Coast CCD

ADOPTED BUDGET ALLOCATION 2007-2008

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ESTIMATED INCOME

UNRESTRICTED REVENUES

I. DISTRICTWIDE ENDING BALANCE (WITHOUT CAMPUS BALANCES)				**23,499,725**
DISTRIBUTION OF ENDING BALANCE			**23,499,725**	
RESERVE FOR CONTINGENCY (8%)		15,850,000		
STABILIZATION RESERVE		2,000,000		
RETIREE HEALTH BENEFIT LIABILITY		2,000,000		
CAPITAL OUTLAY / SCH MAINT MATCH		1,000,000		
INSTRUCTIONAL EQUIPMENT		1,000,000		
DISASTER PREPAREDNESS		1,000,000		
SLO / STUDENT SERVICES SOFTWARE		400,000		
MARKETING		249,725		
II. UNRESTRICTED REVENUES				**175,504,153**
A			168,000,000	
1) FTE REVENUES (STATE APPORTIONMENT, INCLUDES 4.53% COLA)		168,000,000		
a) GENERAL	73,000,000			
b) LOCAL PROPERTY TAXES	85,000,000			
c) ENROLLMENT FEES	10,000,000			
B. OTHER GENERAL REVENUES			7,504,153	
1) STATE		5,834,653		
a) LOTTERY INCOME @ $118 PER FTE	4,100,000			
b) PART TIME FACULTY COMP	1,584,432			
c) 2% ENROLLMENT ADMINISTRATION	150,221			
2) LOCAL		1,669,500		
a) INTEREST INCOME	1,400,000			
b) JOINT USE DEVELOPMENT	200,000			
C) LA HABRA RENTALS	69,500			

PREVIOUS YEAR'S REVENUE	166,921,020
CURRENT YEAR REVENUE	175,504,153
DIFFERENCE	**8,583,133**

FIXED COSTS

	ORANGE COAST	GOLDEN WEST	COASTLINE	DISTRICT	TOTAL
CONTINUING FIXED COSTS	25,898,594	16,265,901	6,463,344	13,396,743	62,024,582
TRANSFER TO FTES DISTRIBUTION	-16,220,040	-10,287,014	-3,947,396	0	-30,454,450
INCREASE IN FIXED COSTS	0	0	0	924,554	924,554
NET CONTINUING FIXED COSTS	9,678,554	5,978,887	2,515,948	14,321,297	32,494,686
BASIC ALLOCATION	3,500,000	3,500,000	3,000,000	0	10,000,000
NEW PROGRAM INITIATIVE	250,000	250,000	250,000	0	750,000
TOTAL	13,428,554	9,728,887	5,765,948	14,321,297	43,244,686

PREVIOUS YEAR'S FIXED COSTS	72,024,582
CURRENT YEAR FIXED COSTS	43,244,686
DIFFERENCE	**-28,779,896**
% OF UNRES REV	**24.64%**

FIXED COSTS INCREASES - FOR INFORMATIONAL PURPOSES ONLY	ORANGE COAST	GOLDEN WEST	COASTLINE	DISTRICT	TOTAL
APPROVED NEW POSITIONS/TRANSFERS	96,124	92,068	96,124	93,200	377,516
NEGOTIATED INCREASES					
COST OF LIVING ALLOWANCE (COLA)	2,615,500	1,843,957	654,585	547,578	5,661,620
06-07 COST OF LIVING ALLOWANCE (COLA) ADJ	85,617	60,722	34,632	35,212	216,183
LONGEVITY	33,126	6,448	3,743	22,642	65,959
ADJUNCT SALARY INCREASES	705,508	527,147	298,930		1,531,585
STEP AND COLUMN INCREASES	600,892	335,946	132,149	62,446	1,131,433
HEALTH & WELFARE BENEFITS	0	0	0	0	0
STATUTORY CONTRIBUTION INCREASES	215,441	160,689	114,690	163,476	654,296
TOTAL FIXED COSTS INCREASES	4,352,208	3,026,977	1,334,853	924,554	9,638,592

IN 1990 WHEN THE CURRENT MODEL WAS FIRST ADOPTED ACTUAL FACULTY SALARY EXPENDITURES, BOTH CONTRACT AND ADJUNCT, WERE CONSIDERED AS FIXED COSTS. SINCE THAT TIME, WHEN MONEY WAS AVAILABLE, THE NUMBER WAS INCREASED BY THE COST OF ALL SALARY AND HEALTH BENEFIT INCREASES.

