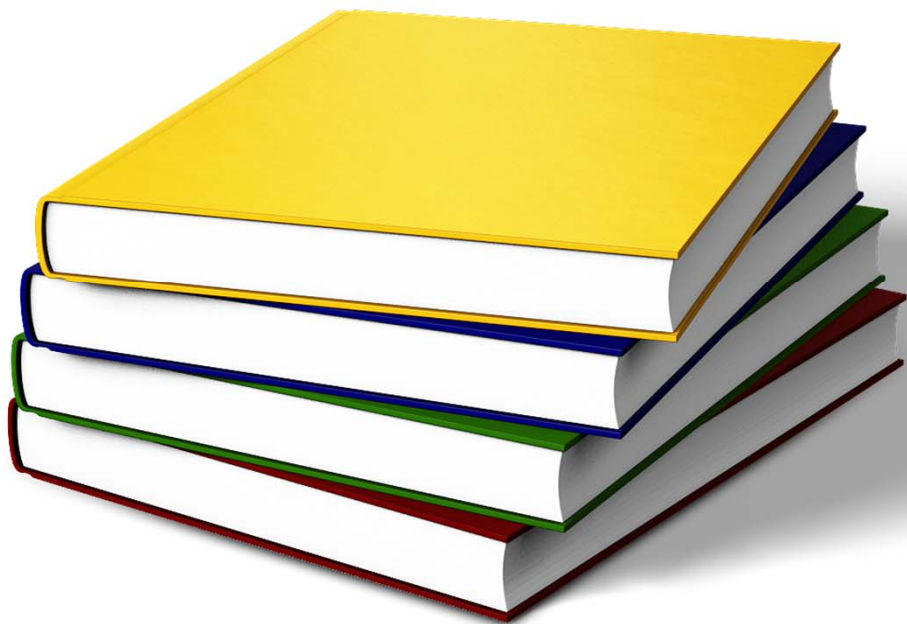


DRAFT

# District-Wide Resource Allocation Model Taskforce (DRAMT) Update



Board of Trustees Retreat  
April 20, 2012

# Chancellor's Charge

DRAFT



It is the charge of this District Resource Allocation Model task force to develop and recommend the elements of a comprehensive resource allocation model for the district.

While the initial work should be focused on fiscal resources, the long-range goal is to address all resources including human, physical, and technology.

The work should include an investigation of models in other multi-college districts, incorporate elements of the SB 361 funding model as applicable, and incorporate our future plans for achieving candidacy and initial accreditation for the Willow International Center. Willow International must be addressed in its current status, as well as, how the model will address resource allocations when Willow becomes a candidate for accreditation and then a college. It will be important as the work plan is developed that there are both short-term and long-term objectives to be achieved with established timelines by which they will be completed.

# DRAMT

DRAFT



- Constituted in May 2011
- Membership
  - Vice Chancellor of Finance & Admin.-Chairperson
  - Classified Senate (3)
  - CSEA (3)
  - Faculty/Academic Senate (6)
  - Students (3)
  - Administrators (3)
  - Chief Business Officer (3)
  - Director of Finance

# Purpose

DRAFT



Develop and recommend a comprehensive and flexible resources allocation model to distribute resources to the various “units” of the district in an equitable manner.

# Accomplishments/Progress

DRAFT



- Understanding of financial terms
- Reviewed SCCCD's current allocation model
- Explained SCCCD's budget code structure
- SB361 Funding Model for CA Community Colleges
- Reviewed other Multi-College District's allocation models (Chabot Las Positas, Foothill De Anza, Kern, Los Angeles, Los Rios, North Orange, San Diego, San Mateo, Ventura)

# Accomplishments/Progress

DRAFT



- Enrollment Management Targets
- Lottery/Decision Package Allocation
- Agreed on Best Practices from other allocation models to potentially include in our new model
- Identified/Developed Cost Centers
- Determined funding “drivers” for the cost centers

# Next Steps

DRAFT



- Finalize draft operating agreement (4/27/12)
- Update Chancellor’s Cabinet RAM Phase 1(4/17-18/12)
- Update Board of Trustees RAM Phase 1 (4/20/12)
- DRAMT Start Phase 2 (4/27/12 to Oct. 2012)
- Draft operating agreement to Chancellor’s Cabinet then College/Centers for input (May 2012)
- Chancellor’s Cabinet recommend RAM Phase 1 & 2 (late Oct)
- Final RAM Approval Board of Trustees (early Nov)
- Campus Presentations (informational forums-Nov to Dec)

