

RIVERSIDE COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES
RESOURCES COMMITTEE MEETING
May 13, 2008, 6:45 p.m.
Student Services Foyer, Norco Campus

Committee Members: Mark Takano, Committee Chairperson
Virginia Blumenthal, Vice Chairperson
Aaron Brown, Interim Vice Chancellor, Administration and
Finance
Melissa Kane, Vice Chancellor, Diversity and Human
Resources
Doug Beckstrom, Academic Senate Representative
(Moreno Valley Campus)
Lee Nelson, Academic Senate Representative (Riverside)
Patricia Worsham, Academic Senate Representative
(Norco)
Dariush Haghghat, CTA Representative (Riverside)
Gustavo Segura, CSEA Representative (Moreno Valley)
Tish Chavez, Confidential Representative (Riverside)

AGENDA

VI. Board Committee Reports

B. Resources Committee

1. Budget Allocation Model (BAM) for Resource 1000 – FY 2008-2009
- The Committee to review the new Budget Allocation Model for
Resource 1000.
2. Comments from the public.

Adjourn

Prepared by: Vickie L. Vega
Administrative Assistant,
Administration and Finance

RIVERSIDE COMMUNITY COLLEGE DISTRICT
RESOURCES COMMITTEE

Report No.: VI-B-1

Date: May 20, 2008

Subject: Budget Allocation Model (BAM) for Resource 1000 - FY 2008-2009

Background: The District's transition from a single-college District with two centers to a multi-college District necessitated a change from the existing Resource 1000 (General Operating) budget allocation model to a model that aligns better with a more decentralized and independent operational environment. This was recognized as a planning agenda item in each of the accreditation self-studies for the Riverside, Moreno Valley and Norco campuses and was indentified by the visiting accrediting teams as a critical step for Moreno Valley and Norco to achieve full accreditation status.

In response, the District's Chancellor called for the formation of a Budget Allocation Model Task Force and charged the group with developing a new budget allocation model that would best serve the needs of a multi-college district. The BAM Task Force was formed with the following member composition:

Aaron Brown - Interim Vice Chancellor, Administration and Finance (Chair)
Michael McQuead - Associate Professor (Moreno Valley)
Dr. Bill Orr - Vice President, Business Services (Moreno Valley)
Tom Wagner, J.D. - Associate Professor (Norco)
Norm Godin - Vice President, Business Services (Norco)
Ajene Wilcoxson - Associate Professor (Riverside)
Cindy Taylor - Outreach/Passport to College Coordinator (Riverside)
Becky Elam - Vice President, Business Services (Riverside)
Patti Braymer - Interim Associate Vice Chancellor, Finance (District)
Vickie Vega – Administrative Assistant (Meeting Recorder)

The BAM Task Force began meeting in September 2007; meeting a total of twenty times through May 2, 2008. The initial meetings of the Task Force were devoted to: establishing timelines and communication processes; defining guiding principles and; discussing concepts such as reserve requirements, equipment and facilities standards, efficiency measures, and growth allocations.

The Task Force spent a considerable amount of time discussing community college financing complexities and the limitations imposed by regulatory requirements such as the 50% Law, the Full-Time Faculty Obligation (75/25 goal), reserve requirements and categorical program matching funds. The Task Force also evaluated sample budget allocation models from five California community college districts.

Beginning in January 2008, members of the Task Force were asked to "sketch" their own version of a budget allocation model by incorporating concepts discussed since the first meeting. This became a turning point of sorts in the BAM development process as the Task Force moved from

RIVERSIDE COMMUNITY COLLEGE DISTRICT
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theoretical discussions to the practical application of concepts into a model. The Task Force considered the components of each “sketch” in great detail, noting what worked and what didn’t, eventually leading to the proposed new BAM.

Meeting agendas, minutes, budget allocation model sketches and supporting information, has been shared by members of the Task Force with various constituency groups throughout the BAM development process including Academic Senates, Strategic Planning Committees and Subcommittees, the District Academic Planning Council, the Chancellor’s Executive Cabinet, bargaining unit representatives and, to the institution as a whole by email.

