each year's budget to enable local college trustees, administrators, faculty and staff to address localized needs, the "categorical flexibility" proposal **will simply pit disabled students against poor students and career-technical programs against major initiatives to address the basic skills crisis.**



Scott Lay  
President and Chief Executive Officer

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**Community College League of California  
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**EXHIBIT G**

Riverside Community College District  
Budget Allocation Model  
Final Budget - 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
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Unspent Moreno Valley Campus 07-08 Budget	1,565,622
Estimated Beginning Balance 7/1/08	\$ 19,259,076
Projected Revenue FY 2008-2009	<u>144,293,942</u>
Total Available Funds (TAF)	<u>163,553,018</u>
1. Less, 5% Contingency Reserve (Board Policy)	(8,922,869)
2. Less, 1.0% Reserve for Economic Uncertainty	(1,542,363)
3. Less, District Interfund/Intrafund Transfers	(1,259,090)
4. Less, New District/College Program/Initiatives	-
5. Less, Operating Costs for New Facilities	(1,860,446)
6. Set-Aside for New Positions/PT Faculty Growth	(13,584,768)
Total Available Funds for Allocation (TAFA)	<u>\$ 149,968,250</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	-
9. Less, Enrollment Efficiency Incentive	-
10. Less, District Office/District Support Services	-
11. Remaining Allocation Increment	\$ 3,643,932

**Expenditures**

FY 2007/2008 Base Expenditure Budget as of 4/30/08	Moreno Valley	Norco	Riverside	DSS	D.O.	Total
Base Budget Adjustments - Final Budget	\$ 26,852,718	\$ 21,233,736	\$ 65,948,338	\$ 23,324,271	\$ 5,077,343	\$ 142,436,406
New District/College Program/Initiatives	688,192	103,854	3,229,592	(63,016)	(70,710)	3,887,912
New Positions/PT Faculty Growth	364,305	-	415,279	100,000	379,506	1,259,090
subtotal	614,337	185,725	829,733	154,065	76,586	1,860,446
District Office/District Support Services	28,519,552	21,523,315	70,422,942	23,515,320	5,462,725	149,443,854
subtotal	28,519,552	21,523,315	70,422,942	23,515,320	5,462,725	149,443,854
Small College Factor	-	-	-	-	-	-
Enrollment Efficiency Incentive	-	-	-	-	-	-
Remaining Allocation Increment	-	-	-	-	-	-
Base Expenditure Budget for FY 2008-2009	\$ 28,519,552	\$ 21,523,315	\$ 70,422,942	\$ 23,515,320	\$ 5,462,725	\$ 149,443,854
% Increase to PY Base Budget	6.21%	1.36%	6.79%	0.82%	7.59%	4.92%
\$ Increase to PY Base Budget	\$ 1,666,834	\$ 289,579	\$ 4,474,604	\$ 191,049	\$ 385,382	\$ 7,007,448
% of Base Budget Increase	23.79%	4.13%	63.85%	2.73%	5.50%	100.00%

## EXHIBIT G

The proposed Resource 1000 budget was prepared using the principles of the Budget Allocations Model developed by the Budget Allocation Model Task Force, whose membership consisted of the following at the time of development:

Aaron S. Brown	—	Interim Vice Chancellor, Administration and Finance
Patricia A. Braymer	—	Interim Associate Vice Chancellor, Finance
Becky Elam	—	Vice President, Business Services, Riverside
Norm Godin	—	Vice President, Business Services, Norco
Michael McQuead	—	Associate Professor, CIS, Moreno Valley
Bill Orr	—	Vice President, Business Services, Moreno Valley
Cindy Taylor	—	Outreach/Passport to College Coordinator, Riverside
Tom Wagner	—	Associate Professor, Business Administration, Norco
Ajené Wilcoxson	—	Associate Professor, Business Administration, Riverside

The 2008-2009 Resource 1000 budget reflects the following Budget Allocation Model components:

### ***TOTAL AVAILABLE FUNDS (TAF)***

Total Available Funds of \$163.55 million, consisting of a projected unaudited beginning balance of \$19.26 million and current year revenues of \$144.29 million. Estimated general apportionment revenues were calculated assuming base, credit full-time equivalent students (FTES) of 26,779.82 funded at \$4,564.83/FTES and growth, credit FTES of 404.38 using the District's constrained growth rate of 1.51% funded at \$4,595.87/FTES.

### ***5% CONTINGENCY RESERVE***

In accordance with the Board's policy objective of a budgeted ending balance equal to at least 5% of TAF, \$12.57 million has been provided.

### ***1% RESERVE FOR ECONOMIC UNCERTAINTY***

The 1% Reserve for Economic Uncertainty component of the BAM has not been funded due to the District's substantial beginning fund balance; significant anticipated budget savings that historically have accrued to the District; and budgetary needs required of the Norco and Moreno Valley campuses as they continue to transition to college status.

