AGENDA

I. Welcome and Call to Order

II. Approval of Minutes
   A. May 17, 2013 (BAM Revision)

III. BAM Revision – Continuation
   A. Policy/Organizational Issues:
      1. Defining the roles of the District vis-à-vis the District’s four major entities in the budget development and execution process.
         a. What is the expected level of services to be provided by the District Office? (DSPC)
      2. Defining the way in which compliance with statutory, regulatory and policy requirements shall be assured (e.g. FON, 50% Law, categorical match). (DBAC?)
      3. Defining self-insurance funding. (DBAC?)
      4. Defining DSP&S services and funding levels. (DBAC?)
   B. Implementation Issues:
      1. Personnel
         a. New Positions (Process)
            - Faculty
            - Classified
            - Administrators
         b. Budget adjustments (positive and negative) associated with:
            - Reclassifications
            - Reorganizations
            - Vacancy Rehires
            - Professional Growth
            - Step and Column
      2. Contracts/Agreements
      3. Utilities
      4. New Facilities Operating Costs
5. Capital Equipment (Furniture, Equipment, Computers)
6. Common/Shared Expenditures (Basis of Allocation)
   a. Student Systems (Ellucian)
   b. Financial/Budget System (Galaxy)
   c. Network Infrastructure (Hardware/Maintenance Agreements)
   d. La Sierra Loan Repayment
7. Entity Budget Alignment
8. Associate Faculty and Overload Budget Allocation Methodology
9. Mid-year Budget Adjustments from the State
10. Other Resources
    a. Parking
    b. Performance Riverside
    c. Community Education

IV. State Budget Update
V. Fall Meeting Schedule (on Friday’s - 9 a.m. to 11 a.m.)
   A. November 8, 2013 – RCC AD 109
   B. December 13, 2013 – RCC AD 109
MEETING MINUTES

Present

Aaron Brown, Vice Chancellor, Business and Financial Services (District)
Carrie Warren, Student (Riverside)
Charlie Wyckoff, Interim Vice President, Business Services (Riverside)
David Bobbitt, Interim Vice President, Business Services (Norco)
Mary Legner, Professor, Mathematics (Riverside)
Norm Godin, Vice President Business Services (Moreno Valley)
Pam Kollar, Classified Representative (District)
Paul Parnell, President (Norco)
Rachelle Arispe, Executive Administrative Assistant to the Vice Chancellor (Recorder)
Sandra Mayo, President (Moreno Valley)
Tom Allen, Associate Professor, English & Media Studies (Riverside)
Tom Wagner, Associate Professor, Business Administration (Norco)

Absent

Cynthia Azari, President (Riverside City College)
Gregory Gray, Chancellor
Jim Buysse, Consultant (District)
Jim Parsons, Associate Vice Chancellor, Strategic Communications and Relations (District)
Jennifer Lawson, Classified Representative (Riverside)
Gustavo Segura, Classified Representative (Moreno Valley)
Michael McQuead, Associate Professor, CIS (Moreno Valley)

I. Meeting was called to order

By Aaron Brown

II. Minutes

Kollar moved, and Bobbit seconded, approval of the amended minutes of May 10, 2013. Motion carried.

III. Review changes to the BAM Revision Proposal Submissions Matrix

  o No changes.

IV. Review Proforma BAM FY 2012-2013 (Version 3)

  o Brown distributed the sample FY 2012-13 Proforma BAM Revision (Version 3) which incorporated the changes suggested at the May 10th meeting.
The proforma begins with the prior year balance/contingency. It includes the implementation issues that were discussed at the previous meeting (i.e. DO/DSS allocation, transfers for self-insured liability, DSPS Match, FWS Support and backfill to categorical programs). On the bottom of the first page it shows the base expenditures for FY 2012-2013.

The second page of the proforma shows the base expenditure budget starting with a rollover of the prior year. Adjustments to the base include salary increases or adjustments, step and column/health and welfare, etc.; the totals by entity are reflected in the first page.

The current year redevelopment shortfall is not shown on the proforma since the State has indicated that we will receive a complete backfill.

- However, if there is a shortfall, we will receive less apportionment.
  - Prop 30 (EPA) is a component of our overall gross apportionment.
  - Enrollment fees and property taxes are in local revenues.