FTES CALCULATIONS AND DISTRIBUTION

	ORANGE COAST	GOLDEN WEST	COASTLINE	TOTAL
2006-2007 ACTUAL CREDIT FTES (SUMMER-SPRING)	17,368	10,570	4,812	32,750
NET NON-CREDIT FTES (@ 60.13% OF CREDIT)	4	4	369	377
ACTUAL NON-CREDIT FTES	7	7	613	627
TOTAL FOR DISTRIBUTION	**17,372**	**10,574**	**5,181**	**33,127**
% OF TOTAL	**52.44%**	**31.92%**	**15.64%**	**100.00%**

PREVIOUS YEAR'S FTES DISTRIBUTION (INCLUDING GROWTH) **69,312,422**

CURRENT YEAR FTES REVENUE DISTRIBUTION (SAME AS PREVIOUS YEAR)	69,312,422
TRANSFER FROM CONTINUING FIXED COSTS	30,454,450
CURRENT YEAR INCREASE IN FIXED COSTS	8,714,038
PART TIME FACULTY PARITY FUNDS	1,584,432
TOTAL AVAILABLE FOR DISTRIBUTION	110,065,342

DISTRIBUTION EQUALS TOTAL ACTUAL FTES DIVIDED INTO TOTAL AVAILABLE REVENUE AND THEN MULTIPLIED BY COLLEGE ACTUAL FTES

TOTAL AVAILABLE $ DIVIDED BY	**110,065,342**
TOTAL FTES FOR DISTRIBUTION	**33,127**
	3,323

3,323 $ PER FTES

FTES REVENUE = FTES X 3,323

FTES REVENUE DISTRIBUTION

ORANGE COAST	GOLDEN WEST	COASTLINE	TOTAL
57,718,934	35,132,397	17,214,011	110,065,342

PREVIOUS YEAR'S TOTAL FTES DISTRIBUTION	69,312,422
CURRENT YEAR TOTAL FTES DISTRIBUTION	110,065,342
DIFFERENCE	**40,752,920**
% OF UNRES REV	**62.71%**

DEDICATED REVENUE

SOURCE	ORANGE COAST	GOLDEN WEST	COASTLINE	TOTAL
NON-RESIDENT TUITION	3,200,000	1,219,236	150,000	4,569,236
TRANSCRIPT FEES	90,000	60,000	60,000	210,000
PARKING FINES	245,000	150,000	1,000	396,000
CLASS AUDIT FEES	2,000	3,500	2,000	7,500
LIBRARY FINES	10,000	0	0	10,000
CONTRACT ED/EXTENDED EDUCATION	100,000	0	1,000,000	1,100,000
SUBLEASE/RENTALS	400,000	475,000	120,000	995,000
ENTERPRISE REIMBURSEMENTS	300,000	400,000	0	700,000
PAY PHONES	1,000	1,000	0	2,000
NON-RES APP FEE	8,000	6,000	500	14,500
COSMETOLOGY	0	110,000	0	110,000
EARLY CHILDHOOD	485,000	0	0	485,000
MISC FEES	250,000	12,500	0	262,500
TELECOURSE PRODUCTION	0	0	1,200,000	1,200,000
TOTALS	**5,091,000**	**2,437,236**	**2,533,500**	**10,061,736**

PREVIOUS YEAR'S TOTAL DEDICATED REVENUE	9,968,664
CURRENT YEAR TOTAL DEDICATED REVENUE	10,061,736
DIFFERENCE	**93,072**

Budget Allocation Funding Model
Kern Community College District

Introduction

The following represents the summary recommendations of the Kern Community College Districts (KCCD) Chancellors Cabinet subcommittee (BAM) for revising KCCD's current unrestricted fund allocation model as well as several directly related budget processes. This model closely follows the State of California's new funding model established in Senate Bill 361 (SB 361).