# Next Steps

DRAFT



- Implement new allocation model for the 2013-14 Budget (Jan 2013)
- Continuously review allocation model (on-going)



# DRAMT Documents

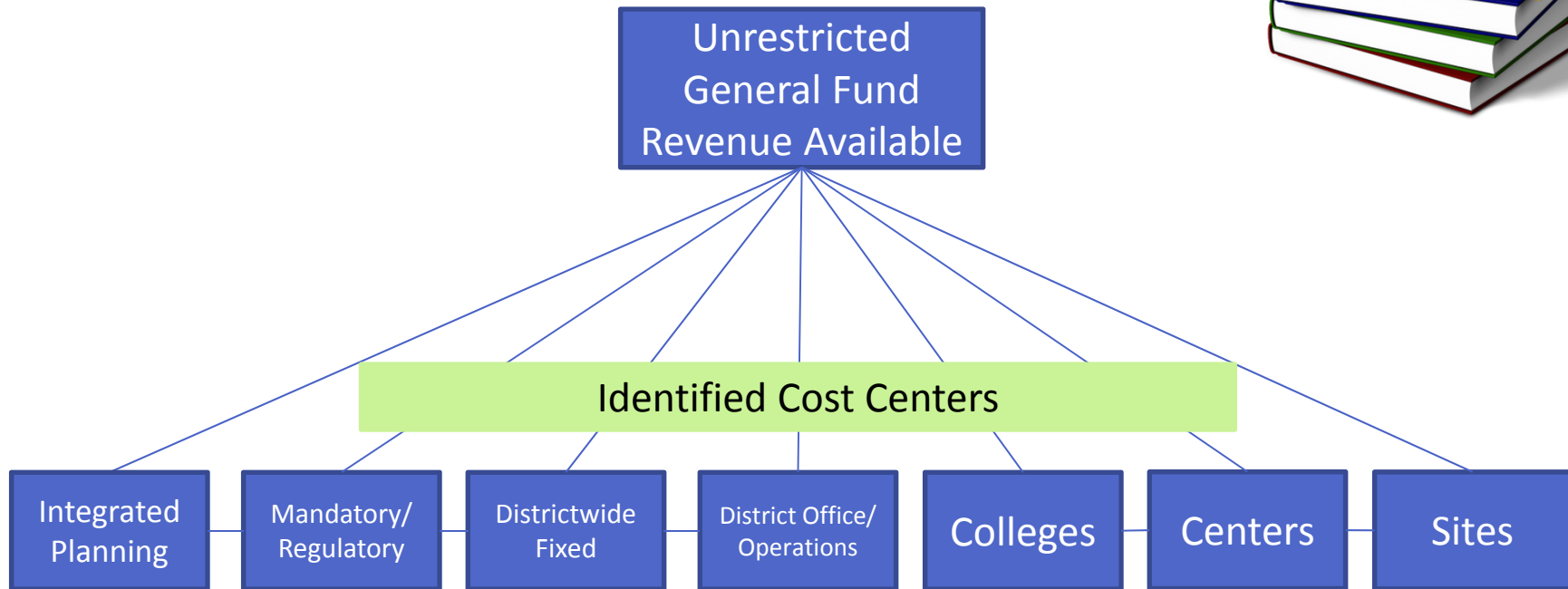
DRAFT



- Allocation Model Narrative
- Allocation Model Cost Centers
- Hypothetical Allocation Model Worksheet

# Cost Centers

DRAFT



- Districtwide Technology
- Accreditation Driven Initiatives

- Audit
- Election
- Accreditation
- OPEB - Retirees

- Utilities
- Insurance
- Datatel
- Blackboard
- Microsoft

- Board of Trustees
- Chancellor
- Workforce Dev. & Ed Services
- Finance & Admin
- Human Resources
- Public & Legislative Relations
- General Counsel
- Foundation
- Information Systems
- Operations

