



Chabot-Las Positas Community College District

Budget Update

and

New Allocation Model

Administrative Staff Meeting

July 18, 2013

*Lorenzo Legaspi
Vice Chancellor
Business Services*

Presentation Summary

Why a New Allocation Model

- ACCJC Recommendation
- ACCJC Request for Special Financial Review
- Role of DBSG

New Allocation Model – How it Works

- Guiding Principles
- Model Concept
- Model Narrative – “Back of Envelope” Explanation
- Board Action

Budget Update

- FY 2012-13 Current Year
 - How We Started The Year
 - How We Expect to End The Year

Presentation Summary - continued

- FY 2013-14 Tentative Budget
 - Enrollment Data and DEMC
 - State Budget Assumptions
 - Tentative Budget Using New Allocation Model
- Looking Ahead

Why a New Allocation Model

Comprehensive Accreditation Visit (November 2009)

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

Special Financial Review (December 2012)

“The Commission’s purpose in requesting this report is to monitor the financial stability and integrity of the institution.”

“If the conditions warrant, the Commission may act on the accredited status of the District’s colleges”.

District Budget Study Group (DBSG)

Board Policy

Role of the District Budget Study Group

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

Guiding Principles

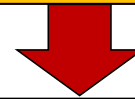
- It is perceived to be fair
- It is easily understood
- It works in good and bad times
- It creates the right incentive for performance

New Allocation Model - Narrative

FUNDING ALLOCATION MODEL

Determine Number of Students

Full Time Equivalent Students (FTES) determined by the District Enrollment Management Committee (DEMC)



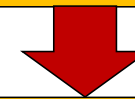
Calculate State Funding

Apportionment, COLA, Lottery, Mandated Costs, Other State Revenues



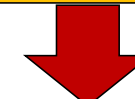
Fund District-wide Expenses

Contractual, Regulatory; Retiree Health Benefits, Insurance, Utilities & Audit



Fund District Office/Maint & Operations

District Office @ 10.45%; Maintenance & Operations @ 8.51%



Allocate Balance of Funds to Colleges Based on FTES

Chabot College @ 58.92%; Las Positas College @ 41.08%

Recommended Board Action

- **Approved the Funding Allocation Model recommended by the District Budget Study Group (DBSG) to the Chancellor who is bringing this recommendation forward. It is a three (3) year budget cycle from 2013-14 to 2015-16 to be reviewed annually**
- **Authorize the Chancellor to develop Board Policy and Administrative Procedures utilizing the appropriate shared governance processes to implement the model beginning FY 2013-14**
- **Conduct an External Study of District Operations (District Office and Maintenance & Operations) to determine the appropriate size of district operations to support the colleges. This study is to be completed within the FY 2013-14**

Budget: How We Started The Year

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

Adjustments and Assumptions: Projected Year End

Revenue

- Increased revenue for 2012-13 Recalc adjustment \$579,583
- Increased revenue for 2012-13 P2 workload restoration \$879,188

Expenditure

- Increased adjunct faculty budget for 160 additional and various adjustments \$445,754

Assumptions

- Colleges, District, and Maintenance & Operations stay within their budgets
- No surprises from the State
- State deficit factor of -4.48% will be backfilled by Redevelopment Agency revenue – Potential deficit of -\$3,842,117

Projection: How We Expect to End the Year

Revenues:

| | |
|------------------------------------|------------|
| Unrestricted General Fund Revenues | 93,847,864 |
|------------------------------------|------------|

Expenditures:

| | |
|--|------------|
| Unrestricted General Fund Expenditures | 91,532,257 |
|--|------------|

| | |
|----------------------------|-----------|
| Revenues Over Expenditures | 1,955,607 |
|----------------------------|-----------|

