

RIVERSIDE COMMUNITY COLLEGE DISTRICT

Budget Allocation Model Development Task Force

Friday – March 7, 2008

9:00-11:00 a.m.

AGENDA

- I. Welcome and Call to Order
- II. Approval of the Minutes
 - February 29, 2008
- III. BAM Development Input from Strategic Planning Committees
- IV. Budget Allocation Model Design
 - BAM Sketch Review (continued)
- V. Other
 - Timelines and Open Issues
 - Assignments
- VI. Next Meeting
 - March 14, 2008
- VII. Adjournment

RIVERSIDE COMMUNITY COLLEGE DISTRICT

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

MINUTES

Task Force Members

Aaron Brown, Interim Vice Chancellor, Administration & Finance - Present
Patti Braymer, Interim Associate Vice Chancellor, Finance - Present
Becky Elam, Vice President, Business Services (Riverside) - Present
Norm Godin, Vice President, Business Services (Norco) - Present
Michael McQuead, Associate Professor, CIS (Moreno Valley) - Present
Bill Orr, Vice President, Business Services (Moreno Valley) - Present
Cindy Taylor, Outreach/Passport to College Coordinator (Riverside) - Present
Tom Wagner, Associate Professor, Business Administration (Norco) - Present
Ajene Wilcoxson, Associate Professor, Business Administration (Riverside) – Present
Vickie Vega – (Recorder)

I. Meeting was called to order.

II. Minutes of February 29, 2008

The minutes of the February 29, 2008 meeting were reviewed and approved with one correction.

III. Input from Strategic Planning Committees (SPC)

Nothing to report.

IV. Budget Allocation Model Design

Norm Provided a narrative entitled “Budget Allocation Model Implementation Year Proposal”
(see attached)

Norm incorporated principles for the initial year of BAM implementation using elements from each of the models under consideration.

Discussion ensued regarding the proposal. The group began to sketch a model on the whiteboard using some of the components. Actual numbers will be incorporated into the sketch and will be reviewed at the next BAM Task Force meeting (see below for model sketch formula).

Model Sketch

07/08 Base Budget	Revised budget, including 07-08 one-time allocations for Non-Instructional Equipment, Remodels and Budget Augmentation. (Salary and Benefits)
+ Bargaining Unit Contracts	
+ Fixed Costs	
+ “Red List” Items	
+ <u>“Normalization Factor”</u>	A factor to bring each campus in line with the largest campus “Base Expenditure Budget Rate per 3 year Average of Credit FTES” (to be funded from PY growth dollars (CY Base) over 3 years).
<u>= Revised Beginning Base Budget for FY 08-09</u>	
+ COLA	
+ <u>Growth</u>	Remaining PY Growth (CY Base) allocated to campuses based on actual campus growth, after reducing by 5% for DO/DSS Growth.
= On-Going Base Budget	
+ <u>One-Time Budget</u>	
+ 08-09 Estimated Funded Growth at 50%	(assume District growth will be funded at 2.5% for FY 08-09) (allocate to campuses based on prior year actual growth, after 5% for DO allocation).
+ 07-08 Unbudgeted Growth	(One-time in PY Base Budget in CY) (allocate to campuses based on prior year actual growth, after 5% for DO allocation).
+ Any other unbudgeted revenue increases	
+ <u>Remaining Ending Balances in excess of Reserve</u>	
<u>= Total Budget</u>	

FY 07-08 one-time allocations were discussed. The following will be considered for inclusion as part of the 08-09 base budget = ~ \$3.0 million:

1. Budget Augmentation
2. Remodels
3. Non-Instructional Equipment

A Reserve for Economic Uncertainty of 1% will be considered for responding to budget issues arising subsequent to budget adoption (mid-year budget cuts, property tax and enrollment fee shortfalls, disasters, etc.). It will be included as part of the TAF calculation. Strict guidelines will be developed on its usage.

V. Other

- Patti to model sketch with actual numbers using sketch components to determine if sketch is feasible as presented.