- Fresno City
- Reedley

- Career Technology
- Madera
- Willow-International

- Oakhurst

# Allocation Model Worksheet

DRAFT



Unrestricted General Fund Revenue	\$ 125,000,000	Fresno City	Reedley	Willow	Madera	Oakhurst	DO / Operations	Reg/Fixed	Total Allocation
<b>Allocations Off-The-Top</b>									
Integrated Planning Items	\$ -	-----	-----	-----	-----	-----	-----	-	-
Regulatory	(1,650,000)	-----	-----	-----	-----	-----	-----	1,650,000	1,650,000
District-Wide Fixed Costs	(5,650,000)	-----	-----	-----	-----	-----	-----	5,650,000	5,650,000
<b>Total Allocation Off-The-Top</b>	<b>\$ (7,300,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,300,000</b>	<b>\$ 7,300,000</b>
<b>Basic Allocation</b>									
College > 10K (>9,236)	\$ (7,750,272)	\$ 3,875,136	\$ 3,875,136	\$ -	\$ -	\$ -	-----	-----	7,750,272
College < 10K (<9,236)	-	-	-	-	-	-	-----	-----	-
State Approved Center	(3,321,546)	1,107,182	-	1,107,182	1,107,182	-	-----	-----	3,321,546
<b>Total Basic Allocation</b>	<b>\$ (11,071,818)</b>	<b>\$ 4,982,318</b>	<b>\$ 3,875,136</b>	<b>\$ 1,107,182</b>	<b>\$ 1,107,182</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,071,818</b>
<b>Variable Allocation</b>									
Credit - FTES Allocation	\$ (113,759,800)	\$ 70,143,597	\$ 21,778,295	\$ 13,698,866	\$ 6,946,799	\$ 1,192,242	-----	-----	113,759,800
Non-Credit - FTES Allocation	(1,007,415)	846,723	140,090	4,120	16,481	-	-----	-----	1,007,415
<b>Total Variable Allocation</b>	<b>\$ (114,767,215)</b>	<b>\$ 70,990,320</b>	<b>\$ 21,918,386</b>	<b>\$ 13,702,986</b>	<b>\$ 6,963,281</b>	<b>\$ 1,192,242</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 114,767,215</b>
<b>Allocation before District Office/Oper</b>									
	\$ (133,139,033)	\$ 75,972,638	\$ 25,793,522	\$ 14,810,168	\$ 8,070,463	\$ 1,192,242	\$ -	\$ 7,300,000	\$ 133,139,033
<i>Percentage of Allocation</i>		60.37%	20.50%	11.77%	6.41%	0.95%	-----	-----	100.00%
<b>Dist Office/Oper Allocation</b>									
	\$ -	\$ (7,830,132)	\$ (2,658,413)	\$ (1,526,412)	\$ (831,783)	\$ (122,879)	\$ 12,969,620	-----	-
<b>Allocations after District Office/Oper Alloc</b>									
		\$ 68,142,506	\$ 23,135,108	\$ 13,283,756	\$ 7,238,679	\$ 1,069,364	\$ 12,969,620	\$ 7,300,000	\$ 133,139,033
<i>Percentage of Allocation</i>		60.37%	20.50%	11.77%	6.41%	0.95%	-----	-----	100.00%
<b>Allocation in excess of Resol</b>									
	8,139,033	(4,913,768)	(1,668,277)	(957,894)	(521,982)	(77,112)	-----	-----	(8,139,033)
<b>Final Allocation</b>									
	\$ -	\$ 63,228,738	\$ 21,466,832	\$ 12,325,862	\$ 6,716,697	\$ 992,252	\$ 12,969,620	\$ 7,300,000	\$ 125,000,000
		50.583%	17.173%	9.861%	5.373%	0.794%	10.376%	5.840%	100.00%

STATE CENTER COMMUNITY COLLEGE DISTRICT  
General Fund Unrestricted Budget  
Districtwide Resource Allocation Model Phase I  
Fiscal Year 2012-13  
Revised as of: April 13, 2012

**Background**

The district has historically utilized an incremental budget approach for the allocation process. Each year, the allocation process begins with rolling forward the prior year's adjusted base allocation. Permanent adjustments are made for new positions, COLA adjustments, growth funding, step & column increases, payroll tax and benefit rate changes, utility and insurance increases, etc. In recent years, adjustments for workload (funding) reductions have been allocated to the various cost centers as well.

