



Chabot-Las Positas Community College District

Budget Update for FY 2012-13

and

New Allocation Model

Board of Trustees Meeting

March 5, 2013

*Lorenzo Legaspi
Vice Chancellor
Business Services*

Presentation Summary

Budget Update FY 2012-13

- Budget versus Projected Year End
- Reversed Deficit Spending
- Improved Reserve Balance

New Allocation Model

- Accreditation Recommendation
- District's Response
 - Role of the Budget Study Group (DBSG)
 - Guiding Principles
 - Model Concept
 - Model – Version 1.2

Good News

- Payback RUMBL Fund
- Successful Bond Refinancing

Budget Update FY 2012-13

Budget: How We Started The Year

	As of 12/31/12
Revenues:	
Unrestricted General Fund Revenues	91,442,938
Expenditures:	
Unrestricted General Fund Expenditures	90,633,788
Revenues Over Expenditures	<hr/> 809,150
Fund Balance, Beginning	5,887,199
Fund Balance, Ending	6,696,349
Percentage of Fund Balance	7.42%

Adjustments and Assumptions: Changes During the Year

Revenue

- Increased revenue for 2011-12 Recalc adjustment \$459,945
- Increased revenue for 2012-13 P1 workload restoration \$879,188

Expenditure

- Increased adjunct faculty budget for 160 additional FTES/4.6 additional FTEF in Spring 2013 \$243,800
- Various Adjustments to Expenses \$201,954

Assumptions

- Colleges, District, and Maintenance & Operations stay within their budgets
- No surprises from the State.

Projection: How we Expect to End the Year

Revenues:

Unrestricted General Fund Revenues	92,782,071
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Expenditures:

Unrestricted General Fund Expenditures	91,079,542
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Revenues Over Expenditures	1,702,529
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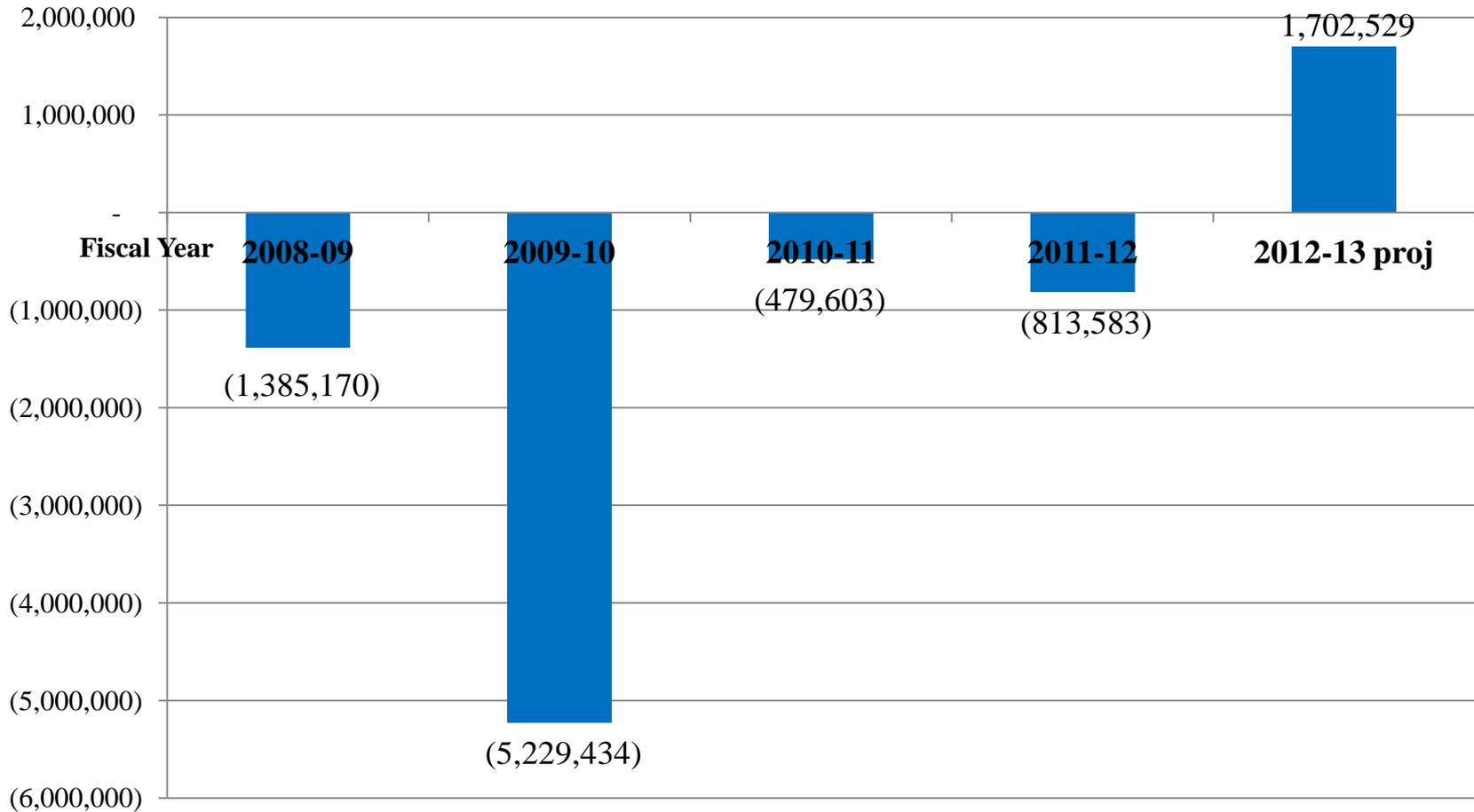
Fund Balance, Beginning	5,887,199
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Fund Balance, Ending	7,589,728
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Percentage of Fund Balance to Expenditures	8.37%
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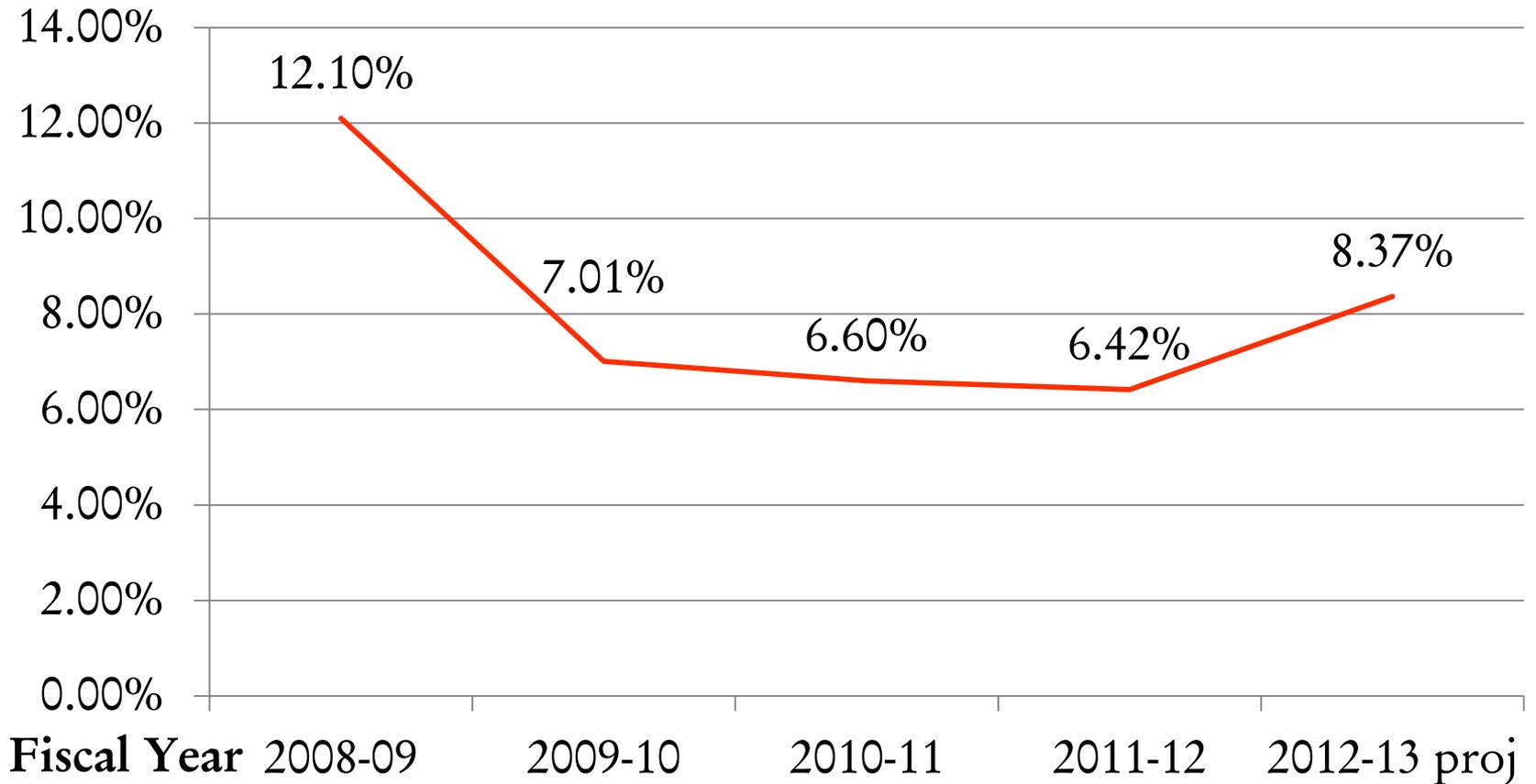
Reversed Deficit Spending