The model and associated recommendations represents the cumulative work of the BAM committee including incorporation of feedback received in February after an initial proposal was put forward.

Allocation Model Parameters and Definitions

A. **Revenue** – District-wide unrestricted general fund revenue sources excluding local college generated revenues other than enrollment fees. Currently represented by the following revenue categories

State Apportionment & Property Taxes
Enrollment Fees
Part-Time Faculty (Adjunct) Faculty Support
Forest Reserves
Potash Royalties
Basic Skills
Enrollment Fee Administration Allowance
Lottery Revenue
Mandated Costs
Interest Income
Equalization
Miscellaneous Income

B. **<u>Base Allocations</u> – SB 361 formula for multi college Districts**

College	**Base Amt**	**w/2006-07 COLA**
FTES > =20,000	$4,000,000	$4,236,800
FTES< 20,000>=10,000	$3,500,000	$3,707,200
FTES<= 10,000	$3,000,000	$3,177,600

Centers

CPEC Approved	$1,000,000	$1,059,200

(Note: KCCD has two CPEC approved centers they are Eastern Sierra Center (Mammoth/Bishop) and Delano)

Grandfathered Centers (FTES@ 2005-06)		
FTES>= 1,000	$1,000,000	$1,059,200
FTES> = 750	$ 750,000	$ 794,400
FTES>= 500	$ 500,000	$ 529,600
FTES>= 250	$ 250,000	$ 264,800
FTES>= 100	$ 125,000	$ 132,400

(Note: KCCD has two Grandfathered Centers South Kern (Edwards AFB) and the Weill Institute (downtown Bakersfield).

These base figures are then adjusted for the adopted COLA adopted in the State budget starting in 2006-07. None of the District's colleges qualified under SB 361 for the additional Rural College Base allocation of $500,000.

C. **Base Non-Credit FTES Rates** will be derived from the rate funded in the current year state apportionment calculations for non-credit FTES

D. **Base Credit FTES Rate** – Will be derived by taking the current year adopted budget revenue less the Base Allocations and non-credit FTES revenue, divided by the prior year end actual credit FTES which will result in an equalized blended rate per FTES

E. **FTES Rate Equalization** – All FTES calculations within the model will be done to maintain equalized rates between the colleges.

F. **COLA** – Cost of Living Adjustment adopted by the State of California for the projected fiscal year and incorporated into the Districts apportionment funding.

G. **Initial Model Start-up Stabilization Funding** – Guaranteed base funding for year one of the new allocation model (2007-08). This allocation is to ensure that no budget centers' allocation is less than their allocation from the prior year under the former allocation model.

H. **Growth and Decline** – Will be based upon the prior years actual growth (or Decline) as reported in the Annual Apportionment Attendance Report –State Residents (320 Report) in July or as updated for modifications in October.

I. **Stabilization** – Operating entities will receive at least one year of stabilization funding for enrollment decline or allocation reduction resulting in a decline to any entities allocation. Stabilization beyond one year is subject to review.

J. **Strategic Initiative Funding** – Strategic Initiatives will be one-time-projects funded from reserves for initiatives designed to increase FTES or enhance operational efficiencies. Colleges and District office may qualify for Strategic Initiative Funding.

K. **Reserves** –

- **District-wide:** Represents minimum reserve levels established by the Board of Trustees and fund requirements to finance stabilization and strategic initiatives
- **College/District Office Mandatory Reserves:** Represents amounts set aside for college and District Office contingencies (i.e. banked load, vacation accrual, comp time etc.) and emergencies. This reserve should be set at a level based upon historical actual activity or some percentage of the actual liabilities and/or overall budget for the college/District Office.