VI. Next Meeting

- Next BAM Meeting – March 14th

	A	B	C	D	E	F
1	EXPENDITURE Base Budgets					
2	Moreno Valley	Norco	Riverside	District Office	Total	
3	26,846,535.00	21,227,306.00	64,137,288.00	30,225,277.00	142,436,406.00	Rev. 07/08 bgt as of 3/10/08
4	410,589.00	253,662.00	889,384.00	658,139.00	2,211,774.00	Red List items for 08/09 (as of 3/12/08)
5	27,257,124.00	21,480,968.00	65,026,672.00	30,883,416.00	144,648,180.00	line 3 plus line 4
6	41,578.36	1,646,926.08	-		1,688,504.44	One-third - Normalization from Growth
7	27,298,702.36	23,127,894.08	65,026,672.00	30,883,416.00	146,336,684.44	line 5 plus line 6
8	95,256.75	718,390.80	1,835,081.23	139,406.78	2,788,135.56	Remaining 07-08 Growth added to base ^{*1 & 2}
9	27,393,959.11	23,846,284.88	66,861,753.23	31,022,822.78	149,124,820.00	Adjusted Base Budget for 08/09
10	ONE-TIME ADDITIONS					
11	152,944.56	1,153,450.73	2,946,412.70	223,832.00	4,476,640.00	07-08 Growth not budgeted in 07-08 ^{*1 & 2}
12	108,022.00	814,661.00	2,080,998.00	158,088.00	3,161,769.00	08-09 est 5% growth at 50% of 5% ^{*2}
13	-	-	-	-	-	08-09 COLA at zero
14	27,654,925.67	25,814,396.62	71,889,163.93	31,404,742.78	156,763,229.00	Base Budgets for 08/09
15	808,390.67	4,587,090.62	7,751,875.93	1,179,465.78	14,326,823.00	amount of increase
16						
17	^{*1} - Growth of \$6,524,415 minus property tax shortfall deficit of \$2,047,775					
18	^{*2} - 5% to District, remainder based on actual growth					
19						
20	5,875.00	5,669.00	13,952.00		25,496.00	3-yr average FTES
21	23.0428%	22.2349%	54.7223%		100%	3-yr average FTES as a percent
22	4,639.51	3,789.20	4,660.74			Budget amt per 3-yr average FTES
23	124,735.09	4,940,778.24	-			100% Equalization amount
24	4,646.59	4,079.71	4,660.74			Revised bdgt amt per 3-yr avg FTES
25						
26	6,130.78	5,799.46	13,973.35		25,903.59	06-07 Actual FTES
27	0.236676847	0.223886342	0.539436812		100%	06-07 Percent of Total FTES
28	6,202.97	6,343.89	15,364.06	3/11 per Raj	27,910.92	07-08 P-1 FTES
29	22.22%	22.73%	55.05%		100%	07-08 Percent of Total P-1 FTES
30	72.19	544.43	1,390.71		2,007.33	07-08 P-1 minus 06-07 Actual
31	0.035963195	0.271220975	0.69281583		100%	07-08 percent of growth
32						

	A	B	C	D	E	F	G
1		Riverside Community College District					
2		07-08 Ending Balance Projection					
3		Resource 1000					
4		Beginning Balance 7/1/07		18,576,517			
5		Add Revenues					
6		Approved Revenue Budget		134,906,283			
7		Plus:					
8		06-07 Recalc Apportionment Adj		(2,140)	see P-1 Ex.D		
9		07-08 Apportionment Adj.		7,663,767	see P-1 Ex.C		
10		07-08 Deficit for Prop. Tax shortfall		(2,047,775)	P-1 Ex.C March revise		
11		Federal Revenue					
12		Lottery Revenue					
13		PT Faculty Office Hrs & Ins					
14		Food Sales		15,000			
15		Cosmo Sales		(15,000)			
16		Lease/Rental Income					
17		Interest Income		400,000			
18		Transcripts					
19		Non-Resident Tuition					
20		Other Student Fees		1,500			
21		Resource 0800		100,000			
22		Other Local					
23		Indirect Cost Recovery		20,000			
24		Total Available Funds		159,618,152		141,041,635	
25							
26		Deduct Expenditures					
27		Approved 07-08 Expenditure Budget		153,482,800	includes trf & contingency		
28		(Less) Plus:					
29		Interfund/Intrafund Transfers			no change from bgt		
30		Unspent Contingency		(9,423,484)			
31		Est. Positive Budget Variance		(5,000,000)			
32		Total Expenditures		139,059,316			
33		Estimated Ending Balance 6-30-08		20,558,836			
34							
35		Estimated Beginning Balance 7-1-08		20,558,836		1,982,319	
36		Estimated 08-09 Revenue		144,203,404		3,161,769	50% of 5% growth
37		Total Available Funds (TAF)		164,762,240		5,144,088	5,144,088
38		5% Contingency		8,238,112			
39		1.5% Reserve for Uncertainty		2,471,434		10,709,546	
40		Inter/Intrafund Transfers		1,635,010			
41		Available for Allocation		152,417,685			