Unrestricted General Fund Surplus/(Deficit)



Improved Reserve Balance

Unrestricted General Fund Reserve Percentage



New Allocation Model

District Budget Study Group (DBSG)

Board Policy

Role of the District Budget Study Group

“The District Budget Study Group (DBSG) shall consider and make recommendations to the Chancellor upon any matter that affects the district financially, specifically as related to this allocation model.”

Accreditation Recommendation

“To meet the standards, the team recommends that the district and the college complete the evaluation of the resource allocation process in time for budget development for the 2010-2011 academic year, ensuring transparency and assessing the effectiveness of resource allocations in supporting operations.”

Guiding Principles

- It is perceived to be fair
- It is easily understood
- It works in good and bad times
- It creates the right incentive for performance

Model Concept

➤ **STEP 1: Determine funded FTES** for both colleges

➤ **STEP 2: Determine revenues to be allocated**

Apportionment including property taxes, student fees and state funds

Unrestricted lottery

Mandated costs funding per FTES

Other state revenues, faculty office hours, parity, benefits

➤ **STEP 3A: Determine specific district-wide costs**

Contractual

Regulatory

Committed

➤ **STEP 3B: STEP 2 less STEP 3A becomes basis for college and district allocations**

Model Concept – *Continued*

- **STEP 4:** Using current district office operating budget, **establish district office as a percentage** of STEP 3B for future allocations
- **STEP 5:** Using total funds in STEP 3B subtract district office operations value (STEP 4). This becomes amount for allocation to the colleges
- **STEP 6:** First **distribute to each college the amount equal to the Foundation** allocation in SB361 model
- **STEP 7:** STEP 5 less STEP 6 is allocated based on FTES ratios established in STEP 1
- **STEP 8:** **Allocate local college specific revenues** to each college
- **STEP 9:** **Allocate any unique or internally** agreed upon amounts not covered by the model