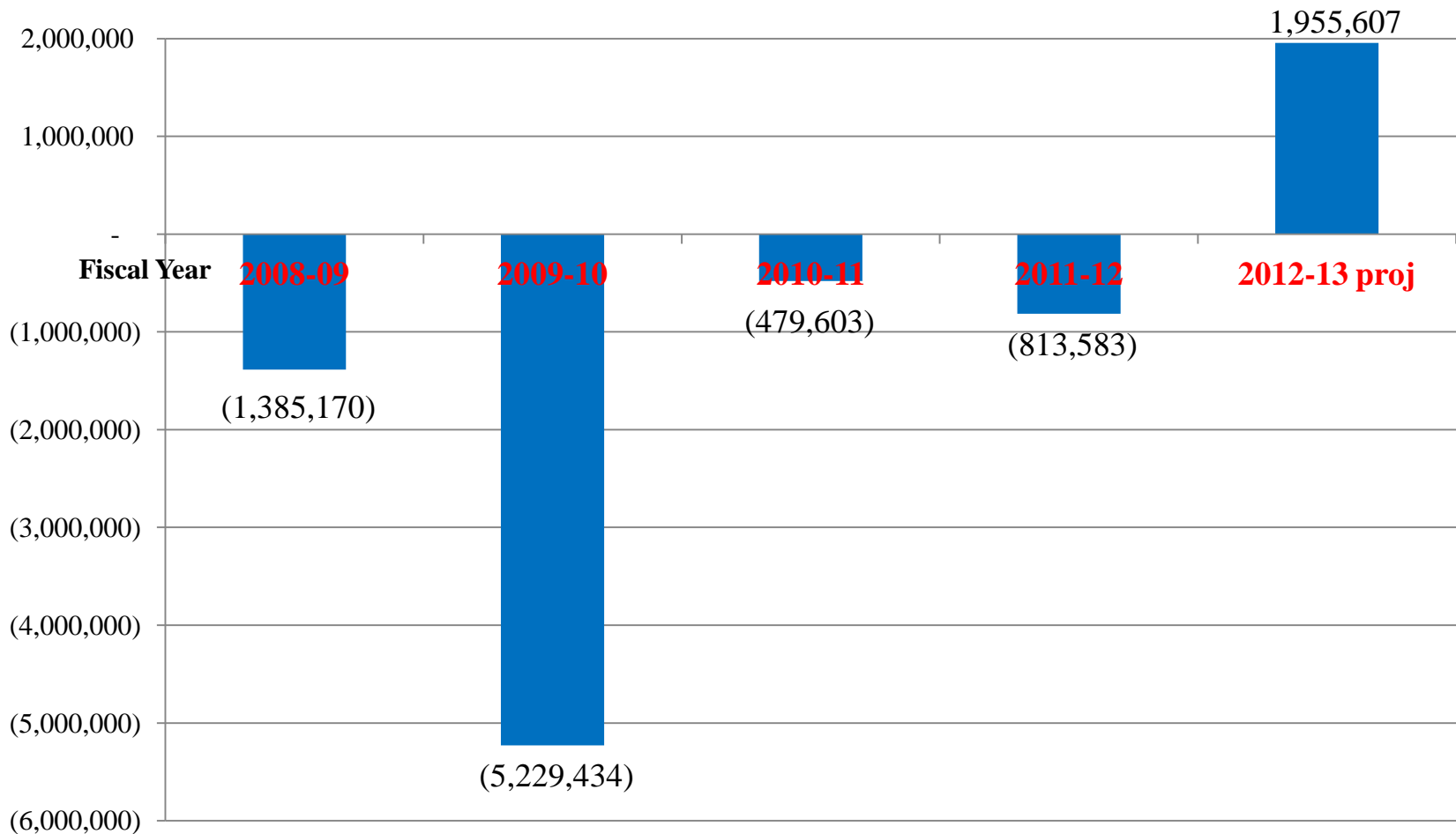
| | |
|-------------------------|-----------|
| Fund Balance, Beginning | 5,887,197 |
|-------------------------|-----------|

| | |
|----------------------|-----------|
| Fund Balance, Ending | 6,401,536 |
|----------------------|-----------|

| | |
|--|-------|
| Percentage of Fund Balance to Expenditures | 8.69% |
|--|-------|