Budget Allocation Model Implementation Year Proposal: Option C-Bill

A. Calculation of Permanent Base Budget by Entity

A: Formula: 1+2+3+4+5+6 = 7 (permanent base budget per entity)

1. Change Basic Allocation to:

MV	3,000,000
Norco	3,000,000
Riv	3,500,000
Distr	-0-
2. Adjust budget for COLA.
3. Adjust budget for remaining Computational Revenue based on the 4 year average of FTES.
4. Reallocate current budget of the District to the three campuses based on the 3 year average of FTES.
5. Equalize the campuses using a common rate per FTES (one-time equalization).
6. Adjust budget for **Permanent Growth \$\$\$** (put growth funds to where the growth occurred).
7. The total per entity now is considered to be the **permanent** base budget for FY2008-9.

B. Calculation of One-Time Budget Allocations by Entity

B: Formula: 8+9+10+11 = 12 (total one-time budget allocation per entity)

8. Adjust budget for **One-time FTES Growth \$\$\$** (put growth funds to where the growth occurred).
9. *Adjust budget for estimated location specific revenue by entity.
10. *Adjust budget for estimated Ending Balance for June 30, 2008 (1XXX to 6XXX carry over of all unspent budget in FY2007-8) by entity.
11. *Adjust budget for estimated Actual Revenue over budget by entity.
12. The total per entity is considered to be the one-time budget for FY2008-9.

C. Calculation of Total Budget Allocation by Entity

C: Formula: 7+12 = 13 (total budget allocation per entity)

13. Total Budget Allocation per entity for FY2008-9

BAM Expectations:

1. Entities (campuses and district office) will be expected to allocate permanent base budget and one-time budget allocations based on Program Review/SPC priorities.
2. Entities (campuses and district office) will be expected to allocate budget based on the various standards:
 - a. Faculty FT to PT desired load ratio (TBD?)
 - b. M&O Staffing Standards
 - c. Technology Standards
 - d. Library Standards (TBD?)
3. “Cleansing” of the A, D, E, and F budgets (moving functions to proper locations & and correct budget inconsistencies).

Issues for Consideration for the FY2009 – 2010 BAM

1. Consider budget adjustment for high-cost & specialty programs.
2. Consider specific allocations to address the standards (this will reduce the basic allocation that is distributed on the 3 year average FTES).

**RIVERSIDE COMMUNITY COLLEGE DISTRICT
 BUDGET ALLOCATION MODEL - GENERAL FUND UNRESTRICTED (RESOURCE 1000)
 DRAFT - 2/1/2008**

3-7-08 - Sketch 2-4-2008(Draft 1).xls

PROJECTED REVENUE (ON-GOING):

		EXAMPLE
Beginning Fund Balance	XXXX	1,100,000
Apportionment Allocation	XXXX	
Other State Funds	XXXX	
Local Funds	XXXX	153,900,000
Federal Funds	XXXX	
Incoming Transfers	XXXX	
TOTAL PROJECTED REVENUE (ON-GOING)	XXXX = TOTAL AVAILABLE FUNDS (TAF)	155,000,000

TIER I: MANDATORY RESERVE:

Reserve/Contingency (5% Minimum)	XXXX	7,750,000
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TIER II: OPERATING RESERVES:(1)

Reserve - Wage & Benefits Increases (2)	XXXX	500,000
Reserve - Technology Acquisition & Replacement (3)	XXXX	1,000,000
Reserve - Facility Expansion Operational Cost (4)	XXXX	1,100,000
Reserve - Equipment Replacement (5)	XXXX	1,000,000

TOTAL TIER I: RESERVES/SET ASIDES	XXXX	11,350,000
BALANCE AFTER TIER I: TOTAL AVAILABLE FUNDS(TAF) - TOTAL RESERVES/SET ASIDES (TRS)		143,650,000

