RIVERSIDE COMMUNITY COLLEGE DISTRICT

Budget Allocation Model Revision Project

AGENDA

March 15, 2013
RCC AD 109
9:00 - 11:00 a.m.

I. Welcome and Call to Order

II. Approval of Minutes

   i. February 22, 2013

III. Discussion of submitted BAM Revision Proposals

IV. Next Steps

V. Next Meetings

   i. BAM Revision/DBAC Meeting Schedule (9am-12pm)

      o Friday, March 22 (DL 409)
      o Friday, April 5 (DL 409)
      o Friday, April 19 (AD 109)
      o Friday, April 26 (DL 409)
      o Friday, May 10 (AD 109)
      o Friday, May 17 (DL 409)
      o Friday, May 24 (DL 409)
      o Friday, May 31 (DL 409)
I. Introduction
   a. Aaron Brown introduced Dr. Buysse to lead the meeting

III. What is the BAM and what is it intended to do?
   a. A few pages of the BAM handout were reviewed and discussed with the members
   b. For the BAM process you must consider location, culture and geography

IV. Origin and History
   a. The Pre-Bam World (“Budget Bunch”)
      i. One institution with two satellite campuses (Spring 1992)
   b. FY 2007-2008: The Beginning
      i. Faculty and staff were involved in the creation and presentation of the BAM for the 3 College Accreditation
V. **BAM Realities**

a. There is no perfect model and budget allocation models are frequently revised
b. FY 2008-2009 there was a global fiscal free fall
   i. The State was late with the budget and our reserves were considered too high at 15% revenue
c. We need to look at the structure of the budget
d. The BAM should take into consideration accreditation and Student Success Initiative

VI. **The BAM “To Do” List**

a. There is a transitional legacy issue with the part-time faculty budgets
   i. FY 2008-2009 was the first time the part-time budgets were split
   ii. A realignment of the part-time faculty budget by college needs to be made
b. Add “College Autonomy” to the BAM
c. What are the fundamental principles you want in the BAM?
d. What is “most important” to each college?

VII. **Dr. Gray: Comments**

a. Thinks the BAM was a good tool
b. Many shifts have taken place since the economic downfall
   i. There is a multi-million shortfall of redevelopment money
c. There needs to be revisions to the BAM
   i. How do we allocate resources?
d. Plan to issue a budget letter to all Presidents on June 1, 2013 showing how much their college allocation is
e. Wants colleges to share more fiscal autonomy
f. What is the role of the District?
g. Strategic Planning - How will it fit into the BAM?
h. The District and College Program Review evolves to a budget proposal
   i. What new programs are needed or not needed?

VIII. **Next Steps**

a. At next DBAC meeting – need to discuss DBAC survey results
b. Presidents to email BAM revision recommendations to Aaron Brown as soon as possible. The revision recommendations will be reviewed at next BAM Revision meeting.
c. Dr. Gray would like another BAM Revision Project meeting in two weeks (March 15, 2013)
d. Dr. Gray wants to solicit agenda topics, and set meeting dates for the remainder of the semester

IX. **Meeting Schedule**

a. BAM Revision meeting scheduled for Friday, March 15, 2013 (AD109)
## Principles

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<tr>
<td>1</td>
<td>The BAM should be simple and as easy to administer as possible</td>
<td>X</td>
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<td>2</td>
<td>The BAM should be transparent</td>
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<td>3</td>
<td>The BAM should be independently verifiable</td>
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<td>4</td>
<td>The BAM should be predictable</td>
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<td>5</td>
<td>The BAM should be justifiable</td>
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<td>6</td>
<td>The BAM should provide incentives and disincentives</td>
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<td>7</td>
<td>The BAM should be data driven</td>
<td>X</td>
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<td>8</td>
<td>Categorical Program Maintenance of Effort needs to be maintained</td>
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<td>9</td>
<td>Operating Budget Structural Balance Equilibrium (Ongoing Revenues match Ongoing Expenditures)</td>
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<td>10</td>
<td>Policy, Program and Planning Decisions drive the BAM</td>
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<td>11</td>
<td>Enrollment Management Decisions Drive the allocation of Resources</td>
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<td>12</td>
<td>Establish the link between resources allocation and strategic planning at College and District (e.g. role of program review and integration of District planning on college planning)</td>
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<td>13</td>
<td>Colleges should be provided a budget that includes the realignment of part-time faculty allocations and colleges should control their budgets</td>
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<td>14</td>
<td>Develop a process to link growth of the colleges with capacity for expansion in the college and needs of the community</td>
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## Policy/Organizational Considerations

