



**RESOURCE ALLOCATION MODEL TASKFORCE  
AGENDA**

**December 2, 2016  
1:00 p.m. to 4:00 p.m.  
Library, Mishra Room, EVC**

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- 1) Call to Order
- 2) Approval of Agenda ACTION
- 3) Approval of October 28, 2016 Meeting Minutes ACTION
- 4) Approval of November 18, 2016 Meeting Minutes ACTION
- 5) Review of Revenue Report - Peter Fitzsimmons and Kathy Tran DISCUSSION
- 6) Review Models from South Orange CCD, Ventura CCD, WVMCCD,  
San Mateo CCD, and Peralta CCD DISCUSSION
  - i) Clearly identify elements and characteristics favored by the Taskforce for inclusion in the SJECCD model.
- 7) Build Next Agenda DISCUSSION
- 8) Check out DISCUSSION
- 9) Adjournment

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Parking Lot:

- a) 2016 Principles for Budget Development

	<b>RAM TASKFORCE COMMITTEE MEMBERS</b>	
<b>ADMINISTRATION</b>	<b>ACADEMIC SENATE</b>	<b>CSEA</b>
Doug Smith, Vice Chancellor, Administrative Services - DS	Fabio Gonzalez, Academic Senate - DS	Dan Hawkins - DS
Andrea Alexander, Vice President, Admin. Services - EVC	Eric Narveson, Academic Senate - EVC	Yesenia Ramirez - EVC
Jorge Escobar, Vice President, Admin Services - SJCC	Steven Graham, Academic Senate - EVC	
	Jesus Covarrubias, Academic Senate – SJCC	<b>AFT 6157</b>
<b>MSC</b>	Guillermo Castilla, Academic Senate - SJCC	Barbara Hanfling, Faculty Association - SJCC
Lauren McKee, Administrative Services Supervisor - EVC	Chris Frazier, Academic Senate - SJCC (Alt.)	Mark Newton, Faculty Association - SJCC (Alt.)
Keiko Kimura, Budget Committee Chair - SJCC	Phillip Crawford, Academic Senate - SJCC (Alt.)	Paul Fong, Faculty Association - EVC (Alt.)
Peter Fitzsimmons, Executive Director Fiscal Services, DS		
Eugenio Canoy, Budget Committee Chair – EVC (Alt.)		

Resource Allocation Model Taskforce

Meeting Minutes

November 18, 2016 – Evergreen Valley College, Library, Mishra Rm.

Present: Chris Frazier, Doug Smith, Paul Fong, Eric Narveson, Danny Hawkins, Yesenia Ramirez, Lauren McKee, Jonathan Camacho, Keiko Kimura, Eugenio Canoy, Steven Graham, Peter Fitzsimmons, Andrea Alexander, Guillermo Castilla, Barbara Hanfling, Michael Burke

Absent: Jorge Escobar, Jesus Covarrubias, Fabio Gonzalez, Mark Newton,

Also Present: Sherri Brusseau, Peter Fitzsimmons, Doug Smith, Roy Stutzman

- 1) Call to Order – the meeting was called to order at 1:10 p.m.
- 2) Approval of Agenda – M/S/P; Ayes-all, Opposed-0, Abstentions-0, Absent-0, a Motion to approve was made by Eric Narveson; Seconded by Steven Graham. The agenda was approved as submitted.
- 3) 2016 Principles for Budget Development:
  - a) Mr. Stutzman reviewed the changes made to the 2016 Principles for Resource Allocation and Budget Development.
    - i) The Committee provided changes and input on the draft document. Staff will review and incorporate those changes over the next few weeks.
    - ii) The Committee decided to put this item in the parking lot, with a plan to revisit in the New Year.
- 4) Chancellor's Office – Schedule C (State Apportionment Funding from the State Chancellor's Office) (Attachment A):
  - a) Mr. Stutzman notes that this model is driven by FTES.
  - b) Mr. Smith notes that this document assumes that we will achieve our maximum FTES, however our true excess is approximately \$31M, based on our true FTES this year.
  - c) Mr. Stutzman notes that in the models previously provided to the group, the District's current reality (Basic Aid funding numbers) were used, rather than the State's Apportionment numbers as provided on attachment A.
    - i) Mr. Smith clarifies that Mr. Stutzman's goal is to show the group how we can follow a basic allocation simulation and an FTES driven simulation.
- 5) Ventura Model:
  - a) Mr. Stutzman reviews and discusses the Ventura Model with the group (Attachment B).
    - i) Page 12 – Mechanisms of the Model:
      - Mr. Stutzman notes that Ventura CCD includes all unrestricted revenue in their model.
      - Mr. Stutzman calls the Committee's attention to the following excerpts:

*“1. Districtwide Services (DWS):  
The definition of DWS will be reviewed regularly. Components and specific line item budgets will be considered each year by DCAS for inclusion in this budget category or movement to another budget location.*

*2. Utilities:  
The budget for utilities will be based on historical and projected rates and usage, and presented to DCAS for review and concurrence.*

*C. District Administrative Center (DAC):*

*The District Administrative Center will receive a percentage (initially 5.8% of projected revenue. Each year, after review, if it is determined that specific budget items are to be reassigned between DWS and DAC or the colleges and DAC, the percentage of revenue will change accordingly, maintaining the same effective rate. (Effective with the FY17 Tentative Budget, revenue streams have been redirected and the DAC's proportionate percentage is 6.98%)*

1. *Class Schedule Delivery Allocation:*

*"Using a productivity factor of 525 and FTES from the current year, we derive a Full Time equivalent Faculty (FTEF) number for the budget year. The college receives an allocation for the actual cost (salary and benefits) for the full time classroom faculty currently employed. This allocation is adjusted to reflect non-teaching assignment for these faculty, such as those on leave or reassigned time, and planned additional full-time faculty for the budget year. The balance of the allocation is distributed based on the average cost of a non-contractual FTEF."*

ii) Questions/Comments:

- Mr. Stutzman notes to the group that this model can be used prospectively, or by a 3-year or 5-year average to determine the FTES number, where we can then calculate the number of FT and PT Faculty to serve that number of FTES, assuming a certain level of productivity.
- The Committee notes a concern that if the FTES number is estimated too high, then productivity may go down.
- Ms. McKee questions, of the models we are reviewing, which ones are describing how their new/growing programs are allocated for?
  - Mr. Stutzman responds that South Orange clarifies this point in their model.

b) Mr. Stutzman reviews page 46 – Adoption Budget Allocation - of the Ventura Model with the Committee.