V. Review Proforma BAM FY 2013-2014 - 1st Year

- Brown distributed a sample of FY 2013-14 Proforma BAM Revision for the 1st year.
- Savings will roll over into the ending balance the 1st year (unspent funds total approx. 10.8 million).
- The Chancellor wants to re-distribute the budget (administrative costs) for “open campus” and other DO/DSS located functions to the colleges.
- The primary unresolved issues for the BAM are the “size” of the DO/DSS allocation and the methodology and timeline for transitioning each college so that base expenditures align with allocated funds.
- FY 2012-2013 mid-year restoration is approximately 300 FTES (final number comes out at P1 next year).
- Estimated FY 2013-2014 restoration FTES is 400.
  - Enrollment Management Committee to allocate FTES
  - 100 FTES split between Moreno Valley College and Norco College, and the remainder is divided between the three colleges based on FTES percentage
- The BAM funding rate per credit FTES needs to be applied to the target FTES in order for the BAM to balance.
- If COLA was passed along in the form of salaries it would be included on the second page in base expenditures.
- The Presidents and Chancellor decided to split the Barnes and Noble signing bonus as follows: RCC 50% / MVC 25% / NC 25% (Mayo will send Brown an email confirming the split.
- Members agree to add an asterisk to the transitional items listed on the proforma.

VI. Review Proforma BAM FY 2013-2014 – 2nd Year

- Brown distributed a sample of FY 2013-214 Proforma BAM Revision for the 2nd year, which includes the same numbers as the first year to aid in understanding how year 2.
- Senior Education funds are located under non-credit FTES
- A full FTES model does not take into consideration other expenses
  - Same Instructional programs (e.g. Cosmetology, Nursing, etc.) are more expensive but FTES rates do not factor the expense into their rate.
- A state budget shortfall is handled year-to-year and must be handled with respect to enrollment allocations, resource allocations and base expenditures.
- Allen suggested we need to cut some costs, especially in salary which would help the shortfall.
- Mayo suggested the need to evaluate the BAM after 6 months to see what is working or not working and make adjustments, if needed.
Parnell recommended to the group that we go to District Strategic Planning Committee. We have policy issues that need to be resolved.

VII. **Action Items**

- Brown will forward detail breakdown by college for DSS and categorical as requested by Godin
- Brown will finish the BAM Revision with the basic structure as discussed
- Members need to plan a discussion with the District Strategic Planning Committee (DSPC) regarding policy/transitional issues.
  - Group needs to combine a meeting with DBAC and DSPC
  - Group needs to define recommendations to DSPC for the Fall
  - Group needs to recommend that DSPC form a sub-committee to discuss District service level expectations since a common perception is that too many resources are devoted to the “District”.
- Members think the cost of District Support Services needs to be assessed every year.
- Brown commented that once we know what service levels the District is to provide, we can then address the BAM transitional issues to start moving towards equilibrium between revenues and expenditures for each of the colleges.

VIII. **Next Meetings**

- Canceled Spring Meeting Schedule (May 24th and May 31st)
- Brown will distribute a new DBAC meeting schedule for Summer through Fall (by email)
BUDGET ALLOCATION MODEL

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.
### Contingency Budget from FY 2012-2013
- **Contingency from 2012-2013**: $4,560,030
- **Increase from Budgeted 2012-2013 Revenue**: 1,979,979
- **Unspent 2012-2013 Expenditure Budget**: 4,867,400
- **Unaudited Beginning Balance, July 1, 2013**: $11,407,409

### Apportionment
- **Basic Allocation**: $10,518,225
- **Cr FTES (MVC - 5,759.35; NC - 5,759.35; RCC - 13,521.95 (25,040.64))**: 114,306,160
- **COLA at 1.57%**: 1,962,601
- **Growth at 2.26% (MVC - 130.79; NC - 130.79; RCC - 304.61 (566.19))**: 2,625,127
- **Total Gross Apportionment**: $129,412,113
- **Less, Property Taxes**: (28,964,492)
- **Less, Enrollment Fees**: (9,017,497)
- **Total Net Apportionment**: $91,430,124