L. **Carryover:**

- **College Discretionary Carryover:** Represents unused allocated funds from prior years (net of Mandatory Reserves.) The use of these funds are to be guided by the colleges strategic and master plans.
- **District Office, District-wide and Regulatory:** Cost centers will not qualify for carryover funding.

M. **District Office, District wide and Regulatory Allocations**: Represent costs that are budgeted as close to actual as possible. These allocations are directly driven by the resources required to deliver assigned services and regulatory requirements. These costs will be charged back to the colleges. Since these costs centers will be funded based upon need these cost centers will not have any carryover from prior years.

- **District office costs** – Actual costs incurred for the operation of the district office
- **District-wide costs** – Actual costs to support the district as a whole
- **Regulatory costs** – Actual costs associated with mandatory or statutory costs that must be paid and cannot be reduced or changed e.g. retiree health benefits, insurance, audit etc.

Allocation Model Steps:

Beginning Balance and Revenue to be Allocated

Step 1: Beginning balance will be derived utilizing the audited ending unrestricted fund balance from the prior year. The balance should be delineated into the following three categories:

a. District-wide Reserves
b. College/District Office Mandatory Reserves for accrued liabilities(i.e. banked load , vacation accrual etc.) and emergencies
c. College Discretionary Carryover

Step 2: Projected revenue. This is unrestricted revenue projected to be earned and allocated in the fiscal year being projected.

Allocations

Base Operating Allocations:

Step 3: College Base allocations uses the SB 361 College/Center base funding formula.

Changes to Base Allocations:

Step 4: COLA – College Base allocations shall be adjusted each year for COLA.

Step 5 : Initial model start-up stabilization funding – Will be funded for one-year from reserves.

FTES Allocations

Step 6 : Base FTES allocations – Will be derived by utilizing **Base FTES Rate** times the base FTES for each college.

Step 7 : COLA – Any COLA unallocated in Changes to Base Allocations (Step 6), will be distributed to the colleges on an equalized basis per FTES.

Step 8 : Growth Allocations – Will be based upon the prior year growth as determined by the final 320 report filed each year. Therefore, for purposes of developing the tentative budget there will be no growth reflected. Growth allocations will only be reflected in the adopted budget.

Step 9 : FTES Decline – Will be based upon the declines reflected in the final 320 report filed each year. There will be one year of **Stabilization** funding provided either from reserves or the Statewide FTES stabilization mechanism (if the District qualifies).

Step 10: Other Changes – Will reflect other potential changes to revenue or allocations. These changes may be across the board decreases or increases in revenues by the State or changes in District Office, District-wide, Regulatory or Reserve requirements that may exceed new revenue sources available to the District.

Step 11 : Base District-wide Reserves – Derived from the District wide beginning balance less any changes due to stabilization or strategic imitative funding requirements reflected in steps 6, 10 or 11. In addition any other changes to reserves will be reflected in this step.

Step 12: Strategic Initiatives – Strategic Initiatives will be one time funded projects from reserves

Step 13: District Office, District wide and Regulatory Allocations – Will be based on projected costs reflected in this step as cost charge-backs to the colleges. These chargeback's will be allocated based upon FTES for each College.

Model Support Recommendations:

The following are recommendations the BAM Committee strongly believes are critical support components for the proposed KCCD Allocation Model.

A. Strategic Initiatives

The Chancellor establish a process to evaluate and award strategic imitative funds. The Chancellors Cabinet will have the opportunity to review and provide input on the Strategic Initiative funding process. Funds will be set aside for Strategic initiatives from District-wide reserves.