- i) Mr. Fitzsimmons notes the focus of Ventura's base allocation is that, regardless of a specific campus size, they still have the same overhead costs (i.e. President and Vice President salaries, utilities, etc.).

6) Upcoming Schedule of Meetings:

- a) 02/10/2017 - EVC (tentative)
- b) 02/24/2017 - SJCC (tentative)
- c) 03/03/2017 – EVC (tentative)
- d) 03/10/2017 – SJCC (tentative)

7) Homework – Review the following models:

- a) West Valley Mission CCD
- b) San Mateo CCD
- c) South Orange CCD
- d) Ventura CCD

The meeting was adjourned at 4:32 p.m.

Resource Allocation Model Taskforce

Meeting Minutes

October 28, 2016 – San Jose City College – Rm. T-112

Present: Danny Hawkins, Lauren McKee, Yesenia Ramirez, Eugenio Canoy, Mark Newton, Chris Frazier (Alternate), Jorge Escobar, Eric Narveson, Andrea Alexander, Steven Graham, Guillermo Castilla, Barbara Hanfling, Jesus Covarrubias

Absent: Keiko Kimura, Fabio Gonzalez, Paul Fong (Alternate), Phillip Crawford (Alternate)

Also Present: Sherri Brusseau, Peter Fitzsimmons, Doug Smith, Roy Stutzman

- 1) Call to Order – the meeting was called to order at 2:06 p.m.
- 2) Approval of Agenda – M/S/P; Ayes-all, Opposed-0, Abstentions-0, Absent-0, a Motion to approve was made by Jorge Escobar; Seconded by Yesenia Ramirez. The agenda was approved as submitted.
- 3) Approval of 09/30/2016 Minutes – M/S/P; Ayes- all, Opposed- 0, Abstentions - 1, Absent-0, Motion made by Mark Newton; Seconded by Eugenio Canoy. The 09/30/16 minutes were approved as submitted.
- 4) Approval of 10/21/2016 Minutes – M/S/P; Ayes-all, Opposed-0, Abstentions-1, Absent-0, Motion to approve made by Eric Narveson; Seconded by Mark Newton. The 10/21/16 minutes were approved with corrections noted by Lauren McKee below.
  - a) Page 1: Taskforce Members – Ms. McKee notes that the MSCC representation is not accurate – MSCC Membership should include: 1) Eugenio Canoy (EVC), Keiko Kimura (SJCC), and Lauren McKee (EVC).
    - i) Mr. Smith notes that this change will be made on the final meeting minutes.
- 5) Membership Update:
  - a) AFT 6125 reported that their membership will be as follows:
    - i) Barbara Hanfling will serve as AFT 6157’s official member while Mark Newton and Paul Fong will serve as alternates.
  - b) Ms. McKee voices her disagreement with the process by which the membership was determined at the Cabinet level without proper constituency group consultation.
- 6) 2016 Principles for Budget Development:
  - a) Consultant, Roy Stutzman reviews the 2008 and 2011 Principles for Budget Development with the Committee. The Committee held an extensive discussion, making edits to the document (attached). Mr. Stutzman will compile all edits and distribute to the RAM Taskforce Committee.

7) Key Issues Statements:

- a) Mr. Stutzman reviews the Key Issue Statements document with the Committee to ensure that the "29 Elephants" were accurately captured.
- b) Mr. Narveson notes that this should be considered a Formative Diagnostic Tool that should be re-examined at the end of this process to check how well the job was done.
- c) Mr. Escobar shared an excel spreadsheet he created from the list of 29 Key Issue Statements as a tracking tool. Mr. Escobar will send the matrix to Ms. Brusseau for Committee distribution.

8) Ventura Model Sample:

- a) Roy notes that the Ventura Model mentions many items (facilities constraints, program mix, student level of preparedness, similarities/differences in core services, etc..) that could be considered when developing and implementing a Resource Allocation Model. These elements may serve to identify the differences and unique characteristics of their colleges and potentially have a cost impact. It appears that the Ventura District has not developed a means of quantifying these elements therefore further review of the application of their model and confirmation with the district indicates that they are not using these areas of difference or unique characteristics to allocate resources at the present time.

9) Cost Per FTES History Document:

- a) Roy notes that the current perception is that fund balance is increasing at the expense of the college allocations and expenditures. Review of Fund 10 expenditures for the period 2010/11 thru 2014/15 and ending fund balance for this same period does not seem to confirm this notion. This time period covers 2 years prior to the district becoming basic aid and 3 years after. College expenditures per FTES for Fund 10 have increased by a total of 44%, an average of 11% per year over this period and fund balance has increased by a total of 35%, an average of 8.75% per year over the same period. Thus the data does not appear to support the notion that fund balance is increasing at the expense of expenditures in service to students.
- b) Mr. Frazier notes that the perception at the Colleges is that after the economic down-turn in 2010/11, additional adjustments were not made as the economy began its up-turn.
- c) Peter notes to the group, as a reminder, if we were not basic aid we would only be receiving \$5008 per FTES.

Homework: Review San Mateo CCD, West Valley-Mission CCD, South Orange CCD

The meeting was adjourned at 5:15 p.m.

