



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

Model Concept

➤ **STEP 1: Determine funded FTES** for both colleges

➤ **STEP 2: Determine revenues to be allocated**

Apportionment including property taxes, student fees and state funds

Unrestricted lottery

Mandated costs funding per FTES

Other state revenues, faculty office hours, parity, benefits

➤ **STEP 3A: Determine specific district-wide costs**

Contractual

Regulatory

Committed

➤ **STEP 3B: STEP 2 less STEP 3A becomes basis for college and district allocations**

Model Concept – *Continued*

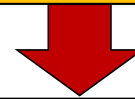
- **STEP 4:** Using current district office operating budget, **establish district office as a percentage** of STEP 3B for future allocations
- **STEP 5:** Using total funds in STEP 3B subtract district office operations value (STEP 4). This becomes amount for allocation to the colleges
- **STEP 6:** First **distribute to the colleges/district-wide, the amount equal to the Foundation** allocation in SB361 model
- **STEP 7:** STEP 5 less STEP 6 is **allocated based on FTES ratios** established in STEP 1
- **STEP 8:** **Allocate local college specific revenues** to each college
- **STEP 9:** **Allocate any unique or internally agreed upon amounts** not covered by the model

New Allocation Model - Narrative

FUNDING ALLOCATION MODEL

Determine Number of Students

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



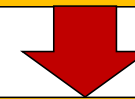
Calculate State Funding

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



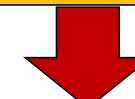
Fund District-wide Expenses

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	92,046,594
------------------------------------	------------

Expenditures:

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

Revenues Over Expenditures	514,337
----------------------------	---------

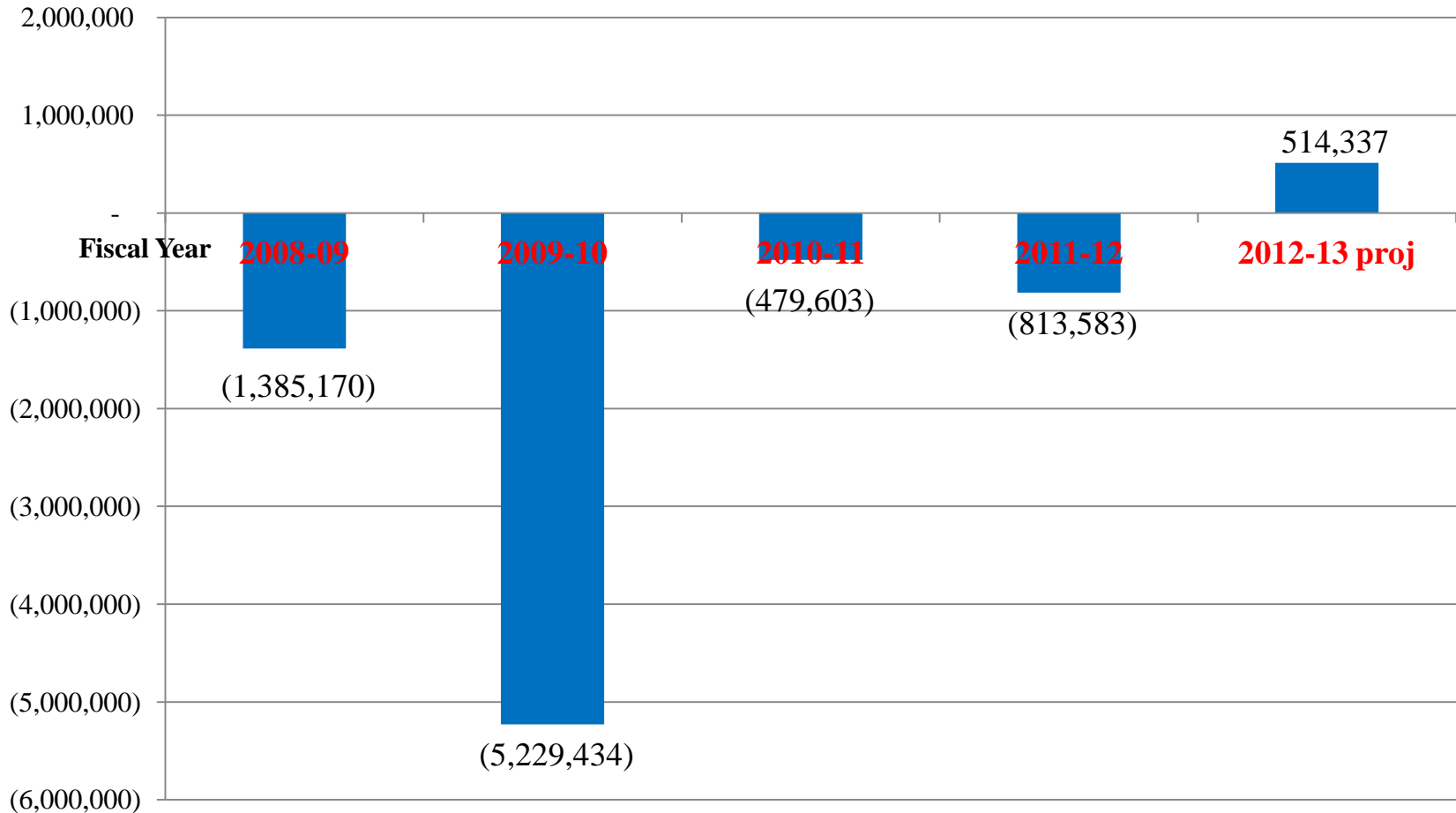
Fund Balance, Beginning	5,887,197
-------------------------	-----------