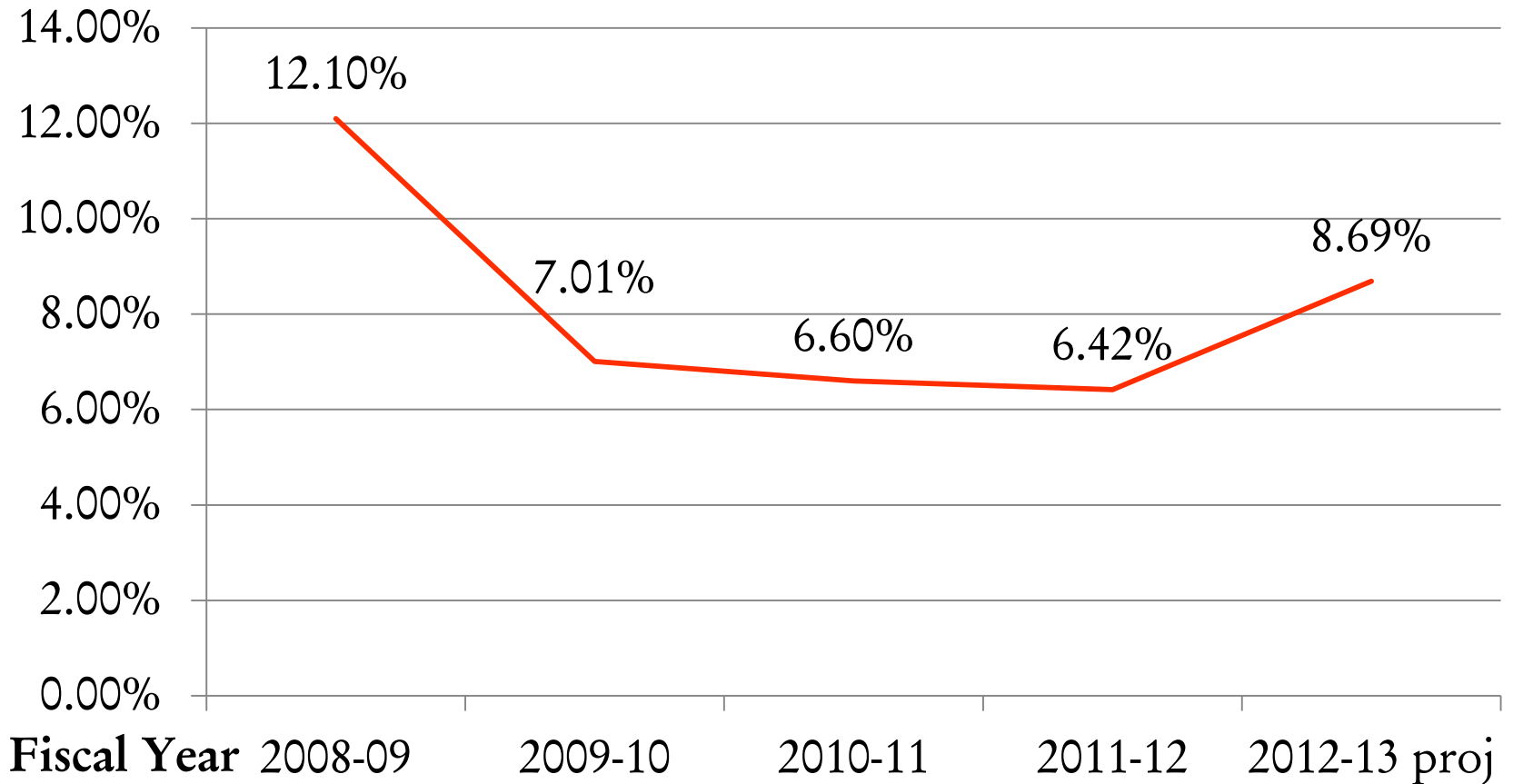
Reversed Deficit Spending

Unrestricted General Fund Surplus/(Deficit)