**Additional Details of Total District Revenues  
FY 2016/17 - Adopted Budget**

	<b>Budget</b>
<b>10 - General Fund</b>	
<b><u>486 - State Revenue</u></b>	
48614 - Education Protection Account (EPA)	1,250,000
48619 - B.O.G. (2% Admin. Fee)	216,814
48672 - Secured Homeowners Exempt	436,000
48690 - Other State Income	3,118,553
48691 - Mandated Cost Reimbursement	1,440,733
48694 - Lottery	1,800,000
48695 - State Reimb Costs	214,336
<b>486 - State Revenue</b>	<b>8,476,436</b>
<b><u>488 - Local Revenue</u></b>	
48811 - Secured Property Tax Revenues	75,914,000
48812 - Supplemental Secured Prop. Tax	3,037,000
48813 - Unsecured Roll Property Taxes	6,247,000
48818 - RDA Passthru(AB1290)(47.5%)	1,242,600
48819 - RDA Residual Prmts	2,282,000
48852 - Property Rental	150,840
48860 - Interest	157,530
48870 - Instructional Materials Fees	36,188
48871 - Enrollment Fees International	1,295,729
48872 - Enrollment Fees	5,497,609
48874 - Use of Facilities	170,672
48877 - Non-Resident Tuition Fees	665,653
48878 - Parking Fees	258,498
48890 - Other Local Income	1,183,436
<b>488 - Local Revenue</b>	<b>98,138,755</b>
<b><u>489 - Other Financing Sources</u></b>	
48911 - Sale Of Equipment	15,468
48912 - Sale Of Waste Materials	2,216
48973 - Interfund Transfer In (Indirect Cost)	8,500
48980 - Interfund Transfers In (to 10 from 15)	625,000
48990 - Interfund Transfers In (to 10 from 16)	24,692
<b>489 - Other Financing Sources</b>	<b>675,876</b>
<b>10 - General Fund</b>	<b>107,291,067</b>
<b><u>11 - Parking Fund</u></b>	
<b><u>488 - Local Revenue</u></b>	
48878 - Parking Fees	617,285
<b>488 - Local Revenue</b>	<b>617,285</b>
<b><u>489 - Other Financing Sources</u></b>	
48985 - Interfund Transfers In (to 11 from 10)	364,798
<b>489 - Other Financing Sources</b>	<b>364,798</b>
<b>11 - Parking Fund</b>	<b>982,083</b>
<b><u>14 - Student Success Enhancement Fd</u></b>	
<b><u>488 - Local Revenue</u></b>	
48853 - Retail Center Lease Revenue	25,000
<b>488 - Local Revenue</b>	<b>25,000</b>
<b>14 - Student Success Enhancement Fd</b>	<b>25,000</b>
<b><u>15 - Facility Rental Auxiliary Fund</u></b>	
<b><u>488 - Local Revenue</u></b>	
48852 - Property Rental	196,187
48874 - Use of Facilities	672,000
48890 - Other Local Income	51,000
<b>488 - Local Revenue</b>	<b>919,187</b>
<b>15 - Facility Rental Auxiliary Fund</b>	<b>919,187</b>

**Additional Details of Total District Revenues  
FY 2016/17 - Adopted Budget**

	<b>Budget</b>
<b><u>16 - Workforce Institute</u></b>	
<b><u>488 - Local Revenue</u></b>	
48830 - Premiums Other Funds	1,050,000
<b>488 - Local Revenue</b>	<b>1,050,000</b>
<b><u>489 - Other Financing Sources</u></b>	
48941 - Other Income	200,000
48973 - Interfund Transfer In (Indirect Cost)	253,330
48984 - Interfund Transfers In (to 16 from 10)	565,499
<b>489 - Other Financing Sources</b>	<b>1,018,829</b>
<b>16 - Workforce Institute</b>	<b>2,068,829</b>
<b><u>17 - Grants / Categoricals</u></b>	
<b><u>481 - Federal Revenue</u></b>	
48110 - Title III Grant (wrong code)	512,127
48121 - Federal Work Study	676,846
48122 - Student Support Services	322,734
48123 - Title V Grant	1,784,893
48140 - TANF	95,703
48160 - Veteran Admin. Support	6,355
48170 - VTEA Title I C	386,716
48172 - Perkins Title I-C Reserve (CTE Transition)	88,581
48193 - Traffic Project Grant	22,500
48196 - Yosemite Child Development	10,000
<b>481 - Federal Revenue</b>	<b>3,906,456</b>
<b><u>486 - State Revenue</u></b>	
48611 - Apportionment	13,000
48617 - Basic Skills	356,075
48620 - Nursing Grants	357,170
48621 - CARE	235,059
48622 - EOPS	1,935,432
48623 - DSPS	951,122
48624 - BFAP-SFAA	693,112
48625 - Matriculation	3,367,663
48629 - Other Categorical Programs	3,609,266
48630 - CALWORKS	422,292
48635 - Economic and Development Grants	14,516,211
48641 - Strength Career & TechEd Grant	126,167
48650 - Other State Revenue	365,014
48651 - AB 1725 Staff Diversity	85,296
48658 - Scheduled Maintenance	1,459,447
48684 - Lottery	889,995
48690 - Other State Income	298,587
<b>486 - State Revenue</b>	<b>29,680,909</b>
<b><u>488 - Local Revenue</u></b>	
48820 - Contributions/Gifts/Endowments	62,439
48824 - Independent Living Program	27,089
48890 - Other Local Income	11,753
<b>488 - Local Revenue</b>	<b>101,281</b>
<b><u>489 - Other Financing Sources</u></b>	
48971 - Interfund Transfers In (FA Matching)	83,898
48981 - Interfund Transfers In (to 17 from 10)	377,965
<b>489 - Other Financing Sources</b>	<b>461,863</b>
<b>17 - Grants / Categoricals</b>	<b>34,150,509</b>
<b><u>18 - Student Health Fees Fund</u></b>	
<b><u>486 - State Revenue</u></b>	
48699 - Other State Income	15,050
<b>486 - State Revenue</b>	<b>15,050</b>