Attached for the Board’s information and consideration is the proposed new Budget Allocation Model; a flowchart; a description of BAM components and; worksheets to support the calculation of BAM components. The amounts shown in the proposed Budget Allocation Model are as of April 22, 2008. These amounts will change during the Tentative and Final budget development processes as more information becomes known and as budget assumptions are changed to reflect updated State and District information. The following were incorporated into the Budget Allocation Model:

Total Available Resources (TAF)

The sum of the beginning balance plus estimated revenues.

Total Available Resources Available for Allocation (TAFA)

TAF less the following reserves and set-asides: 1) 5% minimum contingency reserve, 2) 1% reserve for economic uncertainty, 3) inter/intrafund transfers, 4) new District/College programs and initiatives, 5) operating costs for new facilities and, 6) new positions/part-time faculty growth.

Allocation Increment (AI)

The difference between the prior year base expenditure budget and TAFA. The AI will be used to fund: 1) base budget adjustments for such items as bargaining unit negotiated increases, step and column increases, health and welfare increases, position reclassifications and, election costs; 2) the small college factor for Moreno Valley and Norco; 3) the college enrollment efficiency incentive; 4) a base budget increase for District Office and District Support Service areas and, 5) an allocation to the Colleges based on a three-year, weighted average of credit FTES.

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The BAM Task Force will continue to meet regularly throughout the next fiscal year to assess and evaluate the new Budget Allocation Model and to consider the following items:

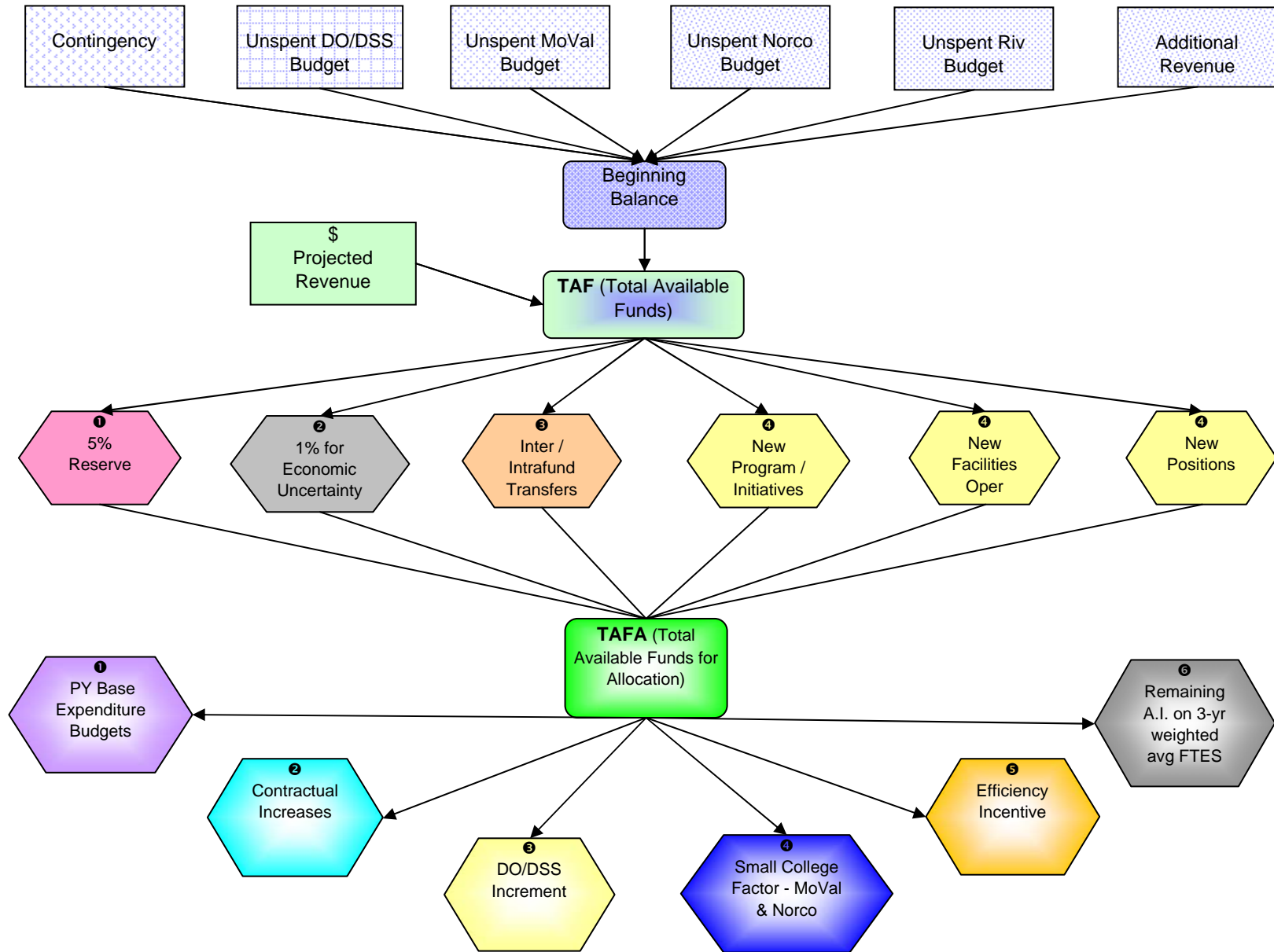
- Review/Analysis of Base Expenditure Budgets
- Development of Discipline WSCH:FTEF Standards
- Student Success Incentive
- New Position Funding Allocation Methodology
- Treatment of Budget Savings
- Base Budget Adjustments
- On-Line Education FTES Allocation
- Other Incentives/Disincentives