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<td>1</td>
<td>Establish College and District roles in budget development and control (e.g. refilling frozen positions; maintaining compliance with FON and 50% law)</td>
<td>X</td>
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<td>2</td>
<td>Reduce District Administration through decentralization of functions, clear definition of roles and allocation of District Human Resources to colleges in identified areas</td>
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<td>3</td>
<td>Define how to deal with Prop 30 revenues (one-time funds allocated on an annual basis)</td>
<td>X</td>
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<td>4</td>
<td>Improve the perception of faculty that the District functions receive too many resources (Charge Colleges for District Support Services based on the size of the college and percentage of the budget)</td>
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## Proposed BAM Revision Components

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<td>Allocate budget based on FTE allocation - no differential funding until the State provides differential funding</td>
<td>X</td>
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<td>2</td>
<td>Correct the Base Allocation among colleges (establish base and increase as resources increases) a. Full-time Faculty based on FON by college/ b. Part-time faculty based on history/ c. Library resources based on FTES/ d. Grounds based on acreage/ e. Custodial based on square footage/ f. Management base level/ g. Student support services based on number of students served (e.g. students served per counselor)</td>
<td>X</td>
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<td>3</td>
<td>Reward student success measures at each college to reflect the Student Success Initiative at the State level</td>
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<td>4</td>
<td>Permit College/District to rollover budget savings from one year to the next; held in a contingency account (may count towards District reserves)</td>
<td>X</td>
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<td>5</td>
<td>Colleges should retain revenues generated as a result of entrepreneurial efforts</td>
<td>X</td>
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<td>6</td>
<td>Maintain a 5% Fund Balance Reserve (minimum)</td>
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<td>7</td>
<td>Maintain an additional 1% Fund Balance Reserve for Economic Uncertainty (Retain at College Level)</td>
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<td>X</td>
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<td>8</td>
<td>Provide lump sum support for Categorical Programs (In addition to State funding. College based priorities.)</td>
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<td>X</td>
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<td>9</td>
<td>Provide lump sum support for Instructional Equipment (including technology (Districtwide Infrastructure and Software))</td>
<td>X</td>
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<td>10</td>
<td>Provide lump sum support for Non-Instructional Equipment (including technology (Districtwide Infrastructure and Software))</td>
<td>X</td>
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<td>11</td>
<td>Child Care Centers, Food Services, Performance Riverside and Contract Education must be self-sustaining</td>
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<td>Provide support for Employee Benefits/Self-Insurance Programs</td>
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<td>Provide support for New College Programs/Initiatives (College based priorities)</td>
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<td>Provide support for Expanded College Programs/Initiatives (College based priorities)</td>
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<td>Provide support for Operating Costs of New Facilities</td>
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<td>X</td>
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<td>Provide support for New Positions</td>
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<td>Provide support to fund Collective Bargaining Agreement costs (e.g. Step and Column, etc.)</td>
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<td>Retain Indirect Cost Revenue at College level to provide seed funding for grant expansion</td>
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<td>Provide for common core operating and capital costs (Email Systems, Network Infrastructure, Cabling, Student Information System, Budget and Financial System, Audit, Legal, Election Costs, Utilities)</td>
<td>X</td>
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<td>District Office and District Support Service Cost Treatment (since Non-FTES generating)</td>
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Aaron,

We appreciate the opportunity to provide initial feedback on the current District BAM as well as ideas for a revised model.

While it is tempting to have a 'simple' District BAM the complexity of higher education institutions; the State's funding model and related constraints & multitude of restrictions along with the diversity of our three colleges will require a BAM that recognizes all of these factors and others, of which will most likely result in a relatively complex model that is needed to provide equity, promote efficiency and effectiveness and other important objectives.

Presented below are District BAM principles & components that MVC's administration endorses. It is worthy to recognize that further input will be sought from various college constituency groups & committees as this effort moves forward. Please let me know if you desire further information.