- Funding will not be determined until the entire process is defined including a means to evaluate use of the funds. It is recommended the process be defined for Strategic Initiative submittals to begin being submitted/evaluated in the Spring of 2007 for funding in Fall 2008.
- The funds will be accessible by BC, CC, PC, and the DO operations
- Strategic initiative funds and the criteria/process will be established prior to the end of spring semester of each year and those funds will be available for initiatives to be implemented in the subsequent fall semester. Initiatives will be vetted at the colleges and receive full college support before being proposed to the district.
- Allocated funding should be relatively autonomous within the parameters and budget of the initiative proposal and the understanding that a complete evaluation of the initiative will be completed.

B. Model Evaluation Process

The new KCCD Allocation Model needs to be evaluated annually in the spirit of Continuous Quality Management, and as recommended by ASCCC in Faculty Roles in Planning and Budgeting, and as required by the new accreditation Standards 3.d.3

> The institution systematically assesses the effective use of financial resources and uses the results of the evaluation as the basis for improvement.

Also in response to the district-wide accreditation recommendation below – regular effective annual evaluation leading to improvement and responsiveness is essential.

> In order to meet the standard, the team recommends that the colleges, working with appropriate districtwide leadership and in consideration of the special conditions of the individual colleges within the district, complete the development, implementation, and assessment of the budget allocation model (Standards III.D.1.a-d, and III.D.3). [This is a districtwide recommendation.]

The following evaluation tool was developed to apply to the new KCCD allocation model which will be evaluated annually using the following priorities and values, then specific criteria, and finally actual benchmarks.

Guiding Principles

- Planning should drive budgeting, never the reverse;
- Planning should always be for the first-rate, even in the face of second- or third-rate budget allocations;
- Planning, coupled with a critical assessment of successes and failures, is a means of taking conscious control of the process of serving students, and enables the emergence and elaboration of best practices;
- Planning, in an academic context, should be a bottom-up process, that trusts to the expertise of faculty to determine what is needed to serve students most effectively;
- Budget requests should be evaluated in accordance with explicit, detailed criteria that have been agreed to in advance by the affected constituencies;
- Among the criteria for evaluating requests, the requesting department's priority ranking of the activity for which the request is being made should be given special, positive, consideration;
- The evaluation of budget requests must be perceived as fair and impartial in order to encourage the expression of real needs in the planning process;
- The bulk of the work of planning and budgeting should be done by small, efficient subcommittees. One or two larger "shared governance committees" (either a single planning and budget committee, or two committees, one for planning and one for budgeting) should exist only at the top of the process, and should perform the function of synthesizing the input from the smaller subcommittees;
- The workload of planning and budgeting should be distributed among all committees and subcommittees such that each group has a manageable share of the total work to be done;
- Proposed changes to the institutional master plan should be the result of observing trends and problems reflected in the annual plans of departments;
- The allocation models used in the distribution of general funds and in the funding of augmentation requests should be specified in the written budget processes developed by the governing board in collegial consultation with the academic senate. Variations on the adopted models, when introduced, should be the product of collegial consultation between the academic senate and the board;
- Standards for establishing base budgets of departments should be specified in written budget policy, and should be employed in periodic reviews of base budgets;
- Final recommendations of the planning and budget committee(s) should be reviewed by the academic senate, as well as by other campus constituencies;
- If the academic senate finds that existing planning and budget processes are not issuing in recommendations that result in serving students with an education of the highest possible quality, the academic senate should initiate appropriate changes to existing planning and budget processes;
- Written policy should specify that revision of the planning and budget processes can be initiated by either the governing board or the academic senate;
- Written policy should specify that the college president shall bring back to the planning and budget committee(s) for further discussion any recommendations the president does not intend to pursue;
- Academic senates in multi-college districts should specify in written policy that the district budget allocation formula shall be equitable with respect to each college in the district;
- Multi-college districts should take a "students first" approach to budgeting, such that, when revenues are less than anticipated, the class schedules of the colleges are the last to suffer cuts;
- Centralized services offered by district offices in multi-college districts should be subject to regular review and evaluation by the colleges;

- District-level planning committees should be constrained to initiate only such projects as are of service to, and are desired by, all of the colleges in the district.
- District master plans in multi-college districts should be composed of the master plans of the individual colleges, plus the products of district-level planning;
- Are college wide priorities and programs (such as general education as well as new programs) are addressed in the planning and budget processes?