### Total Beginning Balance and Apportionment
- **Total Beginning Balance and Apportionment**: $102,837,533
- **Less, Contingency Reserve at 3.81% (Board Adopted at 5% or more)**: (6,358,532)
- **Less, DO Allocation**: (3,543,772)
- **Less, DSS Allocation**: (17,138,702)
- **Less, Outgoing Transfer for Self-Insured Liability (Resource 6100)**: (1,500,000)
- **Less, Outgoing Transfer for CSJCL (Resource 1120)**: (99,373)
- **Less, Outgoing Transfer for DSPS Match and FWS Support**: (997,493)
- **Less, Outgoing Transfer for Backfill Support to Categorical Programs**: (215,625)
- **Total Funds for Per Credit FTES Calculation**: 72,984,036
- **BAM Funding Rate Per Credit FTES**: $2,819,4448

### Total Available Funds
- **Total Available Funds**: $120,738,051
- **Base Expenditures for FY 2013-2014**: (120,738,051) (29,079,540) (23,946,149) (67,712,362)
- **Budget (Shortfall) or Excess**: $ (1,613,190) 3,540,304 (1,927,114)
## Exhibit D

**Riverside Community College District**  
**Revised Budget Allocation Model - Final Budget**  
**FY 2013-2014**

<table>
<thead>
<tr>
<th>Base Expenditures for FY 2013-2014</th>
<th>Total</th>
<th>Colleges</th>
<th>Moreno Valley</th>
<th>Norco</th>
<th>Riverside</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2012-2013 Base Expenditure Budget</td>
<td>120,738,051</td>
<td>29,079,540</td>
<td>23,946,149</td>
<td>67,712,362</td>
<td></td>
</tr>
<tr>
<td>% of Base Budget</td>
<td>85.26%</td>
<td>20.53%</td>
<td>16.91%</td>
<td>47.82%</td>
<td></td>
</tr>
<tr>
<td>$ Increase (Decrease) to PY Base Budget</td>
<td>10,493,360</td>
<td>3,336,857</td>
<td>2,431,746</td>
<td>4,742,757</td>
<td></td>
</tr>
<tr>
<td>% Increase/Decrease to PY Base Budget</td>
<td>9.52%</td>
<td>12.96%</td>
<td>11.21%</td>
<td>7.53%</td>
<td></td>
</tr>
</tbody>
</table>

| Position Step and Column Adjustments | 595,693     | 145,857     | 170,156       | 279,680   |
| Health/Dental/Life Insurance        | 609,866     | 150,194     | 98,712        | 360,960   |
| Fixed Charges (STRS, PERS, FICA, MC, UI, WC) | (793,775) | (189,682)    | (156,288)     | (447,805) |
| Budget Reduction Strategy           | (40,496)    | (7,085)     | (8,093)       | (25,318)  |
| Growth, Placement Adjustments, Reclassifications | 846,002 | 284,952      | 317,312       | 243,738   |
| Set-aside for Compensation Adjustment (1.57%) | 1,383,432 | 331,705      | 276,903       | 774,824   |
| New Positions                       | 827,736     | 470,259     | 238,318       | 119,159   |
| Enrollment Management/Budget Alignment Associate Faculty/Overload | 2,245,095 | 895,064      | 547,386       | 802,645   |
| Budget Reallocations between Entities | 2,198,052 | 533,736      | 441,783       | 1,222,533 |
| Barnes and Noble Signing Bonus Usage | 600,000    | 150,000     | 150,000       | 300,000   |
| Contracts/Agreements/Licenses       | 90,739      | 21,186      | 17,721        | 51,832    |
| Utilities Holding Account           | -           | -           | -             | -         |
| Use of Facilities, Customized Solutions Contracts and other | 233,713 | 66,069       | 55,239        | 112,405   |
| La Sierra Loan Repayment (Year 1 of 5) | 1,047,623 | 244,602      | 204,597       | 598,424   |
| Off-Year Board of Trustees Election | -           | -           | -             | -         |
| RCC Useable Common Area Project     | 349,680     | -           | -             | 349,680   |
| New Facilities - Moreno Valley College SAS; Norco College NOC | 300,000 | 240,000      | 60,000        | -         |

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<th>DO</th>
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<td>$19,707,561</td>
<td>$3,690,086</td>
<td>$23,397,647</td>
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<tr>
<td>% of Base Budget</td>
<td>12.4%</td>
<td>2.50%</td>
<td>14.74%</td>
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## A. Principles

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## C. Proposed BAM Revision Components

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