

## **BUDGET ALLOCATION MODEL**

The construct of the Budget Allocation Model is based on a FTES model to reflect how resources are allocated from the State. However, it is modified to take into consideration the costs associated with the unique instructional programs and organizational structures at each college in order to derive the known cost of producing FTES at each college. The individual FTES rates per college are then applied against the target FTES for each college.

The following comprise the framework for the Budget Allocation Model (BAM):

- Separate rates per FTES are calculated using a nine (9) year average; transitioning to a ten (10) year rolling average over time using historical, total actual expenditures and FTES for each college.
  - The rolling average will smooth out year-to-year anomalies, program level efficiencies and inefficiencies, high cost and low cost programs, staff seniority, changes in administration, etc., etc.
  - Application of the calculated ratios will result in an immaterial remainder that will be allocated on an FTES percentage basis in order to balance the model.
  - Total actual expenditures takes into consideration ALL costs (support, administration, instruction, facilities) to produce the FTES.
  - The starting point for historical expenditures is FY 2008-09...the starting point for three college status.

The Budget Allocation Model in its current form is a transitional model to achieving entity budget equilibrium. It will be monitored annually to assess its effectiveness and will be evaluated prior to each budget development cycle.

Following are the Budget Allocation Model principles, components, and credit FTES rate ratios (Exhibit E-F).

### BAM Principles

1. Equilibrium in the operating budget structural balance is maintained through assurance that ongoing expenditures do not exceed ongoing revenues and that compliance with State and District reserve requirements is maintained.
2. The BAM recognizes that resource allocation is linked to District-wide strategic planning.
3. The BAM provides for the equitable allocation of available resources to the three (3) colleges and the District Office, while ensuring compliance with statutory and regulatory requirements.
4. Enrollment management decisions drive the allocation of operational resources.

## **BUDGET ALLOCATION MODEL**

*(continued)*

5. The BAM is simple, readily communicable and understood, and as easy to administer as possible.
6. The BAM is defined in measurable terms to maintain objectivity and predictability and so that the outcome is independently verifiable.
7. The BAM is driven by verifiable data.

### BAM Components

1. RCCD's BAM will mirror the State funding model for the California Community Colleges for the basic allocation, full-time-equivalent student (FTES) apportionment, one-time funding, and one-time funding on an annual basis (e.g. Prop 30). The model will comply with budget-related statutory and regulatory requirements (e.g. 50% Law, FON, etc.).
2. The minimum 5% required level of District reserves and funding for the district office will be the first allocations of the District's "Total Available Funds" in the Unrestricted General Fund.
3. In recognition that it may be necessary to transition over time to a point whereby each of the colleges achieve equilibrium between allocated revenues and the expenditures needed to support instructional service levels to students, a separate allocation may be provided.
4. Non-State apportionment, one-time funds, ongoing funds and entrepreneurial revenues (e.g. Norco College Trading Post, Riverside City College Splash, Nonresident tuition, indirect cost reimbursements, lease/rental income, etc.) that are specific to a particular entity will be retained by the respective college that generates the revenue.
5. Revenue sources that are not specifically identifiable to a particular entity will be allocated based on the same methodology used to allocate apportionment revenues unless otherwise specified by the funding source.
6. A minimum of 1% of total available funds will be allocated for contingency at the entity level.
7. Child Care Centers, Food Services, Performance Riverside, Contract Education, Community Education, and Bookstore must be self-sustaining by entity.
8. Interfund loans will be allocated "off the top" of the District budget.
9. The budget allocated for the District Office and District Support Services shall correlate with the percent increase/decrease of the aggregate budget allocated to the colleges.