Improved Reserve Balance

Unrestricted General Fund Reserve Percentage



Full Time Equivalent Student (FTES) Enrollment

| <i>YEAR</i> | <i>CHABOT</i> | <i>% Growth</i> | <i>LPC</i> | <i>% Growth</i> | <i>TOTAL</i> | <i>% Growth</i> |
|---------------------------|---------------|-----------------|------------|-----------------|--------------|-----------------|
| 1998-1999 | 9,636 | 5.1 | 4,581 | 11.8 | 14,217 | 7.1 |
| 1999-2000 | 9,868 | 2.4 | 4,678 | 2.1 | 14,546 | 2.3 |
| 2000-2001 | 10,005 | 1.4 | 4,982 | 6.5 | 14,987 | 3.0 |
| 2001-2002 | 10,569 | 5.6 | 5,508 | 10.6 | 16,078 | 7.3 |
| 2002-2003 | 10,928 | 3.4 | 6,120 | 11.1 | 17,048 | 6.0 |
| 2003-2004 | 10,326 | (5.8) | 5,707 | (6.7) | 16,033 | (6.0) |
| 2004-2005 | 10,477 | 1.4 | 5,886 | 3.1 | 16,363 | 2.1 |
| 2005-2006 | 10,367 | (1.1) | 6,171 | 4.8 | 16,538 | 1.1 |
| 2006-2007 | 10,313 | (0.5) | 7,089 | 14.9 | 17,402 | 5.2 |
| 2007-2008 | 10,420 | 1.0 | 7,186 | 1.4 | 17,606 | 1.2 |
| 2008-2009 | 10,912 | 4.7 | 6,591 | (8.3) | 17,503 | (0.6) |
| 2009-2010 | 11,315 | 3.7 | 7,501 | 13.8 | 18,816 | 7.5 |
| 2010-2011 | 10,756 | (4.9) | 6,744 | (10.1) | 17,500 | (7.0) |
| 2011-2012 | 9,754 | (9.3) | 6,442 | (4.5) | 16,196 | (7.5) |
| 2012-2013 (Projection) | 9,521 | (2.4) | 6,600 | 2.5 | 16,121 | (0.5) |
| 2013-14 (Target) | 9,546 | 0.3 | 6,656 | 0.8 | 16,202 | 0.5 |

Scenario: Target 1% Restoration above BASE

Current BASE (2012-13 Funding Level) >> 16,042 FTES

FTES TARGET for 2013-14 >> 16,202 FTES 1.00%

Apportionment Base >> 9,451.9 Difference to BASE

Chabot College

58.92%

TARGET: 9,546.2 FTES

| | FTES TARGET | WSCH/ FTES | WSCH | WSCH/ FTEF | Allocated FTEF |
|--|---------------|---------------|---------------|---------------|----------------|
| Non-Credit Projection | 40.0 | 30.50 | 1220 | 950 | 1.3 |
| Nursing & Dental Hygiene >> | 230.0 | 30.43 | 6999 | 220 | 31.8 |
| CREDIT: Main Group >> | 9276.2 | 30.69 | 284687 | 530 | 537.1 |
| <i>Lab Load Factor Adjustment >></i> | | | | | 5.0 |
| TOTAL | 9546.2 | 30.68 | 292906 | 509.2 | 575.2 |

% 59.662%

Apportionment Base >> 6,590.1

Las Positas College

41.08%

TARGET: 6,655.8 FTES

| | FTES TARGET | WSCH/ FTES | WSCH | WSCH/ FTEF | Allocated FTEF |
|--|---------------|---------------|---------------|---------------|----------------|
| Non-Credit Projection | 35.0 | 30.50 | 1068 | 950 | 1.1 |
| CREDIT: Main Group >> | 6620.8 | 30.82 | 204052 | 530 | 385.0 |
| <i>Lab Load Factor Adjustment >></i> | | | | | 2.8 |
| TOTAL | 6655.8 | 30.82 | 205120 | 527.4 | 388.9 |