	Moreno Valley	Norco	Riverside	District Office (h)	Reserve Accounts	
TIER III: Budget Adjustments						
Beginning Balance (Carry-Over)	150,000	150,000	300,000	500,000	-	1,100,000
Base Allocation (a)	25,530,000	24,420,000	61,716,000	21,984,000	-	133,650,000
Central Services Cost Distribution (d) (e)	(3,750,000)	(3,750,000)	(7,500,000)	15,000,000	-	-
Growth / Decline (b)	550,000	550,000	1,000,000	-	-	2,100,000
COLA (c)	1,125,000	1,125,000	2,250,000	500,000	-	5,000,000
Wage & Benefits Increases	-	-	-	125,000	(125,000)	-
Technology Infrastructure	-	-	-	750,000	(750,000)	-
Facility Expansion Operations Cost	300,000	300,000	100,000	75,000	(775,000)	-
Equipment Replacement (f)	300,000	300,000	100,000	75,000	(775,000)	-
Interfund Transfers	-	-	-	1,000,000	-	1,000,000
Matching Cost	-	-	-	800,000	-	800,000
	-	-	-	-	-	-
TOTAL TIER II APPROPRIATED BUDGET (g)	24,205,000	23,095,000	57,966,000	40,809,000	(2,425,000)	143,650,000

(1) CEC will determine Reserve & Set-Aside Amounts

(2) Reserve to provide funds for the costs associated with Wage & Benefit Increases and Golden Handshake Retirement Incentive

(3) Reserve to provide funds to acquire new and replace System-wide Technology Only (College 'end-user' Technology is funded via the Equipment Replacement Reserve; College Reserve and/or Base/Growth/COLA Allocations)

(4) Reserve to provide operating funds to support additional GSF (example shown represents \$11.00 per GSF for 100K additional GSF)

(5) Reserve to provide funds for the acquisition and replacement of instructional and non-instructional equipment.

(6) Reserve to provide funds to participate in Matching Funds Programs

(7) Reserve to support non Resource 1000 activities

(a) Distributed based on: Foundation Grant Amount per College, balance (net of District Office Cost - TBD by CEC) based on most recent actual three year average of FTES

*****NOTE: AMOUNTS SHOWN ARE WAGS*****

(b) Distributed based on Growth (or Decline) FTES by College, if aggregate Growth exceeds funded Growth, the distributed shall be pro-rated.

(c) Distributed based on base allocation per entity, pro-rated

(d) Distributed based on most recent actual three year average of FTES

(e) Functions of Central Services shall include budget for all AXX locations EXCEPT for the Chancellor, Vice Chancellors, & related office staff inclusive of all 1XXX thru 6XXX objects.

(f) Total allocation to be determined by CEC, District Office Allocation to be determined by CEC; allocation to colleges to be distributed based on most recent actual three year average of FTES

(g) The Colleges and District Office would need to make the necessary budget adjustments (increases or decreases) to balance to this figure after the cost of permanent salaries, benefits, and other non-discretionary budgets have been determined.

Option A

	MV	Norco	Riverside	District
FY04-5 Actual	5,413	5,427	13,729	24,569
FY05-6 Actual	6,083	5,781	14,274	26,138
FY06-7 Actual	6,130	5,799	13,852	25,781
3 Year Average	<u>5,875</u>	<u>5,669</u>	<u>13,952</u>	<u>25,496</u>
Percentage	<u>23.04%</u>	<u>22.23%</u>	<u>54.72%</u>	<u>100.00%</u>

Option B

FY05-6 Actual	6,083	5,781	14,274	26,138
FY06-7 Actual	6,130	5,799	13,852	25,781
FY07-8 Target (A)				
3 Year Average	<u>4,071</u>	<u>3,860</u>	<u>9,375</u>	<u>17,306</u>
Percentage	<u>15.97%</u>	<u>15.14%</u>	<u>36.77%</u>	<u>67.88%</u>

(A) As determined by District Office

Option A

Computational Revenue - Exh C	\$ 127,682,231				
All Other Revenue Res 1000	10,154,052				
Total Available Funds	<u>\$ 137,836,283</u>				
Cost of District Office	<u>\$ 30,277,311</u>				
	<u>MV</u>	<u>Norco</u>	<u>Riverside</u>	<u>District Office</u>	<u>Total</u>
Basic Allocation	3,135,900	3,135,900	3,658,550	-	9,930,350
Gen Appropriation based on 3 Yr Avg					
Actual FTES Distribution	<u>27,134,906</u>	<u>26,181,966</u>	<u>64,435,009</u>	-	<u>117,751,881</u>
Total General Apportionment	30,270,806	29,317,866	68,093,559	-	127,682,231
Other Res 1000 Revenue based on 3 Yr					
Avg Actual FTES Distribution	<u>2,339,914</u>	<u>2,257,739</u>	<u>5,556,399</u>	-	<u>10,154,052</u>
Total Allocation Before District Office	32,610,719	31,575,606	73,649,958	-	137,836,283
Cost of District Office Based on 3 Year					
Avg Actual FTES	<u>(6,977,145)</u>	<u>(6,732,118)</u>	<u>(16,568,048)</u>	<u>30,277,311</u>	<u>-</u>
Final Allocation	<u>25,633,574</u>	<u>24,843,488</u>	<u>57,081,910</u>	<u>30,277,311</u>	<u>137,836,283</u>
Percent of Total Base Budget	18.60%	18.02%	41.41%	21.97%	100.00%
Net District Office	23.83%	23.10%	53.07%	0.00%	100.00%
Avg 3 Yr Actual FTES	23.04%	22.23%	54.72%		
	26,901,975	21,271,581	63,985,539		