In addition to the above guiding principles, the following specific criteria need to be addressed.
Criteria

- Small college factor review- is the base amount adequate
- Strategic Initiative
- 50% law
- 75:25 ratio
- Full time faculty obligation
- Over cap funding process
- Inability for the district to carry-over funds – is this fair and working
- Stabilization mechanism
- Basic skills over cap funding
- Non-credit funding
- College carry-over
- Mechanism for adding COLA
- Review of the District Office, District wide and Regulatory costs
- District Charge Back mechanism
- Enrollment Management committee outcomes
- Stabilization beyond one year
- Payback to district reserves if utilized by an entity
- Budget reporting process
- A comparison of outcomes of budgeted amounts versus actuals

And finally the following evidence will be used with reference to benchmarks in order to assure that the guiding principles, specific concerns and actual budget amounts are somewhat comparable to like colleges and districts. In other words, an assessment of ourselves with ourselves is not adequate. While finding comparable institutions is difficult, due to unique qualities and factors, this is true in every evaluative process. Benchmarks are simply used to ask better questions.

Benchmarks

- District Operations costs compared to other similar district's operations costs
- Productivity compared between colleges
- District Operations costs compared to other similar district's operations costs
- Productivity compared with other similar colleges
- Overall funding for each campus compared to overall funding for similar campuses
- Overall administrative costs for the district compared with overall administrative costs for similar districts
- Overall Faculty costs for the district
- 75:25 comparisons for each college with a base amount represented by this year

- 50% law calculations for each college with a base comparison represented by this year
- Full time faculty obligation numbers compared with that of other similar districts
- Full time faculty obligation numbers for each college (as we are presently) compared with that of other similarly sized colleges

C. District Wide Enrollment Management Committee

The Vice Chancellor of Instruction work with campus representatives to develop an Enrollment Management Committee (EMC). This mirrors KCCD Strategic Plan Initiative C1 & D8. This committee would have the following charge:

- The district wide enrollment management committee will be established each year by the participatory governance committee.
- This committee is responsible for analyzing critical data as pertains to district policy initiatives, FTES, and labor issues.
- District-wide Enrollment management committee will monitor growth to maximize growth to CAP for each campus.
- EMC should look at the district-wide CAP not on each campus alone.
- This committee would make recommendation concerning funding of over cap FTES.

D. District wide Budget Committee/Chancellors Cabinet

Recommended for discussion with the Chancellor's Cabinet whether they will be the District Wide budget committee or assign these tasks to a separate committee that includes the business managers. This recommendation supports KCCD Strategic Planning Initiative C3 & C4.

The proposed charge for the committee would be as follows

- Annual review of the current year district budget in February using P1 and reviewing previous year final, current year to date, and estimate future year
- District office base will be reviewed annually in light of comparable bench marks.
- Review any college budget decrease below the previous allocations. This triggers an automatic review of the district budget in order to estimate a potential share in the decrease
- Review any change in the future district office costs, district-wide costs and regulatory costs prior to completing the tentative budget-- nothing in this model should imply that the district office gets automatic changes to their budgets
- Reviews the stabilization/restoration process

- Reviews what costs are classified as district office costs, district-wide costs and regulatory costs and any future changes in the classifications

E. Other Recommendations

- The district office and BC will breakdown the Weill budget costs between BC and District Office operations. Currently they are not delineated between either operation.

- District operation budget transfers between major cost centers will be limited to things directly associated/within that cost center. For example budget line breakage i.e. for District-wide cost-- Trustee election costs would not be transferred to a "Regulatory" or "District Office" budget line item.