Information Only.

James L. Buysse
Interim Chancellor

Prepared by: Aaron S. Brown
Interim Vice Chancellor,
Administration and Finance

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



Riverside Community College District
Budget Allocation Model
As of April 22, 2008

Revenue

Contingency from 2007-2008	\$ 9,423,484
Additional Revenue from 2007-2008	6,135,352
Unspent DO/DSS 2007-2008 Budget	900,000
Unspent Moreno Valley Campus 2007-2008 Budget	300,000
Unspent Norco Campus 2007-2008 Budget	300,000
Unspent Riverside Campus 07-08 Budget	500,000
Estimated Beginning Balance 7/1/08	<u>\$ 17,558,836</u>
Projected Revenue FY 2008-2009	<u>143,241,635</u>
Notes Total Available Funds (TAF)	<u>160,800,471</u>
1. Less, 5% Contingency Reserve (Board Policy)	(8,700,000)
2. Less, 1.0% Reserve for Economic Uncertainty	(1,608,005)
3. Less, Interfund/Intrafund Transfers	(1,635,010)
4. Less, New District/College Program/Initiatives	-
5. Less, Operating Costs for New Facilities	-
6. Set-Aside for New Positions/PT Faculty Growth	<u>(1,068,714)</u>
	<u>(13,011,729)</u>
Total Available Funds for Allocation (TAFA)	<u>\$ 147,788,742</u>

*******NOTE*******

The amounts shown in the Proposed Budget Allocation Model are based on budget assumptions as of April 22, 2008. Amounts **will** change during the budget development process as budget assumptions are adjusted based on updated information.

Allocation Increment

PY Base Expenditure Budget (2007-2008)	\$ 142,436,406
CY TAFA (2008-2009)	<u>147,788,742</u>
Allocation Increment (A.I.)	5,352,336
7. Less, Base Budget Adjustments	(3,011,774)
8. Less, Small College Factor	(1,300,000)
9. Less, Enrollment Efficiency Incentive	(543,538)
10. Less, District Office/District Support Services	<u>(284,016)</u>
	<u>(5,139,328)</u>
11. Remaining Allocation Increment	<u>\$ 213,008</u>