**EXHIBIT G**

***DISTRICT INTERFUND TRANSFERS***

Historically, the District's General Operating Resource has supported various programs accounted for in other Funds and Resources. The following District interfund and intrafund transfers have been provided in accordance with BAM principles:

Fund 33, Resource 3300 – Child Care	\$ 365,000
Fund 61, Resource 6100 – Health and Liability	250,000
Fund 11, Resource 1190 – Grants and Categorical Programs	
DSP&S	\$665,157
Instructional Equipment Match	96,230
Federal Work Study	<u>189,249</u>
	950,636
Fund 11, Resource 1090 – Performance Riverside	193,257
Fund 11, Resource 1170 – Customized Solutions	173,470
Fund 11, Resource 1110 – Bookstore (Contractor Operated)	<u>(390,000)</u>
Total	<u>\$1,542,363</u>

***NEW DISTRICT AND COLLEGE PROGRAMS AND INITIATIVES***

The following new programs and/or initiatives have been provided for:

<u>Riverside</u>	
Stokoe Innovative Learning Center	\$ 415,279
<u>Moreno Valley</u>	
Additional Academies at the Ben Clark Training Center	364,305
<u>District Support Services</u>	
Open Campus Move from the Riverside Campus	100,000
<u>District Offices</u>	
Additional set-aside for classified and management classification study implementation (Total set-aside is \$534,096)	<u>379,506</u>
Total	<u>\$ 1,259,090</u>

**EXHIBIT G**

***SET ASIDE FOR NEW POSITIONS, PART-TIME FACULTY GROWTH AND OVERLOAD***

The following new positions and growth have been provided for:

**Riverside**

Laboratory Technician (.50 FTE)	\$ 27,607
Part-Time Faculty and Overload Growth	<u>802,126</u>

Total Riverside \$ 829,733

**Norco**

Faculty Positions:

English	93,777
Math	108,227
Anatomy and Physiology	88,811
Associate Dean, Student Services	147,787
Part-Time Faculty and Overload Growth	<u>(252,877)</u>

Total Norco 185,725

**Moreno Valley**

Faculty Positions

Health Sciences	111,852
Counseling	105,616
Speech Language	111,852
Part-Time Faculty and Overload Growth	<u>285,017</u>

Total Moreno Valley 614,337

**District Support Services (DSS)**

Dispatch Clerks (3 Positions)	76,067
Human Resource Analyst (Converted Clerk Typist)	25,977
Emergency Planning & Preparedness Manager (.50 FTE)	<u>52,021</u>

Total DSS 154,065

**District Office (DO)**

Administrative Assistant (Chancellor's Office)	<u>76,586</u>
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Total New Positions, Part-Time Faculty and Overload Growth \$1,860,446

***SMALL COLLEGE FACTOR, ENROLLMENT EFFICIENCY AND REMAINING ALLOCATION INCREMENT***

Total Available Funds for Allocation was exhausted meeting the funding areas described previously and to increase the contingency reserve beyond the 5% level. Therefore, no funding allocations have been provided for the Small College Factor, Enrollment Efficiency Incentives or Remaining Allocation BAM components.

**EXHIBIT G**

**BASE EXPENDITURE BUDGET ADJUSTMENTS**

The following adjustments have been made to the campuses, District Support Services (DSS), and District Office (DO) base expenditure budgets:

<b>Description</b>	<b>Moreno Valley</b>	<b>Norco</b>	<b>Riverside</b>	<b>DSS</b>	<b>DO</b>	<b>TOTAL</b>
Funded COLA at .68% + 1% passed through as salaries	\$ 193,446	\$ 182,788	\$ 672,299	\$ 253,517	\$ 29,846	\$ 1,331,896
Position reclassifications and professional growth steps	68,445	43,858	129,305	18,708	-	260,316
Position step and column adjustments	139,715	128,344	340,165	99,561	4,990	712,775
Employee benefit increases and adjustments	115,600	58,575	95,023	471,103	(63,145)	677,156
Board of Trustees Election Cost	-	-	-	-	707,000	707,000
Chancellor/President Recruitments	-	-	-	(104,050)	-	(104,050)
Prior year one-time budget augmentation and non-discretionary budget adjustments	(164,595)	(127,637)	194,769	(369,573)	(188,595)	(655,631)
Personnel reassigned to or from grant programs	(38,368)	(20,972)	114,987	38,163	368	94,178
Departmental costs reallocated due to organizational restructuring and locus of responsibility	141,067	(103,730)	1,229,115	(740,705)	(431,286)	94,461
Personnel budget adjustments arising due to differences in estimated budget amounts versus actual placement costs associated with vacant positions	(40,600)	(35,130)	205,536	181,470	(97,090)	214,186
Net estimated cost to refill prior year early retirement ("Golden Handshake") positions	(10,207)	(29,035)	184,565	-	-	145,323
Adjustments for new and existing contracts	<u>283,689</u>	<u>6,793</u>	<u>63,828</u>	<u>88,790</u>	<u>(32,798)</u>	<u>410,302</u>
<b>TOTALS</b>	<u>\$ 688,192</u>	<u>\$ 103,854</u>	<u>\$ 3,229,592</u>	<u>\$ (63,016)</u>	<u>\$ (70,710)</u>	<u>\$ 3,887,912</u>