Model Version 1.2

Funded FTES for 2012-13 - 15,886

	Chabot College	Las Positas College
STEP 1		
Funded FTES	9,360	6,526
Ratios	58.92%	41.08%
STEP 2		
Apportionment		\$79,569,463
Lottery (Unrestricted)		\$2,005,069
Adj to Bal to Placemat		\$55,230
Mandated Costs (revenue per FTES)		\$426,412
Other State Fac Reimbursements		<u>\$414,030</u>
Allocation Revenues		\$82,470,204
STEP 3A		-\$9,084,244
Nursing/Dental Hygiene		<u>-\$600,000</u>
Contractual, Committed, Regulatory Costs		-\$9,684,244
STEP 3B		
(Step 2 less Step 3A)		\$72,785,960

Model Version 1.2 – *continued*

Funded FTES for 2012-13 - 15,886

	Chabot College		Las Positas College
STEP 4			
Dist Office Operations		-7,672,472	Dist Ratio
Maintenance /Operations		<u>-6,248,322</u>	M&O Ratio
STEP 5 Remainder		\$58,865,166	
STEP 6 Total		<u>-\$7,196,681</u>	
Balance for Step 7		\$51,668,485	
STEP 6			
Foundation Allocation	\$3,875,136		\$3,321,545
STEP 7			
FTES Ratios	<u>\$30,443,071</u>		<u>\$21,225,414</u>
Formula Allocation	\$34,318,207	58.30%	\$24,546,959 41.70%
Adjust for Difference	\$36,673		
Cur Alloc Before Local	\$35,780,837		\$23,283,325

Model Version 1.2 – *continued*

Funded FTES for 2012-13 - 15,886

	Chabot College	Las Positas College
CHANGE	-\$1,425,957	\$1,263,634
Shift 8 FON Positions	<u>\$952,000</u>	<u>-\$952,000</u>
Remaining Adjustment	-\$473,957	\$311,634
Chabot Nursing/Dental	<u>\$600,000</u>	
Net Shift of Resources	\$126,043	\$311,634
STEP 8		
Local Revenue to be Added		
CHECK TOTALS		
Line 3A		\$9,684,244
District		7,672,472
Main/Operations		6,248,322
Foundation		\$7,196,681
FTES Ratios		<u>\$51,668,485</u>
Should equal to STEP 2 Total		\$82,470,204
Local Step 8		\$5,015,872
Exclusions		<u>\$2,996,022</u>
TOTAL		\$90,482,098

Implementation Questions

- How will the **district-wide reserve** be used and replenished
- How much of a reserve will the colleges, DO and M&O be allowed to keep
- How will **unit level deficits** be addressed?
- How will funded FTES be allocated between the colleges, **growth, decline, restoration**
- Will the model be corrected for actual results including state apportionment deficits
- How will **summer FTES** be treated in the event it is needed to make the funded cap
- How will **new revenues** not currently represented be treated in the model?
- How are Step 3A costs adjusted?
- How are DO and M&O allocations adjusted?

Implementation – *continued*

- How does the **collective bargaining** process impact the model
- How will the role of **DEMC** be impacted by the model change
- At what point should the model be evaluated and adjusted if warranted
- How are increases in normal operational costs addressed
- Is a **transition plan** from the old model to the new one needed
- Does **nursing/dental assisting** have district-wide implications and should it **receive some accommodation** in the model

DBSG Role – *continued*

- Recommendation to Chancellor

“The District Budget Study Group (DBSG) shall consider and make recommendations to the Chancellor upon any matter that affects the district financially, specifically as related to this allocation model.”

- No Agreement to Board of Trustees

“If the DBSG and district management cannot reach agreement, procedures shall be administratively adopted and policy shall be presented to the Board of Trustees for approval. If the DBSG and district management cannot reach agreement on procedure or policy, then the two separate positions shall be presented to the Board of Trustees who shall decide the matter.”

Good News

- Payback RUMBL Fund

- PG&E Rebates Received in August 2012 \$1,400,000
- Other Revenues (rental income, other one time monies, etc.)

- Successful Bond Refinancing \$12,000,000
 - Successful Sale on Tuesday, February 26, 2013
 - Results in \$12 million savings for the taxpayers in our community