Expenditures

	Moreno Valley	Norco	Riverside	DSS	DO	Total
PY Base Expenditure Budget (FY 2007-2008)	\$ 26,852,718	\$ 21,233,736	\$ 65,948,338	\$ 23,324,271	\$ 5,077,343	\$ 142,436,406
Base Budget Adjustments	525,749	356,742	1,239,674	122,989	766,620	3,011,774
District Office/District Support Services				233,243	50,773	284,016
Small College Factor	650,000	650,000				1,300,000
Enrollment Efficiency Incentive	131,701	312,361	99,476			543,538
Remaining Allocation Increment	49,606	47,503	115,899			213,008
Base Expenditure Budget for FY 2008-2009	<u>\$ 28,209,774</u>	<u>\$ 22,600,342</u>	<u>\$ 67,403,387</u>	<u>\$ 23,680,503</u>	<u>\$ 5,894,736</u>	<u>\$ 147,788,742</u>
% Increase to PY Base Budget	<u>5.05%</u>	<u>6.44%</u>	<u>2.21%</u>	<u>1.53%</u>	<u>16.10%</u>	<u>3.76%</u>
\$ Increase to PY Base Budget	<u>\$ 1,357,056</u>	<u>\$ 1,366,606</u>	<u>\$ 1,455,049</u>	<u>\$ 356,232</u>	<u>\$ 817,393</u>	<u>\$ 5,352,336</u>
% of Allocation Increment	<u>25.35%</u>	<u>25.53%</u>	<u>27.19%</u>	<u>6.66%</u>	<u>15.27%</u>	<u>100.00%</u>

Riverside Community College District
Budget Allocation Model
Component Description Notes
FY 2008-2009

1. Per Board Policy BP 6200, the first item funded is the minimum 5% contingency reserve of Total Available Funds (TAF). Use of the contingency reserve requires a two-thirds vote of the Board of Trustees.
2. "1% Reserve for Economic Uncertainty" represents a set-aside to provide a "safety-net" to respond to significant unexpected, mid-year occurrences which impact the current year adopted budget. Such occurrences could include mid-year budget cuts imposed by the State, statewide property tax and enrollment fee shortfalls that are not backfilled by the State, unrealized District growth estimates, emergency situations (fires, floods, winds, earthquakes), mid-year utility spikes, information technology infrastructure failures, etc. The amount set aside in this reserve will equal 1% of TAF. Use of this reserve must be approved by Executive Cabinet.
3. "Interfund/Intrafund Transfers" represents monies set-aside to fund the District's match requirements for categorical programs such as DSP&S, Instructional Equipment and Federal Work Study, and to provide administrative support relative to programs such as Performance Riverside, Early Childhood Services, Customized Solutions and Self-Insured Health & Liability as approved by Executive Cabinet.
4. "New District/College Programs/Initiatives" represents budget set-aside to fund new or expanded District/College programs that have been approved through the District Strategic Planning/Executive Cabinet processes and that cannot be supported through existing base budget funding.
5. "Operating Costs for New Facilities" represents funds set-aside to provide for increased operating costs associated with new facilities that are coming on line in the next fiscal year. This line item is established to temporarily provide for projects that are already in the "pipeline" until a mid-range financial model is developed and the District's/College's planning processes are more fully developed and integrated. Included are items such as increased

**Riverside Community College District
Budget Allocation Model
Component Description Notes
FY 2008-2009**

utilities costs, maintenance supplies, additional support staff, new equipment maintenance agreements, etc.

6. "Set-Aside for New Positions/PT Faculty Growth" represents budget provided to fund new full-time faculty; increased part-time faculty costs associated with anticipated growth; and new classified, confidential and management positions arising from the Program Review process, prioritized and approved by the Strategic Planning Committees, and Executive Cabinet after consideration for growth funding limitations, facility capacity, the Full-Time Faculty Obligation Number (FON, 75/25 Goal), 50% Law, and applicable staffing standards (such as M&O).
7. "Base Budget Adjustments" represent expected changes to the adopted budget that arise during the current year for items such as staff reclassifications and promotions, new positions, etc. that will have an effect on the adopted Base Budget. Base Budget Adjustments also represent known or expected changes for the subsequent year that are not in the current year Base Budget for such items as bargaining unit contractual provisions, utility rate increases, contracts, election costs, etc.
8. "Small College Factor" represents an advance of new apportionment funding that the District will receive when Norco and Moreno Valley are recognized by the State Chancellor's Office as independent colleges for funding purposes. The amount that has been allocated to Norco and Moreno Valley will be added to their base budgets and will provide funding to begin addressing indentified operating and staffing needs as they transition to full college status. A minimum of 50% of the allocated amounts will be committed to "Current Expense of Education" applicable expenditures in order to comply with the requirements of the 50% Law. The BAM Task Force will analyze the Small College Factor as a component of the BAM for fiscal year 2009-2010 and will make recommendations for modification as necessary.