**Exhibit E**  
Riverside Community College District  
**Budget Allocation Model - Final Budget**  
**FY 2017-2018**

	<u>Total</u>					
<b>Contingency Budget from FY 2016-2017</b>	<b>\$ 11,987,323</b>					
<b>Apportionment</b>						
Basic Allocation	\$ 11,557,862					
Cr FTES (MVC - 6,832.72; NC - 6,832.72; RCC - 15,913.45 (29,578.89)	150,004,396					
COLA at 1.56%	2,523,866					
Base Increase + FT Faculty and FON Base Adjustments	4,471,129					
Growth at 0.22% (MVC - 15.25; NC - 15.25; RCC - 35.51 (66.01)	340,033					
Total Gross Apportionment	\$ 168,897,286					
Less, Property Taxes	(44,739,178)					
Less, Enrollment Fees	(10,339,132)					
Less, Estimated Deficit Factor (.0000)	-					
Total Net Apportionment	<b>\$ 113,818,976</b>					
<b>Total Beginning Balance and Apportionment</b>	<b>\$ 125,806,299</b>					
Less, Contingency Reserve (Board Policy at 5.00% or more)	(13,577,277)					
Less, DO Allocation	(5,352,116)					
Less, DSS Allocation	(18,292,386)					
Less, Outgoing Transfer for CSJCL (Resource 1120)	(165,541)					
Less, Outgoing Transfer for DSPS Match, FWS Support, etc.	(1,034,575)					
<b>Total Funds for Per Credit FTES Calculation</b>	<b>\$ 87,384,404</b>					
<b>Target Credit FTES Target</b>	<b>29,644.90</b>					
<b>Total Funding Rate Per Target Credit FTES</b>	<b>\$ 2,947.7045</b>					
	<u>Moreno Valley</u>	<u>Norco</u>	<u>Riverside</u>	<u>DSS</u>	<u>DO</u>	
Total Funding Rate Per Target Credit FTES (Adjusted per Entity)	\$ 2,947.7045	\$ 3,035.7872	\$ 2,515.7306	\$ 3,094.8802		
Target Credit FTES Target	29,644.90	6,847.97	6,847.97	15,948.96		
<b>Total Funds for Per Credit FTES Calculation</b>	<b>\$ 87,384,404</b>	<b>\$ 20,790,807</b>	<b>\$ 17,229,163</b>	<b>\$ 49,364,434</b>		
FY 2016-17 Excess (Shortfall) of Budgeted Revenues	4,925,281	524,077	1,603,200	2,798,004	100,964	109,091
FY 2016-17 Excess (Shortfall) of Budgeted Expenditures	7,849,744	945,531	2,312,965	4,591,248	2,665,212	15,483,481
Non-Credit FTES	224,531	16,660	-	207,871	-	-
Federal Revenues	211,995	59,867	48,683	103,445	-	-
Other State Revenues	8,455,814	1,846,436	2,309,021	4,300,357	-	-
Local Revenues	61,342,870	13,256,985	13,724,984	34,360,901	191,633	-
Incoming Transfer from Bookstore (Resource 1110)	1,301,950	190,515	722,929	388,506	-	-
<b>Total Available Funds</b>	<b>\$ 171,696,589</b>	<b>\$ 37,630,878</b>	<b>\$ 37,950,945</b>	<b>\$ 96,114,766</b>	<b>\$ 2,957,809</b>	<b>\$ 15,592,572</b>
<b>Base Expenditures for FY 2017-2018</b>						
FY 2017-2018	(171,696,589)	(39,088,361)	(37,439,313)	(95,168,915)	(21,250,195)	(20,944,688)
<b>Budget (Shortfall) or Excess</b>	<b>\$ -</b>	<b>\$ (1,457,483)</b>	<b>\$ 511,632</b>	<b>\$ 945,851</b>	<b>\$ (18,292,386)</b>	<b>\$ (5,352,116)</b>

**Exhibit E**  
Riverside Community College District  
**Budget Allocation Model - Final Budget (continued)**  
**FY 2017-2018**