40.338%

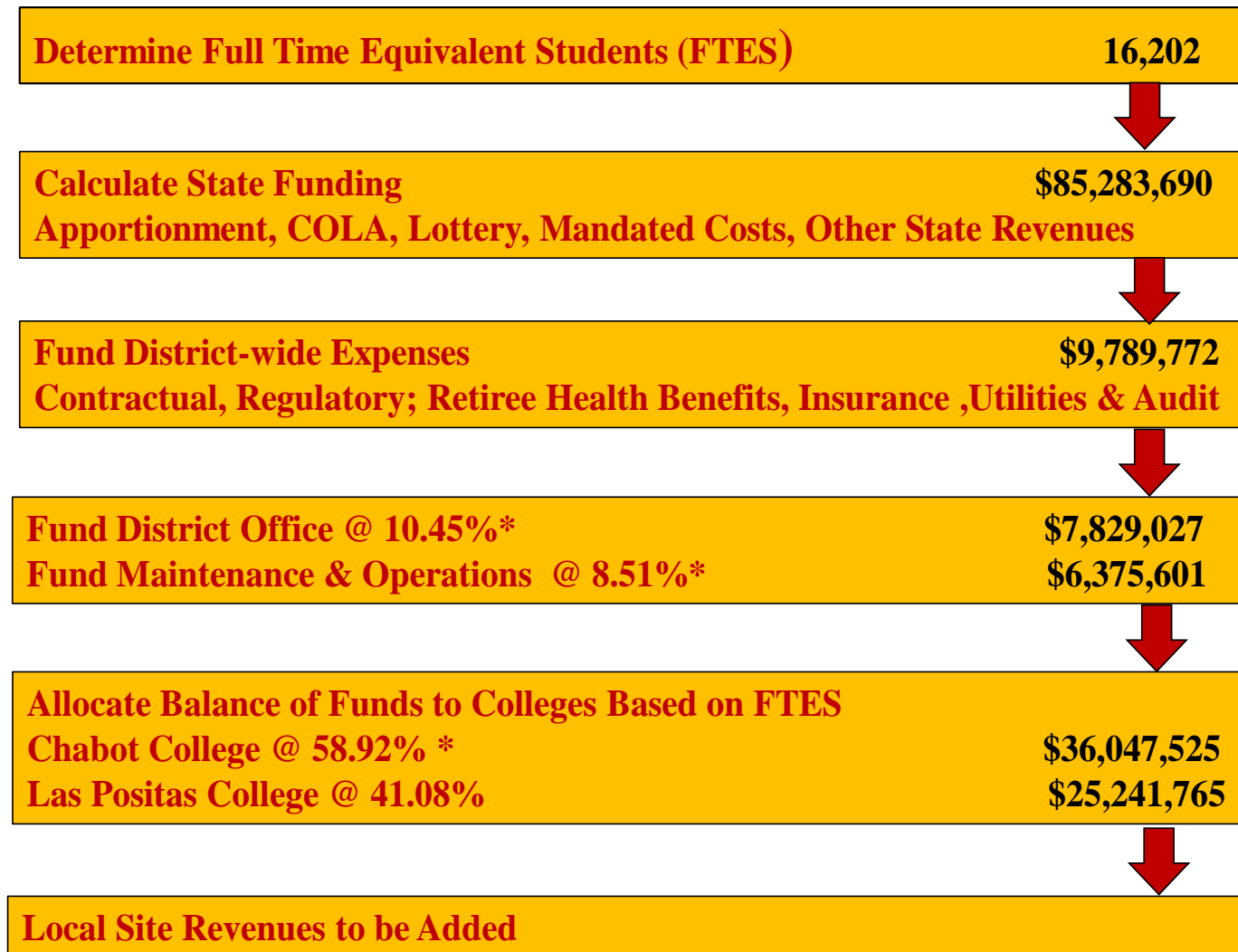
| District Totals | FTES % | FTES TARGET | WSCH/ FTES | WSCH | WSCH/ FTEF | Allocated FTEF |
|--|----------------|----------------|---------------|---------------|---------------|----------------|
| NON-CREDIT | 0.46% | 75.0 | 30.50 | 2288 | 950.0 | 2.4 |
| CREDIT | 99.54% | 16127.0 | 30.74 | 498739 | 519.7 | 954.0 |
| <i>Lab Load Factor Adjustment >></i> | | | | | 7.8 | |
| District TOTAL >>> | 100.00% | 16202.0 | 30.74 | 498026 | 516.5 | 964.2 |