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

Percentage of Fund Balance to Expenditures	7.10%
--	-------

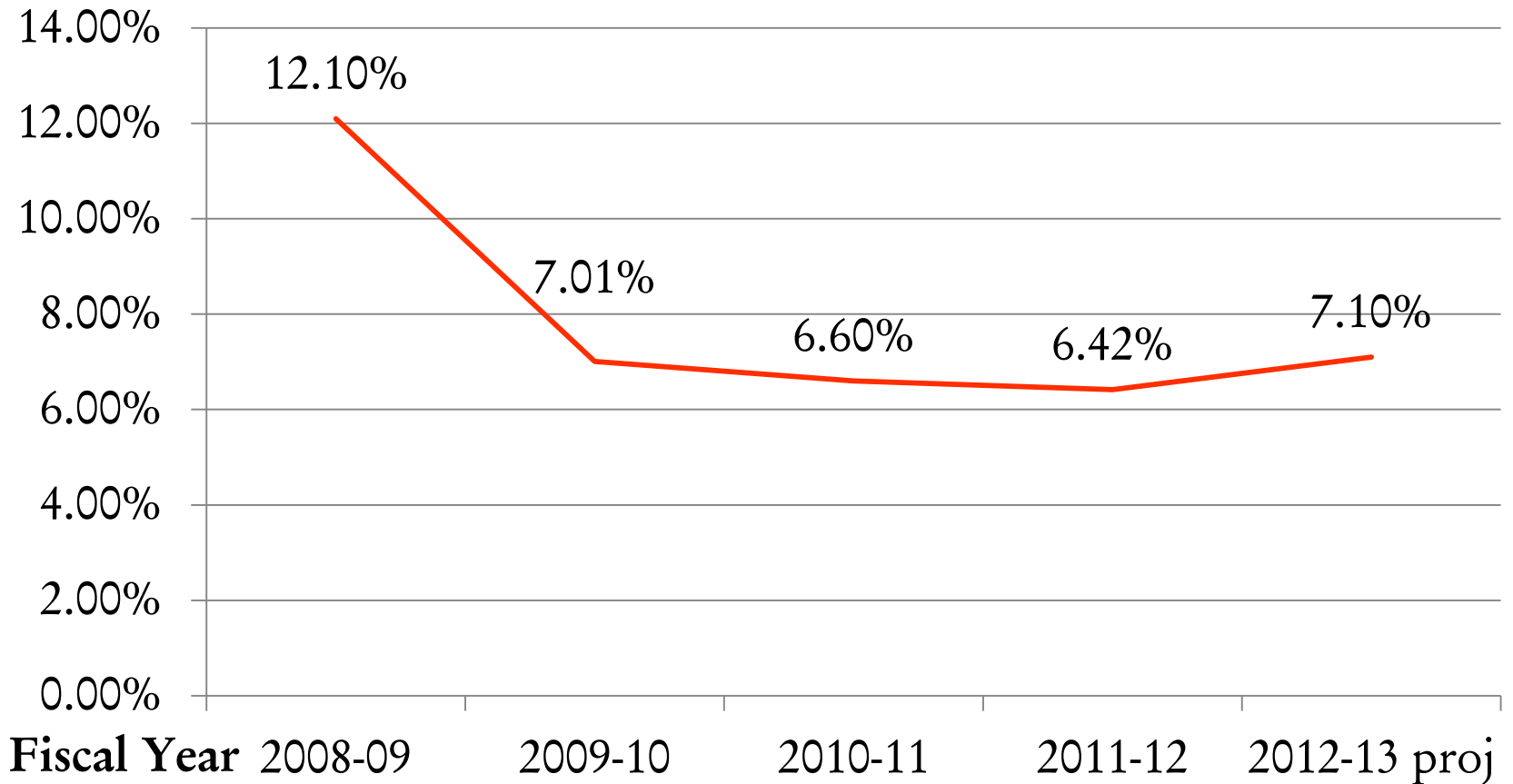
Reversed Deficit Spending

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%

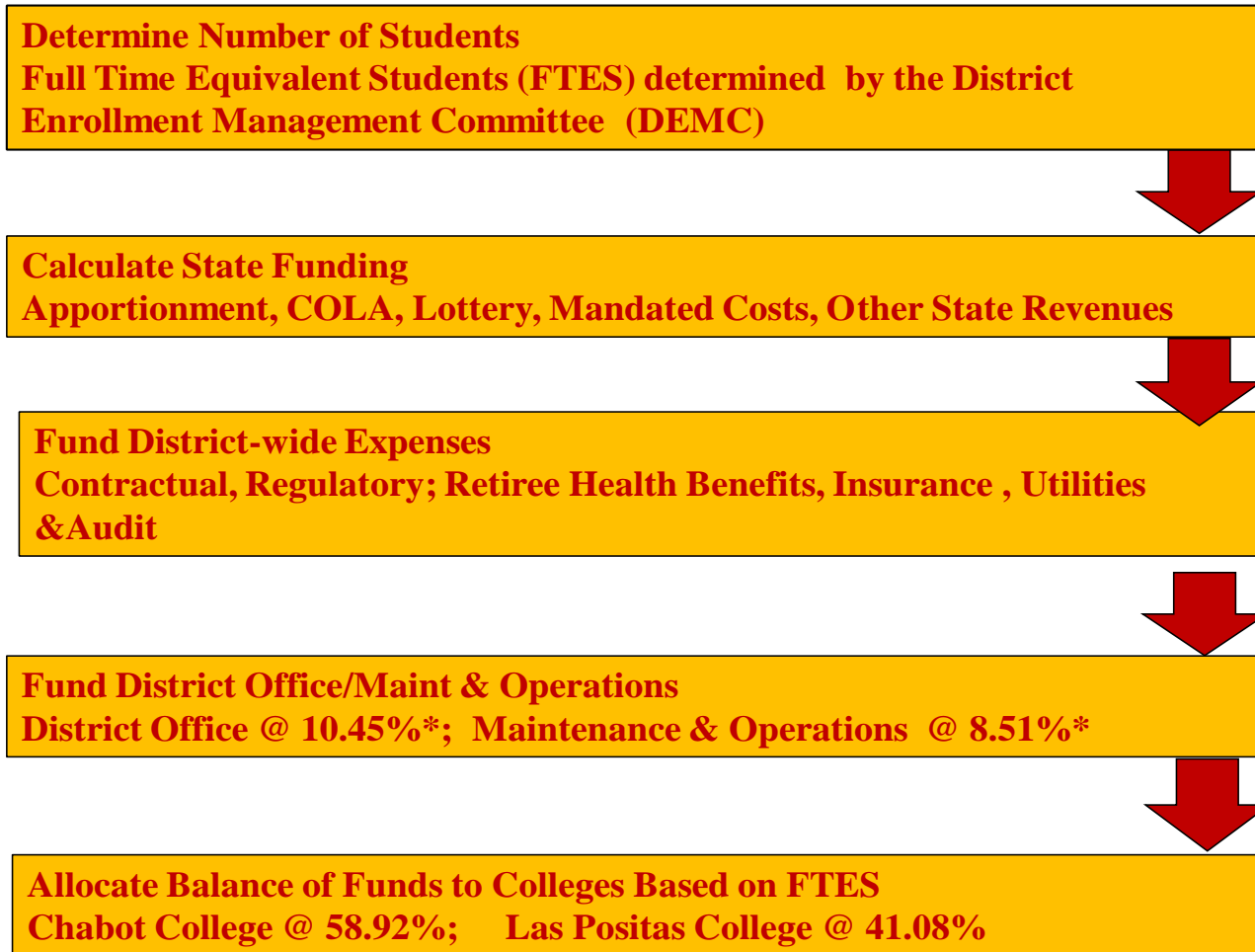
District Totals	FTES %	FTES TARGET	WSCH/ FTES	WSCH	WSCH/ FTEF	Allocated FTEF
NON-CREDIT	0.46%	75.0	30.50	2288	950.0	2.4
CREDIT	99.54%	16127.0	30.74	498739	519.7	954.0
<i>Lab Load Factor Adjustment >></i>					7.8	
District TOTAL >>>	100.00%	16202.0	30.74	498026	516.5	964.2

