

BUDGET ALLOCATION MODEL

Budget Allocation Model Revision Project

The District Budget Advisory Council (DBAC) has commenced a Budget Allocation Model Revision Project to develop a model that is fair, equitable, and transparent:

- Fair – Resource allocation decision will be informed by objective, predictable, verifiable, and easily accessible data and will be made in an impartial and consistent manner.
- Equitable – Resources will be distributed in a manner that adequately supports the programs offered at each college while ensuring compliance with statutory and regulatory requirements.
- Transparent – Resource allocation decisions will be made in an open and consultative manner with representative stakeholder groups.

To date, DBAC has developed Budget Allocation Model Principles as a result of a consultative process with representative stakeholder groups. DBAC is currently developing programmatic FTES and cost information that will be used to inform the revised Budget Allocation Model.

The Budget Allocation Model Project completion goal is December 2018 to permit model implementation in FY 2019-20. The existing Budget Allocation Model is being used for FY 2018-19.

Current Budget Allocation Model – FY 2018-19

The construct of the current 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 based on a ten (10) year rolling average 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.

BUDGET ALLOCATION MODEL *(continued)*

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

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.
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.

BUDGET ALLOCATION MODEL

(continued)

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.

**Riverside Community College District
Budget Allocation Model - Final Budget
FY 2018-2019**

		<u>Total</u>				
Contingency Budget from FY 2017-2018		\$ 13,577,277				
Apportionment						
Basic Allocation		\$ 12,399,791				
Credit FTES (Rolling 3 Year Avg. FY 16-17 - 29,578.89; FY 17-18 - 29,645.01; FY 18-19 - 29,645.01 = 88,868.61/3 = 29,622.97 + Growth 660.59 - Spec Admit 820.73 - 37.42 Incarc)		109,668,503				
Total Base Allocation		\$ 122,068,294				
Pell Grant		12,730,907				
AB 540 Students		1,370,229				
California Promise Grant Students (BOG Waivers)		27,507,508				
Total Supplemental Allocation		\$ 41,608,644				
Success Metrics (FY 2017-2018)		13,027,960				
Success Equity Metrics - BOG Students (FY 2017-2018)		2,177,876				
Success Equity Metrics - Pell Students (FY 2017-2018)		2,634,530				
Total Student Success Incentive Allocation		\$ 17,840,365				
Total Gross Apportionment		\$ 181,517,303				
Less, Property Taxes		(48,121,820)				
Less, Enrollment Fees		(10,623,273)				
Total Net Apportionment		\$ 122,772,210				
Total Beginning Balance and Apportionment		\$ 136,349,487				
Less, Contingency Reserve (Board Policy at 5.00% or more)		(13,645,688)				
Less, DO Allocation		(9,407,264)				
Less, DSS Allocation		(20,796,369)				
Less, Outgoing Transfer for CSJCL (Resource 1120)		-				
Less, Outgoing Transfer for DSPS Match, FWS Support, etc.		-				
Total Funds for Per Credit FTES Calculation		\$ 92,500,166				
Target Credit FTES Target		30,524.79				
Total Funding Rate Per Target Credit FTES		\$ 3,030.3293				
		Moreno Valley	Norco	Riverside	DSS	DO
Total Funding Rate Per Target Credit FTES (Adjusted per Entity)	\$ 3,030.3293	\$ 3,119.1655	\$ 2,613.1535	\$ 3,170.9039		
Target Credit FTES Target	30,524.79	7,051.23	7,051.23	16,422.34		
Total Funds for Per Credit FTES Calculation	\$ 92,500,173	\$ 21,995,476	\$ 18,427,471	\$ 52,077,226		
FY 2017-18 Excess (Shortfall) of Budgeted Revenues	3,848,156	494,193	1,294,808	2,059,155	184,795	58,662
FY 2017-18 Excess (Shortfall) of Budgeted Expenditures	9,829,242	991,170	2,888,918	5,949,154	2,345,057	15,456,287
Non-Credit FTES (Base - 82.01 + Growth - 1.83)	280,612	18,877	-	261,735	-	-
Special Admit Students 820.73 + Incarcerated 37.42 (Credit FTES)	4,682,921	1,929,158	1,898,106	855,657	-	-
Federal Revenues	214,398	61,367	48,935	104,096	-	-
Other State Revenues	7,707,327	1,601,115	2,377,207	3,729,005	-	-
Local Revenues	66,918,075	14,536,012	15,118,090	37,263,973	269,284	-
Incoming Transfer from Bookstore (Resource 1110)	-	-	-	-	-	-
Total Available Funds	\$ 185,980,904	\$ 41,627,368	\$ 42,053,535	\$ 102,300,001	\$ 2,799,136	\$ 15,514,949
Base Expenditures for FY 2018-2019						
FY 2018-2019	(185,980,904)	(41,905,674)	(40,771,189)	(103,304,041)	(23,595,505)	(24,922,213)
Budget (Shortfall) or Excess	\$ (0)	\$ (278,306)	\$ 1,282,346	\$ (1,004,040)	\$ (20,796,369)	\$ (9,407,264)