Riverside Community College District
Budget Allocation Model
Component Description Notes
FY 2008-2009

9. “Enrollment Efficiency Incentive” represents funds added to a colleges’ base budget based on the results of effective enrollment management practices as measured by a three year weighted average of Fall Term WSCH:FTEF above the standard of 525. For fiscal year 2008-2009 only, the allocation methodology assigns a dollar value to each “unit” above the 525 standard. The “unit” value has been established at the 2008-2009 Base Credit FTES funding rate of \$4,564.83. As an example, a campus whose three year weighted average WSCH:FTEF is 550 will receive an Enrollment Efficiency Incentive of \$114,121 ($550-525 = 25$ “units” x \$4,564.83). The BAM Task Force will analyze the Enrollment Efficiency Incentive as a component of the BAM for fiscal year 2009-2010 and will make recommendations for modification as necessary.

10. “District Office/District Support Services” (DO/DSS) allocation, added to the base budget for fiscal year 2008-2009, represents the increase provided to the DO/DSS areas to support: 1) the impact of institutional growth on the DO and DSS areas; 2) District Strategic Planning Committee/Executive Cabinet priorities and initiatives; 3) capital equipment and facility renovation needs, etc. The calculation of the DO/DSS allocation increment equates to 1% of the prior year DO/DSS Base Expenditure Budget. Historically, the District Office and District Support Services budgets have been combined under the “Axx” location designation in the District’s budget and accounting system. In fiscal year 2008-2009, the District Office budgets and the District Support Services budgets will be disaggregated. The District Office has been defined as the offices of the Chancellor, Vice Chancellors, and Chief of Staff. District Support Services has been defined as those areas which support and assist the operations of the Colleges and District as a whole, including such areas as Finance, Purchasing, Payroll, Information Services, Risk Management, Diversity and Equity, Human Resources, Grants & Contracts, Administrative Support Center, District Facilities Planning Design and Construction, and all of the associated costs for those areas. The BAM Task Force will analyze the DO/DSS allocation methodology in the BAM for fiscal year 2009-2010 and will make recommendations for modification as necessary.

Riverside Community College District
Budget Allocation Model
Component Description Notes
FY 2008-2009

11. "Remaining Allocation Increment" represents the amount of remaining funds available to allocate after all other allocations have been made. This allocation is calculated using a three year weighted average of credit FTES.

Riverside Community College District
 Budget Allocation Model
 Prior Year Base Expenditure Budgets (FY 2007-2008)
 As of April 22, 2008

	Moreno Valley	Norco	Riverside	DSS	DO	Totals
Three Year Weighted Average Credit FTES %	23.29%	22.30%	54.41%			
PY Base Expenditure Budgets	\$ 26,852,718	\$ 21,233,736	\$ 65,948,338	\$ 23,324,271	\$ 5,077,343	\$ 142,436,406

Riverside Community College District
 Budget Allocation Model
 Base Budget Adjustments
 As of April 22, 2008

Description	Moreno Valley	Norco	Riverside	DSS	DO	Total
One Percent Increase	\$ 196,522	\$ 187,431	\$ 532,795	\$ 124,778	\$ 15,610	\$ 1,057,136
Step & Column	117,467	112,048	318,437	79,877	4,003	631,832
Health & Welfare	115,160	103,080	350,290	190,090	41,380	800,000
Reclassifications and Other Personnel Changes	34,975	(1,117)	49,829	95,283	25,977	204,947
Chancellor and President Recruitments	-	-	-	(200,000)	-	(200,000)
Contractual Adjustments	111,147	-	(10,000)	9,815	(20,350)	90,612
Rent/Utilities Adjustments	-	-	13,170	1,315	-	14,485
Election Expense	-	-	-	-	700,000	700,000
Grant and Categorical Adjustments	-	-	-	(13,431)	-	(13,431)
Various Other Adjustments	(49,522)	(44,700)	(14,847)	(164,738)	-	(273,807)
Totals	<u>\$ 525,749</u>	<u>\$ 356,742</u>	<u>\$ 1,239,674</u>	<u>\$ 122,989</u>	<u>\$ 766,620</u>	<u>\$ 3,011,774</u>

Riverside Community College District
 Budget Allocation Model
 Projected Ending Balance and Estimated 2008-2009 Revenues
 As of April 22, 2008