Governor's Budget Proposal for FY2013-14

- Recognizes increase to Proposition 98 minimum guarantee, but programmatic spending stays relatively unchanged
- Adoption of a cost-of-living adjustment (COLA) of 1.57%
- Adoption of funding for growth restoration of 1.63%
- Categorical funding of \$38 million for the Student Success Act
- Funding for deferred Maintenance: \$30 million
- Funding for local planning grants related to Adult Education: \$25 million
- Funding energy efficiency projects related to Proposition 39: \$48 million
- Funding for DSPS (\$15M); EOPS (\$15M); and CalWorks (\$8M)
- Funding for the Online Education Initiative \$16.9 million
- Funding for Deferral buy downs: \$30 million
- Funding for Academic Senates: \$150,000

New Allocation Model- Calculations

FUNDING ALLOCATION MODEL



**The allocation for Chabot College includes the \$575,000 for Nursing/Dental Hygiene Program.*

| | <u>TOTAL</u> | <u>CHABOT</u> | <u>LPC</u> | <u>CCR</u> | <u>DIST OFC</u> | <u>M&O</u> | <u>CK TOTAL</u> |
|--|---------------------|---------------|------------|------------|-----------------|----------------|-----------------|
| VERSION 1.2 - INPUT PAGE | | | | | | | |
| STEP 1 - FTES (DEMC) | | | | | | | |
| Funded FTES | 16,202 | 9,546 | 6,656 | | | | 16,202 |
| % Split | | 58.92% | 41.08% | | | | |
| STEP 2 - Revenue | | | | | | | |
| General Apportionment | \$73,242,101 | | | | | | |
| Restoration/Growth | \$691,487 | | | | | | |
| Lottery (unrestricted) | \$2,026,192 | | | | | | |
| COLA | \$1,149,901 | | | | | | |
| Mandated costs (revenue per FTES) | \$453,656 | | | | | | |
| Other state fac reimbursement | \$410,684 | | | | | | |
| Subtotal | \$77,974,021 | | | | | | |
| D Foundation | \$7,309,669 | | | | | | |
| E Total Revenue | \$85,283,690 | | | | | | |
| STEP 3A - Committed Costs | | | | | | | |
| Subsidized Prog Units (Nurse, DH, etc) | \$575,000 | | | | | | |
| Contractual, Committed, Regulatory | \$9,789,772 | | | | | | |
| Other | | | | | | | |
| Total | \$10,364,772 | | | | | | |
| STEP 3B - Remaining Balance | | | | | | | |
| Step 2E less Step 3A | \$74,918,918 | | | | | | |

| | <u>Prev Year</u> | <u>Rate</u> |
|--|------------------|-------------|
| | \$72,372,782 | |
| | \$0 | |
| | \$2,005,070 | |
| | \$0 | 1.57% |
| | \$55,230 | |
| | \$426,412 | \$28 |
| | \$414,030 | |
| | \$75,273,524 | |
| | \$7,196,681 | 1.57% |