**Additional Details of Total District Revenues  
FY 2016/17 - Adopted Budget**

	<b>Budget</b>
<b><u>488 - Local Revenue</u></b>	
48876 - Health Fees	579,383
48890 - Other Local Income	2,500
<b>488 - Local Revenue</b>	<b>581,883</b>
<b>18 - Student Health Fees Fund</b>	<b>596,933</b>
<b><u>36 - Capital Projects Fund</u></b>	
<b><u>486 - State Revenue</u></b>	
48690 - Other State Income	746,174
<b>486 - State Revenue</b>	<b>746,174</b>
<b><u>488 - Local Revenue</u></b>	
48870 - Instructional Materials Fees	40,000
48890 - Other Local Income	1,373,400
<b>488 - Local Revenue</b>	<b>1,413,400</b>
<b>36 - Capital Projects Fund</b>	<b>2,159,574</b>
<b><u>48 - Student Financial Assistance Fund</u></b>	
<b><u>481 - Federal Revenue</u></b>	
48150 - PELL Grant	21,421,040
48151 - PELL Admin. Allowance	25,960
48152 - Supplemental Educational Opportunity Grant	710,257
48153 - Direct Loan	2,334,000
<b>481 - Federal Revenue</b>	<b>24,491,257</b>
<b><u>486 - State Revenue</u></b>	
48650 - Other State Revenue	1,100,450
<b>486 - State Revenue</b>	<b>1,100,450</b>
<b><u>489 - Other Financing Sources</u></b>	
48971 - Interfund Transfers In (FA Matching)	222,196
<b>489 - Other Financing Sources</b>	<b>222,196</b>
<b>48 - Student Financial Assistance Fund</b>	<b>25,813,903</b>
<b><u>61 - Self-Insurance Fund</u></b>	
<b><u>488 - Local Revenue</u></b>	
48830 - Premiums Other Funds	1,300,000
<b>488 - Local Revenue</b>	<b>1,300,000</b>
<b>61 - Self-Insurance Fund</b>	<b>1,300,000</b>
<b><u>70 - Cafeteria Fund</u></b>	
<b><u>488 - Local Revenue</u></b>	
48890 - Other Local Income	66,000
<b>488 - Local Revenue</b>	<b>66,000</b>
<b>70 - Cafeteria Fund</b>	<b>66,000</b>
<b><u>72 - Child Development Fund</u></b>	
<b><u>486 - State Revenue</u></b>	
48650 - Other State Revenue	430,253
<b>486 - State Revenue</b>	<b>430,253</b>
<b>72 - Child Development Fund</b>	<b>430,253</b>
<b><u>75 - Trust Fund OPEB</u></b>	



**Additional Details of Total District Revenues  
FY 2016/17 - Adopted Budget**

	<b>Budget</b>
<b><u>488 - Local Revenue</u></b>	
48861 - Dividend	386,861
48862 - Premium on Sale of Investments	74,886
48863 - Realized Gain/(Loses)	686,329
48864 - Unrealized Apprec (Deprec)	704,765
<b>488 - Local Revenue</b>	<b>1,852,841</b>
<b>75 - Trust Fund OPEB</b>	
	<b>1,852,841</b>
<b><u>81 - L/T Debt. - Retiree Benefit Fund</u></b>	
<b><u>488 - Local Revenue</u></b>	
48853 - Retail Center Lease Revenue	593,782
<b>488 - Local Revenue</b>	<b>593,782</b>
<b><u>489 - Other Financing Sources</u></b>	
48993 - Interfund Transfers In (to 81 from 75)	4,132,350
<b>489 - Other Financing Sources</b>	<b>4,132,350</b>
<b>81 - L/T Debt. - Retiree Benefit Fund</b>	<b>4,726,132</b>
<b><u>83 - L/T Debt - G.O. Bond Fund</u></b>	
<b><u>486 - State Revenue</u></b>	
48672 - Secured Homeowners Exempt	61,146
<b>486 - State Revenue</b>	<b>61,146</b>
<b><u>488 - Local Revenue</u></b>	
48811 - Secured Property Tax Revenues	10,254,190
48812 - Supplemental Secured Prop. Tax	301,137
48813 - Unsecured Roll Property Taxes	714,705
48860 - Interest	28,307
<b>488 - Local Revenue</b>	<b>11,298,339</b>
<b>83 - L/T Debt - G.O. Bond Fund</b>	<b>11,359,485</b>
<b><u>84 - L/T Debt - G.O. Bond Fd - Meas G 2004</u></b>	
<b><u>486 - State Revenue</u></b>	
48672 - Secured Homeowners Exempt	69,301
<b>486 - State Revenue</b>	<b>69,301</b>
<b><u>488 - Local Revenue</u></b>	
48811 - Secured Property Tax Revenues	10,306,561
48812 - Supplemental Secured Prop. Tax	258,559
48813 - Unsecured Roll Property Taxes	601,201
48860 - Interest	38,824
<b>488 - Local Revenue</b>	<b>11,205,145</b>
<b>84 - L/T Debt - G.O. Bond Fd - Meas G 2004</b>	<b>11,274,446</b>
<b><u>85 - L/T Debt - OPEB</u></b>	
<b><u>489 - Other Financing Sources</u></b>	
48970 - Interfund Trans In (85 fr 81)	593,782
48994 - Interfund Transfers In (to 85 from 10)	1,884,758
<b>489 - Other Financing Sources</b>	<b>2,478,540</b>
<b>85 - L/T Debt - OPEB</b>	<b>2,478,540</b>
<b><u>86 - L/T Debt - G.O Bond Fd Meas G 2010</u></b>	
<b><u>486 - State Revenue</u></b>	
48672 - Secured Homeowners Exempt	72,105
<b>486 - State Revenue</b>	<b>72,105</b>