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 - Narrative

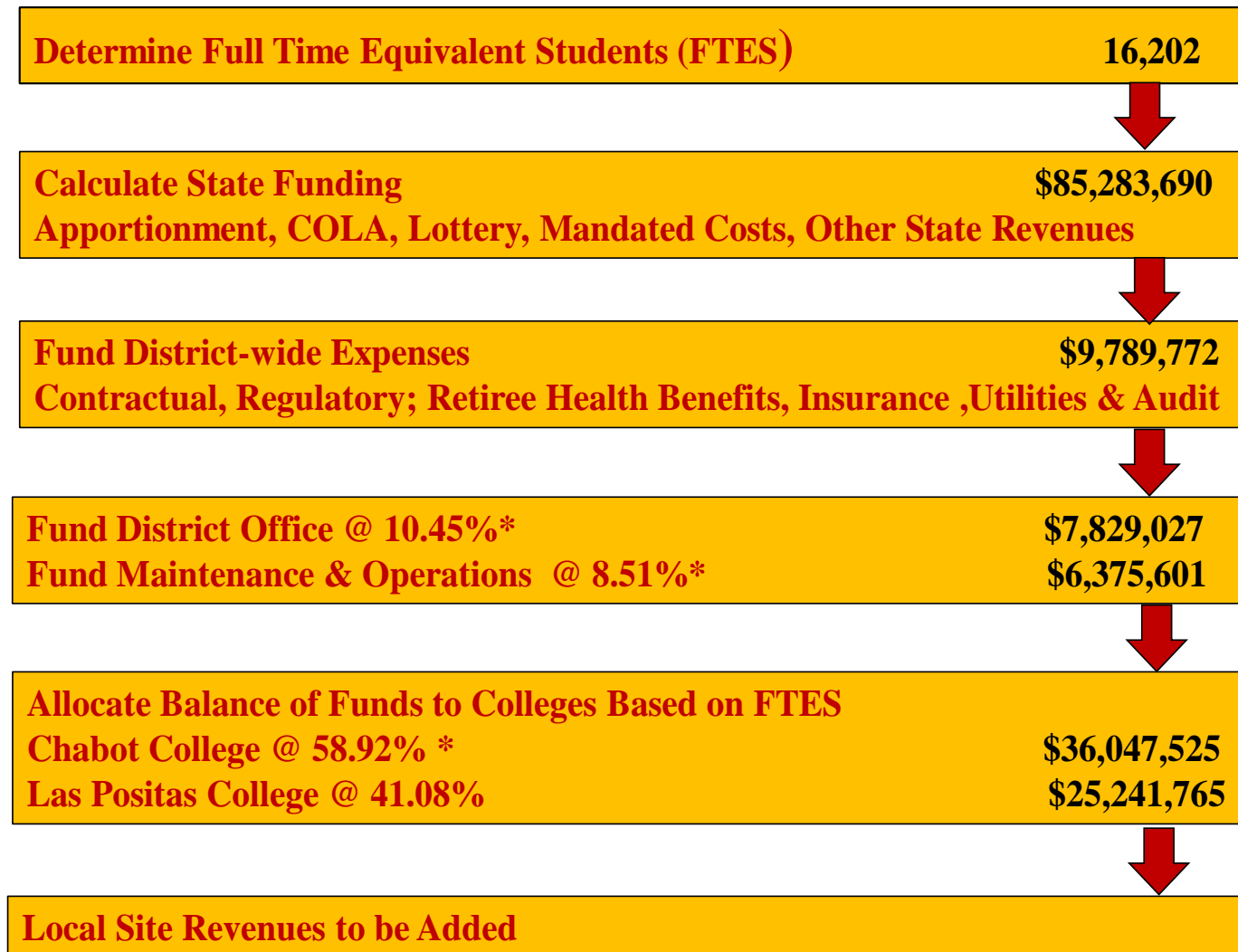
FUNDING ALLOCATION MODEL



**The percentages will be amended to reflect the faculty reassign time in the adoption budget.*

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