VERSION 1.2 - ASSIGNMENT OF REVENUES

| | | | | | | | |
|--|-------------------|------------|------------|-----------|-----------|-----------|------------|
| NEW STEP - Distribution of items from 3A above | | 575,000 | | 9,789,772 | | | 10,364,772 |
| STEP 4 - Allocated Costs | 12,818,714 | | | | 7,065,167 | 5,753,547 | 12,818,714 |
| % of 3B - enter % to calculate amount | 18.96% | | | | 10.45% | 8.51% | |
| STEP 5 - Remaining Revenue Balance | | | | | | | |
| Step 3B less Step 4 | 62,100,204 | | | | | | |
| STEP 6 - Foundation Allocation | | | | | | | |
| A Amount assigned | 7,309,669 | 3,189,942 | 2,733,813 | | 763,860 | 622,053 | 7,309,668 |
| | 100.00% | 43.64% | 37.40% | | 10.45% | 8.51% | |
| B Amount remaining | | | | | | | |
| Step 5 less Step 6A | 54,790,535 | | | | | | |
| STEP 7 - Distribution of remaining revenue | | | | | | | |
| Step 6B * FTES % split | 54,790,535 | 32,282,583 | 22,507,952 | | | | 54,790,535 |

What This Model Gives US

- ✓ Treats all employees fairly
- ✓ Simple to understand
- ✓ It is Revenue Based
- ✓ Puts money out to Colleges
- ✓ The College Budget Committees are empowered to make decisions
- ✓ We are all responsible to live within our means
- ✓ Promotes accountability and transparency district-wide
- ✓ Incorporates a process to build back our RUMBL and Reserve
- ✓ Addresses ACCJC Accreditation Recommendations

Tentative Budget 2013-2014 – General Fund

| | |
|--|---------------|
| REVENUE | |
| State General Apportionment, State /Local/Federal Revenue and Transfers | \$104,276,412 |
| EXPENDITURES | |
| Total Expenditures | 105,126,412 |
| | |
| NET INCREASE/(DECREASE) IN FUND BALANCE | (850,000) |
| | |
| BEGINNING BALANCE | 7,334,510 |
| | |
| ENDING BALANCE | \$6,484,510 |

Tentative Budget 2013-2014 – Unrestricted

| REVENUE | |
|--|--------------|
| State General Apportionment, State /Local/Federal Revenue and Transfers | \$93,038,165 |
| EXPENDITURES | |
| Total Expenditures | 93,888,165 |
| NET INCREASE/(DECREASE) IN FUND BALANCE | (850,000) |
| BEGINNING BALANCE | 6,401,536 |
| ENDING BALANCE | \$5,551,536 |

Tentative Budget 2013-2014 – Restricted

| | |
|--|--------------|
| REVENUE | |
| State General Apportionment, State /Local/Federal Revenue and Transfers | \$11,238,247 |
| EXPENDITURES | |
| Total Expenditures | 11,238,247 |
| NET INCREASE/(DECREASE) IN FUND BALANCE | -0- |
| BEGINNING BALANCE | 932,974 |
| ENDING BALANCE | \$932,974 |

Tentative Budget 2013-2014 – Chabot Total

| | |
|--|--------------|
| REVENUE | |
| State General Apportionment, State /Local/Federal Revenue and Transfers | \$46,693,969 |
| EXPENDITURES | |
| Total Expenditures | 49,693,969 |
| | |
| NET INCREASE/(DECREASE) IN FUND BALANCE | -0- |
| | |

Tentative Budget 2013-2014 – Chabot Unrestricted

| | |
|--|--------------|
| REVENUE | |
| State General Apportionment, State /Local/Federal Revenue and Transfers | \$39,555,970 |
| EXPENDITURES | |
| Total Expenditures | 39,555,970 |
| | |
| NET INCREASE/(DECREASE) IN FUND BALANCE | -0- |
| | |

Tentative Budget 2013-2014 – Chabot Restricted

| | |
|--|-------------|
| REVENUE | |
| State General Apportionment, State /Local/Federal Revenue and Transfers | \$7,137,999 |
| EXPENDITURES | |
| Total Expenditures | 7,137,999 |
| | |
| NET INCREASE/(DECREASE) IN FUND BALANCE | -0- |
| | |