**Additional Details of Total District Revenues  
FY 2016/17 - Adopted Budget**

	<b>Budget</b>
<b><u>488 - Local Revenue</u></b>	
48811 - Secured Property Tax Revenues	6,011,641
48812 - Supplemental Secured Prop. Tax	278,287
48813 - Unsecured Roll Property Taxes	659,771
48860 - Interest	23,068
<b>488 - Local Revenue</b>	<b>6,972,767</b>
<b>86 - L/T Debt - G.O Bond Fd Meas G 2010</b>	<b>7,044,872</b>
<b><u>96 - Scholarships and Loan Agency</u></b>	
<b><u>488 - Local Revenue</u></b>	
48829 - Scholarships	348,200
<b>488 - Local Revenue</b>	<b>348,200</b>
<b>96 - Scholarships and Loan Agency</b>	<b>348,200</b>
<b>Grand Total</b>	<b>214,887,854</b>

**Summary of Total District Revenues  
FY 2016/17 - Adopted Budget**

	<b>Budget</b>
<b><u>10 - General Fund</u></b>	
486 - State Revenue	8,476,436
488 - Local Revenue	98,138,755
489 - Other Financing Sources	675,876
<b>10 - General Fund</b>	<b>107,291,067</b>
<b><u>11 - Parking Fund</u></b>	
488 - Local Revenue	617,285
489 - Other Financing Sources	364,798
<b>11 - Parking Fund</b>	<b>982,083</b>
<b><u>14 - Student Success Enhancement Fd</u></b>	
488 - Local Revenue	25,000
<b>14 - Student Success Enhancement Fd</b>	<b>25,000</b>
<b><u>15 - Facility Rental Auxiliary Fund</u></b>	
488 - Local Revenue	919,187
<b>15 - Facility Rental Auxiliary Fund</b>	<b>919,187</b>
<b><u>16 - Workforce Institute</u></b>	
488 - Local Revenue	1,050,000
489 - Other Financing Sources	1,018,829
<b>16 - Workforce Institute</b>	<b>2,068,829</b>
<b><u>17 - Grants / Categoricals</u></b>	
481 - Federal Revenue	3,906,456
486 - State Revenue	29,680,909
488 - Local Revenue	101,281
489 - Other Financing Sources	461,863
<b>17 - Grants / Categoricals</b>	<b>34,150,509</b>
<b><u>18 - Student Health Fees Fund</u></b>	
486 - State Revenue	15,050
488 - Local Revenue	581,883
<b>18 - Student Health Fees Fund</b>	<b>596,933</b>
<b><u>36 - Capital Projects Fund</u></b>	
486 - State Revenue	746,174
488 - Local Revenue	1,413,400
<b>36 - Capital Projects Fund</b>	<b>2,159,574</b>
<b><u>48 - Student Financial Assistance Fund</u></b>	
481 - Federal Revenue	24,491,257
486 - State Revenue	1,100,450
489 - Other Financing Sources	222,196
<b>48 - Student Financial Assistance Fund</b>	<b>25,813,903</b>
<b><u>61 - Self-Insurance Fund</u></b>	
488 - Local Revenue	1,300,000
<b>61 - Self-Insurance Fund</b>	<b>1,300,000</b>
<b><u>70 - Cafeteria Fund</u></b>	
488 - Local Revenue	66,000
<b>70 - Cafeteria Fund</b>	<b>66,000</b>

**Summary of Total District Revenues  
FY 2016/17 - Adopted Budget**

	<b>Budget</b>
<b><u>72 - Child Development Fund</u></b>	
486 - State Revenue	430,253
<b>72 - Child Development Fund</b>	<b>430,253</b>
<b><u>75 - Trust Fund OPEB</u></b>	
488 - Local Revenue	1,852,841
<b>75 - Trust Fund OPEB</b>	<b>1,852,841</b>
<b><u>81 - L/T Debt. - Retiree Benefit Fund</u></b>	
488 - Local Revenue	593,782
489 - Other Financing Sources	4,132,350
<b>81 - L/T Debt. - Retiree Benefit Fund</b>	<b>4,726,132</b>
<b><u>83 - L/T Debt - G.O. Bond Fund</u></b>	
486 - State Revenue	61,146
488 - Local Revenue	11,298,339
<b>83 - L/T Debt - G.O. Bond Fund</b>	<b>11,359,485</b>
<b><u>84 - L/T Debt - G.O. Bond Fd - Meas G 2004</u></b>	
486 - State Revenue	69,301
488 - Local Revenue	11,205,145
<b>84 - L/T Debt - G.O. Bond Fd - Meas G 2004</b>	<b>11,274,446</b>
<b><u>85 - L/T Debt - OPEB</u></b>	
489 - Other Financing Sources	2,478,540
<b>85 - L/T Debt - OPEB</b>	<b>2,478,540</b>
<b><u>86 - L/T Debt - G.O Bond Fd Meas G 2010</u></b>	
486 - State Revenue	72,105
488 - Local Revenue	6,972,767
<b>86 - L/T Debt - G.O Bond Fd Meas G 2010</b>	<b>7,044,872</b>
<b><u>96 - Scholarships and Loan Agency</u></b>	
488 - Local Revenue	348,200
<b>96 - Scholarships and Loan Agency</b>	<b>348,200</b>
<b>Grand Total</b>	<b>214,887,854</b>



## **Budget Allocation Model**

**Peralta Community College District**

**Berkeley City College**

**College of Alameda**

**Laney College**

**Merritt College**



**Adopted by the Planning and Budgeting Council  
May 20, 2011**

**Revised  
February 9, 2012  
February 19, 2013  
February 28, 2014  
December 17, 2014**

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## **Part I: Introduction and Background**

The following represents the summary recommendations of the Planning and Budgeting Council for addressing the implementation of an unrestricted general fund budget allocation model. The model presented herein resembles the State of California's funding model established in Senate Bill 361 (SB 361).

This represents the cumulative work of the Planning and Budgeting Council during the 2010-11 academic year which included regularly scheduled monthly meetings, two budget allocation model workshops, and the subcommittee work of the facilitators and Vice Chancellor of Finance. Subsequently, the model has been improved during each academic year (2011-12, 2012-13, 2013-14, and again during 2014-15).