Base Expenditures for FY 2017-2018	Total				Total		
	Colleges	Moreno Valley	Norco	Riverside	DSS	DO	DO/DSS
FY 2016-2017 Base Expenditure Budget	\$ 156,761,249	\$ 36,284,642	\$ 34,082,237	\$ 86,394,370	\$ 21,942,907	\$ 21,058,341	\$ 43,001,248
Step/Column and Personnel Adjustments	1,124,066	315,080	145,930	663,056	190,598	81,965	272,563
Full-Time Salary Increases (2.00% + COLA 1.56% + F/C)	2,881,692	617,584	601,070	1,663,038	403,252	247,968	651,220
Part-Time Faculty Salary Incr (2.50% + COLA 1.56% + F/C + Enr Grwth)	951,244	(160,095)	110,876	1,000,463	10,734	14,794	25,528
Fixed Charges (STRS, PERS, FICA, MC, UI, WC, GL, OPEB)	2,229,162	530,694	480,770	1,217,698	215,253	47,800	263,053
Net Health/Dental/Life Insurance, exclusive of new positions	687,218	139,090	15,804	532,324	(155,190)	30,498	(124,692)
New Faculty Positions (12) - TCP	1,773,870	443,419	443,419	887,032	-	-	-
New Classified Position - PT Faculty Re-employment Specialist - TCP	-	-	-	-	-	107,788	107,788
Classified/Management Position Allocation	700,000	161,700	161,700	376,600	100,000	-	100,000
Temporary Backfill for NSF Positions Reversal	(150,000)	-	(150,000)	-	-	-	-
Retirement Incentive Cost Reversal	(4,068,197)	(677,062)	(358,658)	(3,032,477)	(1,337,863)	-	(1,337,863)
La Sierra Loan Repayment Reversal (Resource 4130)	(1,047,623)	(244,602)	(204,597)	(598,424)	(187,325)	(1,395,052)	(1,582,377)
Off-Year Board of Trustees Election Cost	-	-	-	-	-	(300,000)	(300,000)
Contracts//Licenses Holding Account Awaiting Distribution	-	-	-	-	127,187	172,813	300,000
Utilities	(288,454)	(28,960)	63,250	(322,744)	(105,645)	-	(105,645)
Non-Resident Augmentation (RCC Trnsf to Res 1190 for Promise Prog)	1,919,383	(10,700)	172,219	1,757,864	-	-	-
Special Revenue Programs	717,469	50,154	200,694	466,621	102,657	-	102,657
Accumulated Budget Savings Allocation	7,250,000	1,674,750	1,674,750	3,900,500	-	750,000	750,000
Miscellaneous Adjustments	255,510	(7,333)	(151)	262,994	(56,370)	127,773	71,403
<b>Base Expenditure Budget FY 2017-2018</b>	<b>\$ 171,696,589</b>	<b>\$ 39,088,361</b>	<b>\$ 37,439,313</b>	<b>\$ 95,168,915</b>	<b>\$ 21,250,195</b>	<b>\$ 20,944,688</b>	<b>\$ 42,194,883</b>
<b>% of Base Budget</b>	<b>80.27%</b>	<b>18.27%</b>	<b>17.50%</b>	<b>44.49%</b>	<b>9.94%</b>	<b>9.79%</b>	<b>19.73%</b>
<b>\$ Increase (Decrease) to PY Base Budget</b>	<b>14,935,340</b>	<b>\$ 2,803,719</b>	<b>\$ 3,357,076</b>	<b>\$ 8,774,545</b>	<b>\$ (692,712)</b>	<b>\$ (113,653)</b>	<b>\$ (806,365)</b>
<b>% Increase/-Decrease to PY Base Budget</b>	<b>9.53%</b>	<b>7.73%</b>	<b>9.85%</b>	<b>10.16%</b>	<b>-3.16%</b>	<b>-0.54%</b>	<b>-1.88%</b>

Note: Included in total DO/DSS is \$15,410,000 of One-Time funds held to mitigate future cost increases. Without this amount the DO/DSS share would be 13.51%.