In the 2007-08 fiscal year a Budget Allocation Model Task Force was convened--composed of faculty, staff, and management representatives from the several internal District constituencies--to develop a budget allocation model for the emergent three-college district--implementation in FY 2008-09.

In the fall of 2012, then Chancellor Gray indicated his desire “to thoroughly review our BAM model this spring (2013)” as a result of the District Budget Advisory Council (DBAC) Budget Allocation Model (BAM) assessment process and to determine if the allocation of resources in a three college district met our needs, via joint meetings of District, the three college presidents and himself. He further directed that this group should complete its work with respect to the development of a budget allocation model proposal by June 1, 2013. To this end, the group met numerous times during the period February 22-May 17, 2013, to review components of the budget allocation model, budget allocation principles and alternative methodologies. Revisions to the model were then made and presented to the Chancellor for approval and use in developing the 2013-14 budget proposal (Exhibit D). It should be noted that the BAM remains a work-in-progress, in part to assess the revisions that have been made and also to revisit some elements which require additional analysis, consideration and/or policy decisions. It will be reviewed again during the current fiscal year in preparation for use in the fiscal 2015 budget process. It should further be recognized that the BAM will always be considered a work-in-progress, because factors internal and external to the District will continue to change and the BAM must therefore continue to evolve in response.

The revised BAM will be presented to the District Strategic Planning Committee (DSPC) in October 2013 for review and acceptance. In addition, the DSPC will be asked to consider some of the elements that remain open and to recommend policy changes during this transitional implementation year.

BAM Principles

Considerable time was spent on budget allocation principles. Seven principles were established:

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.
Policy/Organizational Considerations

Also considered were a variety of policy and organizational matters. These are important considerations when it comes to resource allocation, each of which requires substantial discussion, thought and analysis. Four such considerations will be addressed prospectively. They are:

1. Defining the roles of the District vis-à-vis the District’s four major entities in the budget development and execution processes.
2. Defining the way in which compliance with statutory, regulatory and policy requirements shall be assured (e.g. FON, 50% Law, categorical match).
4. Defining DSPS services and funding levels.

BAM Revision Components

Nine revisions to the model were agreed upon to ensure that the BAM was responsive to the way in which the District has evolved as a multi-college district. These revisions will be reviewed in fiscal year 2013-2014 to determine if they have worked as envisioned. The revisions are as follows:

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.