### **Why develop an allocation model?**

Previously, a Peralta Community College District Budget Allocation Model was approved in 2006, revised and approved in 2008 by the then existing District Budget Allocation Task Force. However, these previously approved models were never implemented.

The previous funding process had little linkage between revenues and expenditures. Therefore, the Planning and Budgeting Council expedited development of a new allocation model to address the situation. The core principals supporting the recommendations are

- 1) demonstrated linkage between strategic planning and funding at all levels;
- 2) transparency that is equitable and clearly documented, and
- 3) and an allocation model that closely mirrors how the revenue is received from the State of California.

### **Which allocation model best meets our needs?**

A number of fundamentally different approaches to revenue allocation in multi-college districts were explored. The SB 361 model is currently used for funding apportionment for all California Community Colleges. This model includes three fundamental revenue drivers: base allocation, credit FTES and non-credit FTES. The base revenue allocation takes into consideration the economies of scale and size of colleges. Apportionment funding from this formula represents more than 70% of the district's unrestricted revenue. Therefore, for sake of transparency and fairness, it is consistent that the Peralta Community College District Budget Allocation Model.

The shift to utilization of this Budget Allocation Model has defined limits on the majority of resources and expenditures and has encouraged fiscal accountability at all levels. The linkage of allocations to expenditures at the college level has moved the Peralta Community College District to greater fiscal stability and clarity as to how colleges, support functions, and auxiliary enterprises are funded. Implementation of this budget allocation model is consistent with Board Policy 6200 Budget Preparation.



## **Budget Allocation Model: Guiding Principles**

- Simple and easy to understand
- Provides financial stability
- Provides for a reserve in accordance with PCCD Board policy
- Provides clear accountability
- Provides for periodic review and revision
- Utilizes conservative revenue projections
- Maintains autonomous decision making at the college level
- Provides some services centralized at the District Office
- Is responsive to the district's and colleges' planning processes

## **Partnership between the District Office and the Colleges**

The move from a historical expenditure based funding method to a revenue based allocation model was a culture shift. The transition the PCCD Budget Allocation Model required changes in many areas including: accountability, autonomy, transparency, regulatory compliance, and expenditures.

On the broadest level, the purpose of this partnership is to encourage and support collaboration between the colleges and the district office. The colleges have broad oversight of institutional responsibilities while the district office primarily ensures compliance with applicable statute and regulatory compliance as well as essential support functions. It is understood that colleges have primary authority over educational programs and student services functions. Each college develops autonomous and individualized processes to meet state and accreditation standards. The college president shall be responsible for the successful operation and performance of the college.

The Chancellor, under the direction of the Governing Board, is responsible for the successful operation, reputation, and fiscal integrity of the entire Peralta Community College District. This budget allocation model does not diminish the role of the Chancellor nor does it reduce the responsibility of the district office staff to fulfill their fiduciary role of providing appropriate

oversight of District operations. It is important that guidelines, procedures, and responsibilities be clear with regard to district compliance with law and regulation as it relates to the 50% law, full-time/part-time faculty requirements, attendance counting, audit requirements, fiscal and accounting standards, procurement and contract law, employment relations and collective bargaining, payroll processing and related reporting requirements, etc. Current responsibility for these requirements remains at the district office.

The district office has a responsibility to provide direction and data to the colleges to assure they have appropriate information for management decision making with regard to resources allocation at the local level and to do their part in assuring compliance with legal and regulatory requirements. This budget allocation model acknowledges that the Peralta Community College District is the legal entity and ultimately responsible for actions, decisions, and legal obligations of the entire institution.

The district office has responsibility for providing certain centralized functions, both to provide efficient operations, as well as to assist in coordination between the district office and the four colleges. These services include human resources, fiscal and budgetary oversight, payroll, procurement, construction and capital outlay, information technology, facilities maintenance, security services, admissions and records, financial aid, and district-wide education and planning services.

This revenue based funding model allocates resources to the four colleges in a similar manner as received by the district. The model allocates resources for the district office, district-wide services, and regulatory costs focusing leadership responsibilities on monitoring and oversight. This model requires the District Office to engage in on-going and timely dialogue with the four colleges on a variety of policy level governance and funding issues critical to the colleges' decision making.

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## **Part II: Application of the Model**

### **A. Revenue Allocation**

#### **Base Allocation:**

Each college shall receive an annual base allocation. The base revenues for each college shall be the sum of the annual basic allocation, credit base revenue and non-credit base revenue.

#### **Credit Base Revenue:**

Credit Base Revenue shall be equal to the funded base credit FTES rate subject to cost of living adjustments (COLA) if funded by the State. To provide stability and aid in multi-year planning, funded credit FTES will be included in the three year enrollment FTES average. This will assist in mitigating significant swings/shifts in credit FTES per college and associated resources.

#### **Non-Credit Base Revenue:**

Non-credit base revenue shall be equal to the funded base non-credit FTES rate subject to COLA if funded by the State. To provide stability and aid in multi-year planning, funded non-credit FTES will be included in the three year enrollment FTES average. This will assist in mitigating significant swings/shifts in non-credit FTES per college and associated resources.

#### **Unrestricted Lottery:**

Projected revenue shall be distributed to colleges on a per-FTES basis.

#### **Apprenticeship:**

Revenue shall be distributed to colleges as earned and certified through hours of inspection.

#### **Measure B Parcel Tax:**

Measure B was a special parcel tax measure approved by the voters on June 5, 2012. The approval provided the District with an annual parcel tax on all parcels located within the District's boundaries of \$48 per parcel per year for the duration of 8 years. It is anticipated that annual receipts will be approximately \$7.5 million. The funding is restricted in nature and can only be used for: maintaining core academic programs, such as Math, Science, and English; training students for successful careers; and preparing students to transfer to four-year universities.