During fiscal year 2011-12, in an attempt to improve our resource allocation process and to incorporate integrated planning, the chancellor created the Districtwide Resource Allocation Model Taskforce (DRAMT). The DRAMT's charge is to develop and recommend a resource allocation model that defines the process for allocating resources to the various components of the district. The model should be focused on fiscal resources, with the long-range goal of addressing all resources including human, physical and technology. The newly developed allocation model will be reviewed, evaluated, and considered for implementation for the 2013-14 fiscal year. The model will also help ensure a fully developed integrated budget allocation process is established.

The DRAMT is comprised of districtwide representation encompassing the following:

- Vice Chancellor Finance & Administration (Chair)
- Administration
- College Business Officer (CBO)
- Classified Senate
- California School Employees Association (CSEA)
- Faculty/Academic Senate
- Director of Finance
- Students

This taskforce's composition was consciously determined to ensure broad representation in the development of the resource allocation model.

## **Elements of the New Allocation Model**

The model is designed to be formula-driven, easily understood, flexible and responsive, adequately documented and communicated, and equitable. The allocation model addresses the distribution of resources at a districtwide level and is not prescriptive in how funds are to be spent at the various cost centers. The district acknowledges differences between its colleges and recognizes the colleges' need to direct their resources based on their own strategic plans, visions, and goals in meeting the needs of their diverse populations and constituencies. The colleges have separate and specific budget development processes unique to each site, reflecting their organizational culture and priorities. It is at this level the budget must be tied to the district's and each college's strategic plan and address accreditation requirements.

## **Revenue**

The budget allocation model is designed solely for the distribution of unrestricted general fund revenue and takes into consideration as to how we are currently funded by the state (SB-361). Unrestricted general fund revenue will be distributed through this allocation model. Lottery revenue, student health fees, and other restricted sources of funding are allocated either by the state directly to a specific college, or the district has agreed on a separate allocation method for those funds. The primary sources of unrestricted general fund revenue include, but are not limited to, state apportionment for Full-Time Equivalent Students (FTES), property taxes, enrollment fees, non-resident tuition, interest income, and other miscellaneous revenues traditionally accounted for in the general fund.

## **Cost Centers**

The DRAMT first identified the need to address the issue of allocating resources based on a set of specifically defined cost centers. The DRAMT has determined certain cost centers will require funding priority in the allocation process due to the nature and function of the individual cost centers. The following cost centers were identified as a priority to allocate funding due to the understanding that the district cannot function without these costs being incurred.

- **Integrated Planning Items**

Items approved by the Board and/or Chancellor's Cabinet for funding (such as districtwide technology, accreditation driven initiatives, etc.)

- Mandatory/Regulatory Costs

Mandatory or Regulatory costs incurred by community college districts required by law, code, or contract. These costs include, but are not limited to, accreditation, audit, mandated costs, retiree health obligations, elections, and bond oversight.

- Fixed Districtwide Costs

Operational costs incurred by community college districts necessary and fixed in nature. These costs include, but are not limited to, utilities, property/liability insurance, and software licensing agreements.

The DRAMT recognizes it is fiscally prudent to provide some services centrally through the district office and operations. The centralized services provided should represent those operational functions that can be most effectively and efficiently be administered in a centralized fashion. The allocation model provides the resources necessary to support the district office and operations costs by assessing an amount to each college/center/site in proportion to the allocation provided to each college/center/site.

- District Office – Operations

Examples of the district office and operations departments are the board of trustees, chancellor's office, legal, human resources, personnel commission, information systems, finance, payroll, purchasing, operations and maintenance, grounds, police and safety, and other activities that support the district as a whole and cannot be conveniently or economically be assigned to a college/center/site.

The remaining cost centers recognized by the DRAMT are the district's colleges, centers, and sites. It was determined each of these unique locations would follow the state's funding formula (SB361) to be allocated resources based on two levels. The first level is the basic allocation that provides a flat amount based on a set of ranges of FTES for each college and center. The second level is an amount paid per each FTES generated by the colleges/centers/sites up to a maximum funded level for the district.