Pros:

Correlation between FTES and Final Allocation
 Encourages Growth & Efficiency
 District Office Cost is allocated by Campus based on FTES

Cons:

May require multi-year implementation
 District Office Cost is allocated by Campus based on FTES
 Does not directly recognize cost of higher cost programs/disciplines
 Does not provide for a specific allocation to recognize the cost of facility operations.

Option B

Computational Revenue - Exh C	\$ 121,264,263				
All Other Revenue Res 1000	22,370,406				
Total Available Funds	<u>\$ 143,634,669</u>				
Cost of District Office	<u>\$ 30,277,311</u>				
	<u>MV</u>	<u>Norco</u>	<u>Riverside</u>	<u>District Office</u>	<u>Total</u>
Current Base Budget	26,901,975	21,271,581	63,985,539	30,277,311	142,436,406
Base Budget Adjustment: Blended Rate					
of Cost of District Office and 3 Yr Avg					
Actual FTES	<u>(300,834)</u>	<u>2,025,962</u>	<u>(771,921)</u>	-	<u>953,207</u>
Final Allocation	<u>26,601,141</u>	<u>23,297,543</u>	<u>63,213,618</u>	<u>30,277,311</u>	<u>143,389,613</u>
Percent of Total Base Budget	18.55%	16.25%	44.09%	21.12%	100.00%
Net District Office	23.52%	20.60%	55.89%	0.00%	100.00%
Avg 3 Yr Actual FTES	23.04%	22.23%	54.72%		

Pros:

Cons:

Option A

Computational Revenue - Exh C	\$ 94,474,920
All Other Revenue Res 1000	10,154,052
Total Available Funds	<u>\$ 104,628,972</u>

Cost of District Office	<u>\$ 30,277,311</u>
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	MV	Norco	Riverside	District Office	Total
Basic Allocation	3,135,900	3,135,900	3,658,550	-	9,930,350
Gen Appropriation based on 3 Yr Avg					
Actual FTES Distribution	19,482,567	18,798,367	46,263,636	-	84,544,570
Total General Apportionment	22,618,467	21,934,267	49,922,186	-	94,474,920
Other Res 1000 Revenue based on 3 Yr Avg					
Avg Actual FTES Distribution	2,339,914	2,257,739	5,556,399	-	10,154,052
Total Allocation Before District Office	24,958,381	24,192,006	55,478,585	-	104,628,972
Final Allocation	<u>24,958,381</u>	<u>24,192,006</u>	<u>55,478,585</u>	<u>-</u>	<u>104,628,972</u>
Percent of Total Base Budget	23.85%	23.12%	53.02%	0.00%	100.00%
Net District Office	23.85%	23.12%	53.02%	0.00%	100.00%
Avg 3 Yr Actual FTES	23.04%	22.23%	54.72%		

Pros:

Correlation between FTES and Final Allocation
 Encourages Growth
 District Office Cost is allocated by Campus based on FTES

Cons:

May require multi-year implementation
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Option B

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Total Available Funds	<u>\$ 143,634,669</u>

Cost of District Office	<u>\$ 30,277,311</u>
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Base Budget Adjustment: Blended Rate of Cost of District Office and 3 Yr Avg					
Actual FTES	(300,834)	2,025,962	(771,921)	-	953,207
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Net District Office	23.52%	20.60%	55.89%	0.00%	100.00%
Avg 3 Yr Actual FTES	23.04%	22.23%	54.72%		

Pros:

Cons:

Pros:					
Correlation between FTES and Final Allocation					
Encourages Growth & Efficiency					
Identifies revenue as one-time or on-going, and identifies location specific revenues					
Cons:					
May require multi-year implementation					
Does not directly recognize cost of higher cost programs/disciplines					
Does not provide for a specific allocation to recognize the cost of facility operations.					
Avg 3 Yr Actual FTES	23.04%	22.23%	54.72%		100.00%
Percent of Expenditure budgets	18.91%	14.89%	44.94%	21.26%	100.00%