**Riverside Community College District
Budget Allocation Model - Final Budget (continued)
FY 2018-2019**

Base Expenditures for FY 2018-2019	Total				Total		
	Colleges	Moreno Valley	Norco	Riverside	DSS	DO	DO/DSS
FY 2017-2018 Base Expenditure Budget	\$ 171,594,755	\$ 39,174,664	\$ 36,961,087	\$ 95,459,004	\$ 21,250,195	\$ 20,944,688	\$ 42,194,883
Step/Column and Personnel Adjustments	739,068	119,143	213,878	406,047	165,389	19,565	184,954
FT Increase (2.71% plus 2.00% plus fixed costs)	4,144,125	885,885	882,817	2,375,423	580,120	111,061	691,181
PT Increase (2.71% plus 2.50% plus fixed costs)	1,791,041	616,863	829,995	344,183	2,696	(884,634)	(881,938)
Fixed Charges (STRS, PERS, FICA, MC, UI, WC, GL, OPEB)	3,185,019	728,986	700,928	1,755,105	366,583	67,851	434,434
Indirect Budget for Current Year Transfers	-	-	-	-	-	477,513	477,513
Special Revenue Programs	1,235,917	122,682	719,001	394,234	(2,804)	-	(2,804)
Net Health/Dental/Life Insurance, exclusive of new positions	359,487	126,264	147,262	85,961	179,478	215,797	395,275
New Faculty Positions (12)	1,876,665	469,168	469,168	938,329	-	-	-
New Management/Classified Positions	96,693	-	-	96,693	-	730,235	730,235
College Classified/Management Position Allocation Awaiting Distribution	-	-	-	-	800,000	-	800,000
Chancellor's Innovation Fund for Student Success	-	-	-	-	-	200,000	200,000
Reverse Accumulated Budget Savings Allocation from FY 17/18	(7,250,000)	(1,674,750)	(1,674,750)	(3,900,500)	-	(750,000)	(750,000)
Net Remaining Accumulated Budget Savings Allocation for FY 18-19	6,534,491	1,184,614	1,449,377	3,900,500	53,848	110,137	163,985
Reverse One-Time Set-Aside from FY 17-18	-	-	-	-	-	(15,410,000)	(15,410,000)
Establish One-Time Set-Aside for FY 18-19	-	-	-	-	-	13,960,000	13,960,000
Establish One-Time Set-Aside for New ERP System	-	-	-	-	-	4,630,000	4,630,000
New Bookstore and Beverage Contracts Signing Bonus and Incentives	608,000	141,267	141,267	325,466	-	-	-
Contracts//Licenses Holding Account Awaiting Distribution	-	-	-	-	200,000	-	200,000
Election Cost	-	-	-	-	-	500,000	500,000
Intrafund Transfers	1,065,643	10,888	(68,841)	1,123,596	-	-	-
Base Expenditure Budget FY 2018-2019	\$ 185,980,904	\$ 41,905,674	\$ 40,771,189	\$ 103,304,041	\$ 23,595,505	\$ 24,922,213	\$ 48,517,718
% of Base Budget	79.31%	17.87%	17.39%	44.05%	10.06%	10.63%	20.69%
\$ Increase (Decrease) to PY Base Budget	14,386,149	\$ 2,731,010	\$ 3,810,102	\$ 7,845,037	\$ 2,345,310	\$ 3,977,525	\$ 6,322,835
% Increase/-Decrease to PY Base Budget	8.38%	6.97%	10.31%	8.22%	11.04%	18.99%	14.98%