

# Yosemite Community College District Budget Allocation Taskforce

## SUMMARY AND RECOMMENDATIONS

At the 2006 YCCD District Council meeting, it was decided that a District taskforce would be formed to review the District's current resource allocation models. This was in response to requests from both colleges as well as the following Accreditation recommendation:

“...in order to best serve the needs of students, the district and the colleges engage in a collaborative process to ensure a transparent and equitable allocation of financial resources and that the district and the colleges implement a process to communicate budget issues with each other on an ongoing basis.”

At the October 2006 District Council meeting, it was decided that the President of Columbia College would serve as co-chair of the Budget Allocation Taskforce, along with the YCCD Executive Vice Chancellor. Other Taskforce members would include the Chief Operations Officer and the Academic Senate President from Columbia College; the Academic Senate President from Modesto Junior College, the President of MJC (his designee was the Dean of Business, Behavioral and Social Sciences), and the MJC Director of Community and Economic Development; a representative from each bargaining unit, the YFA and CSEA; and the YCCD Controller.

The Budget Allocation Taskforce met for the first time March 6, 2007. Subsequent meetings were held in April and May. Over the course of its meetings, the Taskforce conducted an in-depth study of the new SB361 funding model and the YCCD 2006-2007 General Fund budget, and reviewed YCCD 2006-2007 expenditures. The Taskforce also did a thorough analysis of the District's current budget allocation model. The group examined sound fiscal management practices and reviewed the self-assessment as recommended by the California Community Colleges Chancellor's Office. Results of the self assessment are noted in the minutes of May 21, 2007. The Taskforce held discussions on the revenue effects of the District's enrollment decline and on YCCD reserves and its policies regarding reserves.

During the Taskforce's initial study phase, all committee members developed a foundational understanding of community college funding and District budgeting practices. A significant amount of time during the first three meetings was devoted to question-and-answer sessions.

At the May 2007 meeting, it was agreed that future meetings would be devoted to the study of best practices in resource allocation models at other community college districts. Taskforce chairs were asked to invite an expert in the field to meet with the Taskforce in an advisory role. The Taskforce adjourned over the summer months.

The Budget Allocation Taskforce reconvened in the fall on October 2, 2007. Subsequent meetings were held on October 30, 2007; November 13, 2007; February 12, 2008; February 29, 2008; and April 2, 2008. Having completed the informational aspect of the committee, the Taskforce expected to begin analyzing the current Budget Allocation Model and deciding whether modifications needed to be made. It was decided at the October 2 meeting that, before starting this process, members needed to survey their respective constituencies and gather information on concerns, perceptions, and recommendations about the District Budget to be discussed at the next meeting. The Taskforce developed a set of questions for gathering that information which are noted in the October 2 minutes.

During the fall semester of 2007, the Taskforce devoted most of its time to Budget Allocation Basic Principles. The Taskforce discussed the YCCD Budget Allocation Model and formulas revised per SB361 funding. Having completed its analysis of the current model, the Taskforce planned to spend the spring semester of 2008 moving on to the next steps of looking at other districts' allocation models and

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devising additional ways to disseminate budget allocation information and communicate with all District members.

During the spring semester of 2008, the Taskforce began looking at other districts' allocation models. However, there is no one state model or best practice due to the unique characteristics of each college district, and after reviewing information from other colleges, the group concluded that it would be difficult to directly adopt another model. Due to state budget developments and concerns, the discussions of the first two spring meetings centered around state budget projections for community colleges 2007-08 and 2008-09.

In response to the feedback from the constituency groups concerning transparency and communication, the Taskforce spent a great deal of time working to make the current budget allocation model as clear as possible and created a single page summary with two attachments, to be posted on the website and distributed to both colleges and Central Services.

To date, the Budget Allocation Taskforce has accomplished the following:

- Conducted an in-depth study of the new SB361 funding model and the YCCD 2006-2007 General Fund Budget.
- Examined sound fiscal management practices and performed a self-assessment as recommended by the California Community Colleges Chancellor's Office.
- Developed a foundational understanding of community college funding and District budgeting practices.
- Developed a website devoted to communicating budget information Districtwide.
- Incorporated the questions discussed in many meetings into a Frequently Asked Questions fact sheet.
- Studied the current YCCD budget allocation model.
- Developed an abbreviated Budget Allocation Model Summary sheet.
- Generated ideas to improve communication about budget issues between the Central Services and the colleges on an ongoing basis.
- Implemented a process of communicating budget information between the Central Services and the colleges.

The Budget Allocation Taskforce recommends future dialogue regarding the following:

- Continue to improve effective Districtwide communication of budget issues and information.
- Review information on additional concerns, perceptions, and recommendations about the District Budget.
- Examine, for future consideration, centralizing or decentralizing functions and/or services for to improve efficiencies.
- Task District Council with biannual review of the District priorities and resource allocation in keeping with the District's Strategic Plan.
- Examine the District's reserve level based on risk assessment, such as economic conditions.
- Recommend that all three entities continue active review of their individual budget allocation practices and alter as appropriate to best serve students.
- Make recommendations, if necessary, about changes to the current budget allocation model.