All monies collected shall be accounted for separately (fund 12) and shall be expended only for those specified purposes above and allocated to the colleges in the manner consistent with the approved Budget Allocation Model (BAM). The monies collected will not be used to pay

administrators' salaries or benefits nor will it be used to fund programs or purposes other than those listed above.

The Parcel Tax will be reviewed at the close of the prior fiscal year as part of the closing process by the district Office of Finance. If the amount collected does not accurately reflect the projected budget amounts for the current fiscal year, the information will be updated within the College allocations.

**Distribution of New Resources:**

Distribution of new resources will be first allocated to non-discretionary budgets and then to discretionary budgets. Non-discretionary budgets are those that support the salaries and related benefits of permanent positions within the funded budget. Discretionary budgets consist of hourly personnel, supplies, materials, services, and capital equipment budgets.

Staffing: Faculty (FT, PT), Classified, and Administration. Staffing budgets are funded within the allocation model as components of the respective college's and district's non-discretionary budgets.

**Regulatory Compliance:**

50% law, Faculty Obligation Number (FON), Student Fees, and Contracted District Audit Manual.

**Growth:**

To the extent new growth funds are provided by the State of California, growth will be allocated on the basis of FTES. The amount per college will be dependent upon generation of funded FTES and achievement of productivity targets as outlined below.

**Non-Resident Enrollment Fees:**

For purposes of this section, Non-Resident includes out-of-state and international students. Non-Resident enrollment fees are set by the Board of Trustees no later than February 1st of the preceding year. These enrollment fees are considered unrestricted revenues. Beginning with fiscal year 2015-16, it is the desire of the District to distinctly identify and allocate these fees to the colleges in which the non-residential students are served. To provide stability and aid in multi-year planning, non-resident FTES will included in the three year enrollment FTES average.

The enrollment fee revenue will be reviewed at the close of the prior fiscal year as part of the closing process by the district Office of Finance. If the gross Non-Resident Enrollment Fees are not in alignment with the projected budget amounts for the current fiscal year, the information will be updated and College Non-resident Enrollment Fee Allocations will be adjusted.

**Productivity:**

Approximately 70% of Peralta's Unrestricted General Fund revenue is received in the form of state apportionment. Under the provisions of Senate Bill 361 (SB 361), state apportionment is primarily driven by the Full-Time Equivalent Student (FTES) workload measure. It is therefore necessary for the Colleges and the District as a whole to remain cognizant of certain internal workload measures to track efficiency and productivity. One such workload measure used is productivity. Productivity is generally defined by the number of FTES generated per Full-Time Equivalent Faculty (FTEF). Each college's productivity target is 17.5 FTES/FTEF.

For any year in which the State funds growth, colleges that meet or exceed established productivity targets will be allocated additional growth dollars in accordance with the criteria outlined below.

Approximately one half (50%) of all growth dollars funded and received in the current fiscal year from the State will be allocated to the four colleges in proportion to the FTES generated by that college to the District's total funded FTES. The remaining one half (50%) of all growth dollars funded and received in the current fiscal year from the State will be allocated to those colleges that:

- Meet or exceed their productivity targets in the current fiscal year
- Meet or exceed their FTES targets in the current fiscal year
- Did not deficit spend in their respective fund 01 and fund 12 budgets in the past and current fiscal years
- These allocations will then become incorporated into the colleges' base budgets for subsequent fiscal years.

**Other New Resources (interest, non-resident tuition):**

Distribution of new resources will be based upon the source of funds. For revenue sources that are not site specific or attributed to a specific college or location, those resources will be allocated based upon FTES. In instances where new revenues are attributed to a specific college then those resources will be solely allocated to that college or location.

**Prior Year Carry Over:**

At the recommendation of the Vice Chancellor for Finance and approval of the Chancellor, unspent budgeted funds within discretionary accounts from the prior fiscal year may be carried over for discretionary purposes. Examples of such endeavors would include campus computer replacement cycle (see Multi-Year IT Expenditure Planning), one-time expenditures for program expansion or reorganization, or other one-time expenditures deemed highest and best use by the college President.

### **Multi-Year IT Expenditure Planning:**

Due to the current economic environment, the District has very little ongoing discretionary funding to support the evolving needs of IT planning. It is the intent and desire to provide flexibility and support to those colleges and central office IT services that have multi-year planning mechanisms in place and who have set aside funding within their Unrestricted General Fund discretionary allocations to support these plans.

To support this effort the Chancellor will on an annual basis, no later than November 1st, announce a restricted allocation of one-time funds within the Unrestricted General Fund that will be used as a dollar-for-dollar match to fund IT projects identified at the colleges and central office IT service areas and partially funded at the colleges or central office IT service areas.

Colleges and central office IT service areas will identify and prioritize projects and forward their requests to the District Technology Committee (DTC) for its review and prioritization.

To the extent that there are one-time funds available, the DTC will review all requests submitted for consideration of these matching funds and forward to the PBC its recommendations no later than January 1. The PBC will review and provide its recommendations to the Chancellor no later than February 1.”

### **Facility, Maintenance and Operation Expenditures Planning**

“Due to the State’s economic environment and imposed budget reductions the District has had very little ongoing discretionary funding to support the operating needs for maintenance and operations. It is the intent and desire to begin to rebuild budgets within the unrestricted general fund that will support the ongoing maintenance needs of the entire district. This can only be accomplished as the District receives additional revenue and as those funds are identified through the planning and budget integration model (PBIM).

To begin to support this effort, no later than January 1<sup>st</sup> on an annual basis, the Chancellor will announce a restricted allocation of one-time funds within the Unrestricted General Fund that will be used to support maintenance needs district-wide.

Identified and prioritized needs and projects will be forwarded to the District Facilities Committee (DFC) for their review and consideration. To the extent that there are one-time funds available, and allocated by the Chancellor, the DFC will review all requests submitted for consideration and will forward its recommendations to the PBC no later than February 1<sup>st</sup> .

The PBC will review the requests and provide recommendations to the Chancellor no later than March 1 of each year”.