Beginning Balance 7/1/07	\$	18,576,517
Add Revenues		
Approved Revenue Budget for FY 2007-2008		134,906,283
Plus:		
2006-2007 Apportionment Recalculation Adjustment		(2,140)
2007-2008 Apportionment Adjustment		7,663,767
2007-2008 Property Tax Shortfall - Deficit		(2,047,775)
Food Sales		15,000
Cosmotology Sales		(15,000)
Interest Income		400,000
Other Student Fees		1,500
Other Revenue		100,000
Indirect Cost Recovery from Grants and Categorical Programs		20,000
Total Available Funds (TAF) for FY 2007-2008	\$	<u>159,618,152</u>
Deduct Expenditures		
Approved Expenditure Budget for FY 2007-2008	\$	153,482,800
(Less) Plus:		
Contingency from 2007-2008		(9,423,484)
Estimated Positive Budget Variance		(2,000,000)
Total Estimated Expenditures for FY 2007-2008		<u>142,059,316</u>
Estimated Ending Balance 6-30-08	\$	<u>17,558,836</u>
Estimated Beginning Balance 7-1-08	\$	17,558,836
Estimated Revenue for FY 2008-2009		<u>143,241,635</u>
Total Available Funds (TAF)		160,800,471
Less, 5% Contingency		8,700,000
Less, 1.0% Reserve for Uncertainty		1,608,005
Less, Inter/Intrafund Transfers		1,635,010
Available for Allocation for FY 2008-2009	\$	<u>148,857,457</u>

Riverside Community College District
 Budget Allocation Model
 Three Year Weighted Average Credit FTES and WSCH:FTEF
 As of April 22, 2008

FY	Weight	Moreno Valley		Norco		Riverside		District	
		Unweighted	Weighted	Unweighted	Weighted	Unweighted	Weighted	Unweighted	Weighted
FY 2004-2005 (weighted .20)	0.20	5,413	1,083	5,427	1,085	13,729	2,746	24,569	3,934
FY 2005-2006 (weighted .30)	0.30	6,083	1,825	5,781	1,734	14,274	4,282	26,138	7,841
FY 2006-2007 (weighted .50)	0.50	6,130	3,065	5,799	2,900	13,852	6,926	25,781	12,891
Three Year Weighted Average Credit FTES		5,875	5,973	5,669	5,719	13,952	13,954	25,496	25,646
Three Year Weighted Average Credit FTES %		23.04%	23.29%	22.23%	22.30%	54.72%	54.41%	100.00%	100.00%
Fall 2005 WSCH (Common Disciplines) (weighted .20)	0.20	514.97	103	518.95	103.79	543.44	108.69		
Fall 2006 WSCH (Common Disciplines) (weighted .30)	0.30	533.00	160	555.41	166.62	521.70	156.51		
Fall 2007 WSCH (Common Disciplines) (weighted .50)	0.50	581.91	291	646.03	323.01	563.19	281.59		
Three Year Weighted Average Fall WSCH		543.29	553.85	573.46	593.43	542.78	546.79		
Units over 525 Standard			28.85		68.43		21.79		
Percent of Standard		103.48%	105.50%	109.23%	113.03%	103.39%	104.15%		
Modified Three Year Weighted Average Credit FTES		6,079.79	6,300.72	6,192.25	6,464.63	14,424.63	14,533.21	26,696.67	27,298.56
Modified Three Year Weighted Average Credit FTES %		22.77%	23.08%	23.19%	23.68%	54.03%	53.24%	100%	100%

↑
 rounded to 4 decimals

Riverside Community College District
Budget Allocation Model
Interfund and Intrafund Transfers
As of April 22, 2008

Interfund and Intrafund Transfers to/from Resource 1000

To:

Resource 1090 - Performance Riverside	\$	193,257
Resource 1170 - Customized Solutions		173,470
Resource 1190 - Grants and Categorical Programs		
DSP&S		665,157
Instructional Equipment Match		86,267
Federal Work Study		176,859
Resource 3300 - Child Care		240,000
Resource 6100 - Health and Liability Self-Insurance		250,000

From:

Resource 1110 - Contractor-Operated Bookstore		<u>(150,000)</u>
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Total

\$ 1,635,010