4/8/08

# Yosemite Community College District Budget Allocation Model Summary Sheet

Budget assumptions begin with the Chancellor's Cabinet and work through District Council and College Councils once State Budget information becomes available. FTES growth targets are set by the Colleges within the State growth parameters. Budget priorities are discussed and established using budget assumptions at the Chancellor's Cabinet and at the College Councils. Once funds are allocated to the Central Services and Colleges, it is the Colleges' responsibility to manage their resources and be accountable.

New unrestricted funds are allocated as follows:

## ■ **BASE ALLOCATIONS – PRIOR YEAR**

## ■ **COLLEGE ONLY ALLOCATIONS**

The District serves about 16,600 full-time students:

MJC FTES.....	87%
CC FTES.....	13%

State allocations not driven by State Formula, but earmarked only for college operations such as instructional equipment, are allocated as follows:

MJC FTES.....	85%
CC FTES.....	15%

The 15% Columbia College allocation recognizes and addresses economies of scale for a small college.

## ■ **GROWTH ALLOCATIONS**

FTES growth CAP is set by State Formula. Colleges set their own growth rates, not to exceed the State CAP. [See District formula Attachment 1.]

## ■ **DISTRICTWIDE ALLOCATIONS (DOES NOT INCLUDE GROWTH ALLOCATIONS.)**

State funding not driven by state formula and not restricted directly to college instructional expenditures is allocated as follows:

MJC.....	58%
CC.....	15%
Central Services.....	27%

Central Services pays for accounting, purchasing, payroll, accounts payable, information technology, utilities and energy costs, facilities operations, grant management, risk management, insurance, retiree benefits, post retirement liability, human resources, recruitment, transportation, trustee benefits, security, external affairs, negotiations, annual audits, and legal for the entire District as well as any increased benefit costs at the Colleges.

## ■ **COST-OF-LIVING-ADJUSTMENT (COLA) ALLOCATIONS**

COLA is determined by State Formula and allocated through the State budgeting process.

- ✱ Operating COLA is allocated throughout the District using various approaches depending on the financial circumstances and priorities in a given budget year.
  - Districtwide priorities.
  - MJC 58%, CC 15%, Central Services 27%.
  - Through negotiations.

## ■ **FULL-TIME OBLIGATION (FTO) ALLOCATIONS**

FTO is set by State Formula. The FTO increases and decreases based on credit FTES growth or decline. Colleges establish FTO not to exceed the State Formula.

- ✱ Augmentation for new faculty hires current calculated 2007-08 rate is \$47,300. The source of funding is from growth revenue. The formula assumes transferring some part-time overload budget to full-time faculty budgets. FTO has not increased since 2005-2006. The formula is reviewed annually when growth occurs. [See District formula Attachment 2.]

## ■ **RESTRICTED PROGRAMS ALLOCATIONS (REFER TO ALLOCATION MODEL DETAIL.)**

# Yosemite Community College District Enrollment Growth Formula Revised 2007-2008 SB 361

**ASSUMPTION:** Formula is based on traditional state-defined 17.5-week terms. YCCD Operates on 16-week terms. Total instruction hours are the same.

1. Enrollment growth calculations based on Full-Time Equivalent Students (FTES) (525 hours of instruction equals one FTES).
2. A traditional section is defined as 3 hours per week, 17.5 weeks with 30 students.
3. A traditional section meets 52.5 hours per term (17.5 weeks x 3 hours per week).
4. SB 361 rate per credit FTES \$4,367, of which \$2,500 (58%) is allocated to Colleges per each growth FTES.
  - a. The SB 361 noncredit rate is \$2,626 for 2007-2008. Noncredit FTES growth allocations to the Colleges are at 95% of revenue earned. The District generates approximately 5% FTES in noncredit sections. The formula will need to be revised if the percent of noncredit to total FTES increases above 5%.
5. Growth FTES funding per section under assumptions 2, 3, and 4 above – \$7,500. Growth funding shall cover instructor(s) salary, supplies, and support costs.
6. FTES generation per traditional section:
  - a. One section earns 3 FTES:  $(3 \times 17.5 \times 30) \div 525 = 3$  (FTES) or  $(52.5 \times 30) \div 525 = 3$  (FTES).
7. Funding allocation to generate 1 growth FTES equals \$2,500 ( $\$7,500 \div 3$  FTES).
8. Average hourly instructor rate \$67 (\$60 average hourly rate plus 12.2%).
9. Average instructional cost per section \$3,520 ( $\$67 \times 52.5$ ).
10. Average instructional cost to earn one growth FTES \$1,173 ( $\$3,520 \div 3$ ).
11. Average discretionary allocation per one growth FTES \$1,327 ( $\$2,500 - \$1,173$ ).

# Yosemite Community College District Full-Time Faculty Replacement Cost

**2007-2008**

Estimated Average Full-Time Faculty New

Salary	\$63,800	
Medical Benefits	15,000	
Rate Benefits	8,000	
	<u>86,800</u>	\$86,800

**2007-2008**

Estimated Average Adjunct Cost

Hours per Week	Weeks Worked	Hourly Rate		
15	35	\$67		
				35,175
			12.2%	<u>4,291</u>
				<u><u>\$39,466</u></u>
Less YCCD Average Adjunct Cost (rounded)				<u>39,500</u>
Additional Cost to Hire Full-Time Faculty – Budget Augmentation				<u>\$47,300</u>

**Note:** Augment for each new faculty position \$47,300