## **B. Enrollment Management**

### **Apportionment Revenue Adjustments:**

It is very probable that the district's revenue from apportionment will be adjusted after the close of the fiscal year in the fall, but most likely at the P1 recalculation, which occurs eight months after the close of the year. Any increase or decrease to prior year revenues is treated as an addition or reduction to the colleges' current budget year.

If apportionment revenue is reduced from the prior year base for any of the following reasons:

- Prospective revenue reduction anticipated in budget development;
- Mid-year deficit resulting from insufficient tax revenues or enrollment fees; or
- As a result of end of year adjustments.

When such adjustments occur they will be incorporated into revised allocations per location. The method of adjustment is dependent upon the type of adjustment. For example, if the adjustment is related to a statewide general fund reduction then the adjustment will be made – positive or negative – based upon FTES. If adjustments can be related to a prior year and are negative and produce significant negative operating effects, then broader discussion may be necessary to mitigate the impacts over multiple fiscal years.

### **Summer FTES:**

There may be times when it is in the best financial interest of the District to shift FTES earned during the summer between fiscal years. When this occurs, the first goal will be to shift FTES from all four colleges in the same proportions as the total funded FTES for each of the four colleges. If this is not possible, then care needs to be exercised to ensure that any such shift not create a manufactured disadvantage to any of the colleges respectively. If a manufactured disadvantage is apparent, then steps to mitigate this occurrence will be developed. Such strategic planning, because of the direct impact upon educational programs and services, should come through the shared governance process through the District Education Committee.

Restoring “borrowed” FTES should occur on the same basis as it was drawn down up to the levels of FTES borrowed. If it cannot be restored in that manner, care should be taken to evaluate if a disadvantage is created for any college.

Borrowing of summer FTES is not a college-level decision, but rather a district-level determination. It is not a mechanism available to individual colleges to sustain their internal FTES levels. Attempting to do so would raise the level of complexity on an already complex matter to a level that could be impossible to manage and prove detrimental to the district as a whole.

### **Shifting Resources among Colleges:**

To the degree that the required full-time faculty numbers for each college are out of sync with the ratios as established by the district based on FTES ratios, correction of the imbalance will occur, as vacancies occur at a college with faculty in excess of the required number.

1. The District will establish for each college a FON based on the ratios of funded FTES. Each college's ratio multiplied by the district-wide FON will become the college's FON. Each college's FON will be adjusted annually based on changes in funded FTES and subsequent requirements by the State regarding the FON. Each college shall be required to fund at least that number of full-time faculty positions. If the district falls below the FON and apportionment is taken away, that reduction shall lower the revenues of the colleges causing such apportionment loss.
2. If the imbalance is internal and the district as a whole is at or above its FON, the college or colleges below the required number shall increase its positions to maintain its individual FON.

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### **C. Assessments for Centralized Services**

The costs for centralized support functions and services will be allocated to each college in the same manner as revenues. That is, costs will be allocated on a per-FTES basis.

Central support service areas include:

Chancellor's Office  
Board of Trustees  
General Counsel  
Information Technology  
Marketing-PCTV  
Risk Management  
Educational Services  
Admissions and Records  
International Education Program  
Institutional Development and Research  
Administrative Services  
Department of Employee Relations (Employee Benefits)  
Human Resources  
Financial Services (Accounting, Budget, and External Reporting)  
Purchasing Division  
Payroll Department  
General Services (Security, Police and construction)  
Facilities Operations (Maintenance and Operations)



### **C. Regulatory Costs: Other Post Employment Benefits (OPEB)**

The District has a very complex OPEB program that services the contractual commitments contained within the collective bargaining agreements. The current structure calls for the payment of the annual debt service (annual principal and interest payments) and the current expense of retiree medical costs to be made out of the unrestricted general fund. To the extent permissible, the OPEB Trust then reimburses the unrestricted general fund for the annual expense of the retiree medical cost. These are administered centrally because retiree costs are not associated with the annual operations of an individual college.

Beginning fiscal year 2010-11 the District implemented, as a piece of the revised OPEB strategy, an OPEB charge of 12.5% to each position salary to be used to assist with funding the unfunded actuarial accrued liability of \$221 million (per Bartel and Associates' report dated 3/21/2011). The application of this employer paid benefit charge is consistent with guidance provided by both the United States Department of Education and the California Department of Education. The annual charge, in 2010-11 of 12.5%, is based upon an approved actuarial study and may fluctuate based upon revised actuarial studies.

### **D. Reserves**

In accordance with Board Policy 6200 (Budget Preparation), the Budget will be developed with a minimum 5% Ending Fund Balance.

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## **Part III: Strategies for Transition to the PCCD Budget Allocation Model**

### **A. Options**

It is understood that shifting from a base rollover allocation model to a 361 allocation model will mark a paradigm shift in funding methodology for the Colleges and District. Due to the size and magnitude of this change, the initial implementation may require multiple years to avoid negative and sudden operational impacts to programs and services.

Options to achieve implementation of the new budget allocation model may include:

Shifting FTES targets to provide additional apportionment to some colleges

Deficit reduction plans (2, 3, or 4 years). Should colleges or administrative service centers deficit spend, the amount by which was deficit spent will be subtracted from any potential carryover funding. Should carryover funding be insufficient to cover deficits, a one-time reduction in the subsequent year budget may be used.

Shifting growth money from one college to another

Reductions in centralized support functions and services

Utilization of international student tuition to either provide transitional dollars or permanent revenue to reduce apportionment deficits

### **B. Periodic Review of the Budget Allocation Model**

The move to this budget allocation model will take some time to sort out any remaining issues and evaluate the effectiveness of the procedures outlined herein. It is recommended the model be reviewed and adjusted after the first full year of implementation.

Thereafter, it is suggested that the model be reviewed at regular three-year intervals along with the procedures to determine what adjustments, if any, are necessary. The goal is to keep the model up-to-date and responsive to the changing community college system landscape.