- Colleges/Centers/Sites

Colleges - Fresno City, Reedley

Centers – Career Technology, Madera, and Willow-International

Sites - Oakhurst

## Allocation Process

### Revenue

Unrestricted general fund revenues will be estimated by the district office finance department, based on information made available by the State Chancellor's Office, the governor's proposed budget, and any other financial sources. Once the available revenue has been determined, the allocation model will provide the mechanism for allocating the resources to the various cost centers.

### Off-The-Top Funded Items

The DRAMT determined specific cost center allocations should be made first (off-the-top) from the total available resources. In order of priority, the following cost centers would be allocated the needed funds to operate:

1. Integrated Planning Items
2. Mandatory/Regulatory Costs
3. Districtwide Fixed Costs

### Allocation of Revenue to Colleges/Centers/Sites

The allocation model utilizes the (SB 361) funding formula to distribute state general apportionment revenue to the colleges/centers/sites. Each college and center receives a basic allocation based upon college size; while each college/center/site receives funding for credit FTES, non-credit FTES, and Career Development and College Preparation (CDCP) non-credit FTES using state funded rates. Apportionment revenue is allocated to the colleges/centers/sites in the same manner as it is received from the state.

### Basic Allocation

Each college and center shall receive an annual basic allocation as prescribed by the SB361 funding formula. The annual basic allocation may be adjusted each year by a state-funded cost of living adjustment (COLA). FTES funding levels are subject to workload adjustments.

<b>Multi-College Funding Levels (FTES)</b>	<b>Basic Allocation Amount</b>	<b>SCCCD #</b>
Colleges > 18,472	\$4,428,727	0
Colleges > 9,236	\$3,875,136	2
Colleges <= 9,236	\$3,321,545	0
State Approved Centers	\$1,107,182	3

Full-Time Equivalent Students (FTES) Allocation

Each college shall receive base revenues for credit, non-credit, and CDCP non-credit FTES equal to the state-prescribed base rates multiplied by its number of funded base FTES in each category. These allocations may be adjusted each year by the State Chancellor’s Office. The model will utilize the colleges/centers/sites FTES from the prior year’s annual CCFS-320 attendance report.

<b>FTES Type</b>	<b>Funded Amount per FTES</b>
Credit	\$4,565
Non-Credit	\$2,745
Non-Credit (CDCP)	\$3,232

Assessment to Colleges/Centers/Sites for District Office/Operations Services

Each college will be assessed for the district office/operations services based on each college/center/site’s proportionate share of funding received from the basic and FTES allocation. The district office/operations cost center will be provided a fixed percentage (currently set at xx.x%) of the total available unrestricted general fund revenues. The percentage was calculated by taking the district office/operations allocation divided by the total districtwide allocation for the 2011-12 allocation worksheet. As an integral part of the budget development process, this cost center allocation will be reviewed and evaluated on a regular basis. Any change in future allocations beyond state prescribed COLA will be evaluated by the District Budget and Resource Allocation Committee (DBRAC) as needed.

Final Allocation to Colleges/Centers/Sites

The last step of the allocation process is to distribute any final adjustment to the colleges/centers/sites based on the remaining unallocated balance of the total available unrestricted general fund revenue. This amount could either be an increase or decrease to the overall allocation to the colleges/centers/sites. The distribution would be in proportion to each college/center/site’s share of the total allocation. In doing so, the total available resources will have been distributed to the recognized cost centers.



## **Summary**

Overall, this allocation model addresses the basic principles for a budget funding allocation as prescribed in the accreditation process. It utilizes formulas and variables meaningfully studied, readily defined, easily measured, and consistently reported. Annually, the model shall be reviewed and evaluated by District Budget and Resource Allocation Committee (DBRAC) and revised accordingly as acknowledged in the operational agreement.

DRAFT

**Future Considerations for the Allocation Model – still to be addressed**

1. Year-End balances - Carryover
2. 50% Law Calculation Impact
3. FON Impact
4. What is the composition for the FTES allocation (period, average,?)
5. FTES - Stabilization
6. Local Revenues – Site Specific vs. District Bucket
7. Growth Funding
8. COLA
9. Funding for center in candidacy status (without college basic allocation)
10. Lottery Funds
11. Health Fees
12. Perkins (VTEA)
13. Calculation of the District Office/Operation percentage of allocation
14. Other funding mechanisms (i.e., Program Review/Student Success)

DRAMT review and approved 4/13/12