Tentative Budget 2013-2014 – Las Positas Total

| | |
|--|--------------|
| REVENUE | |
| State General Apportionment, State /Local/Federal Revenue and Transfers | \$30,463,301 |
| EXPENDITURES | |
| Total Expenditures | 31,313,301 |
| | |
| NET INCREASE/(DECREASE) IN FUND BALANCE | (850,000) |
| | |

Tentative Budget 2013-2014 – Las Positas Unrestricted

| | |
|--|--------------|
| REVENUE | |
| State General Apportionment, State /Local/Federal Revenue and Transfers | \$27,391,388 |
| EXPENDITURES | |
| Total Expenditures | 28,241,388 |
| NET INCREASE/(DECREASE) IN FUND BALANCE | (850,000) |

Tentative Budget 2013-2014 – Las Positas Restricted

| REVENUE | |
|--|-------------|
| State General Apportionment, State /Local/Federal Revenue and Transfers | \$3,071,913 |
| EXPENDITURES | |
| Total Expenditures | 3,071,913 |
| NET INCREASE/(DECREASE) IN FUND BALANCE | -0- |

Tentative Budget 2013-2014 – Cafeteria Fund

| REVENUE | |
|--|----------|
| Operations/Commissions and Interest | \$56,934 |
| EXPENDITURES | |
| Expenditures and Transfers | 39,657 |
| NET INCREASE/(DECREASE) IN FUND BALANCE | 17,277 |
| BEGINNING BALANCE | 58,698 |
| ENDING BALANCE | \$75,975 |

Tentative Budget 2013-2014

Child Development Fund

| REVENUE | |
|--|-------------|
| State /Local/Federal Revenue | \$1,063,000 |
| Transfers In | \$288,086 |
| EXPENDITURES | |
| Expenditures | 1,351,086 |
| | |
| NET INCREASE/(DECREASE) IN FUND BALANCE | \$0 |
| | |
| BEGINNING BALANCE | \$0 |
| | |
| ENDING BALANCE | \$0 |

Tentative Budget 2013-2014

Self Insurance Fund (RUMBL)

| REVENUE | |
|---|-------------|
| Transfers and Interest | \$5,806,993 |
| EXPENDITURES | |
| Expenditures and Transfers | 5,799,993 |
| NET INCREASE/(DECREASE) IN FUND BALANCE | 7,000 |
| BEGINNING BALANCE | 569,265 |
| ENDING BALANCE | \$576,265 |

Tentative Budget 2013-2014

Measure B Capital Projects Fund

| REVENUE | |
|--|---------------------|
| Interest | \$125,842 |
| EXPENDITURES | |
| Expenditures | 38,045,173 |
| NET INCREASE/(DECREASE) IN FUND BALANCE | (37,919,331) |
| BEGINNING BALANCE | 122,937,488 |
| ENDING BALANCE | \$85,018,157 |

Tentative Budget 2013-2014

Capital Projects Fund

| REVENUE | |
|--|--------------------|
| State /Local/Federal Revenue and Transfers | \$1,710,000 |
| EXPENDITURES | |
| Expenditures | 4,234,669 |
| NET INCREASE/(DECREASE) IN FUND BALANCE | (2,524,669) |
| BEGINNING BALANCE | 8,088,648 |
| ENDING BALANCE | \$5,563,979 |

Tentative Budget 2013-2014

Special Reserve Funds (Nike Project, COP)

| REVENUE | |
|--|--------------------|
| Interest | \$5,000 |
| EXPENDITURES | |
| Expenditures | 514,489 |
| NET INCREASE/(DECREASE) IN FUND BALANCE | (509,489) |
| BEGINNING BALANCE | 3,343,225 |
| ENDING BALANCE | \$2,833,736 |

Looking Ahead

- Set Expectations
- Pay back our own debt – RUMBL
- Plan for expenses charged to Measure B interest going back to General Fund
- Setup transition funding for LPC
- Reinstate vacant/unfunded positions
- Bring back eliminated positions
- “Growing Pains” in utilizing the New Allocation Model
- Other Local Revenues - Co-curricular Funds
- Adoption Budget