**BAM Principles (E = Existing & Endorsed; N = New)**

- E - The model should be **as simple and as** easy to administer **as possible**
- E - The model should be transparent
- E - The model should be Independently Verifiable
- E - The model should be predictable
- E - The model should be justifiable
- E - The model should provide incentives and disincentives, e.g.:  
  - N - Greater contingency should be retained at college level
  - N - Indirect cost revenue should be retained at college level to provide seed funding for grant expansion
- E - The model should be data driven, e.g. recognize the diversity of program costs
- E - The model should be needs driven
- E - The model should compliment support District and College Mission & Goals
- N - The model should support regulatory compliance, e.g. 50% Law; FON (at college level), etc.

**BAM Components (E = Existing & Endorsed; D = Delete; N = New)**

- E - Maintain a 5% Fund Balance Reserve
- E - Maintain an additional 1% Fund Balance Reserve for Economic Uncertainty (retain at college level in the form of administrative contingency)
- E - *Provide support for Categorical Programs (In addition to State provided Categorical Funds)
- E - *Provide support for Instructional Equipment (Including technology)
- E - *Provide support for Non-Instructional Equipment (Including technology)
- E - *Provide support for the Federal Work Study Program
- D - **Provide support for the Child Care Centers
- D - **Provide support for Food Service Operations
- D - **Provide support for Contract Education
- D - **Provide support for Performance Riverside
E - Provide support for Employee Benefit/Self Insurance Programs
E - *Provide support for New College Programs/Initiatives
E - *Provide support for Expanded College Programs/Initiatives
E - Provide support for Operating Cost of New Facilities (e.g. Student Academic & Services Building)
E - *Provide support for New Positions
E - Provide support to fund collective bargaining agreement cost increases (step & column, etc.)
D - ***Provide support to offset fixed costs for MVC & NC (small colleges)
D - ****Provide support to fund an Enrollment Efficiency Incentive
N – Retain Indirect Cost Revenue at college level to provide seed funding for grant expansion

*college to determine priority for each based on program review and lump sum provided to support such initiatives (a.k.a. ‘the Chancellor’s Letter’)
** Enterprises must be self-sustaining
*** Already provided in base budget
**** colleges should operate in an efficient manner and will be rewarded should a portion of the reserve be retained at the college level in the form of administrative contingency

Norm Godin, MBA
Vice President Business Services
Moreno Valley College
16130 Lasselle Street
Moreno Valley, CA 92551
951-571-6341
BAM Priorities

1. Correct the Base allocation among colleges (establish base and increase as resources increases)
   a. Full-time Faculty based on FON by college
   b. Part-time faculty based on history
   c. Library resources based on FTES
   d. Grounds based on acreage
   e. Custodial based on square footage
   f. Management base level
   g. Student support services based on number of students served (e.g. students served per counselor)
2. Allow colleges to retain self-generated revenue
3. Establish College and District roles in budget development and control (e.g. refilling frozen positions; maintaining compliance with FON and 50% law)
4. Improve the perception of Faculty that the District functions receive too many resources (Charge Colleges for District Support Services based on size of college and percentage of the budget)
5. Establish the link between resource allocation and strategic planning at college and district (e.g. role of program review and integration of District planning on college planning)
6. Define how to deal with Prop 30 revenues
7. Reward student success measures at each college to reflect the Student Success Initiative at the State level
8. Permit College/district to rollover budget savings from one year to the next.
9. Develop a process to link growth of the colleges with capacity for expansion in the college and needs of the community.
As discussed.

-----Original Message-----
From: Wyckoff, Charles
Sent: Saturday, February 23, 2013 5:36 PM
To: Brown, Aaron
Cc: Azari, Cynthia
Subject: BAM Revision Proposals

Hi Aaron,

Dr. Azari and I have discussed this and the following represents our combined response to the request made at yesterday's meeting.

1. Reduce district administration through decentralization of functions, clear definition of roles and allocation of district human resources to colleges in identified areas

2. Allocate budget based on FTE allocation – no differential funding until the state provides differential funding

3. Colleges should be provided a budget that includes the realignment of part-time faculty allocations and colleges should control their budgets

4. Annual general fund savings should be held at the colleges in a contingency account (may count towards district reserves)

5. Colleges should retain revenues generated as a result of entrepreneurial efforts

Charlie

This Footer added by RCCD Information Services:

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Percent Increase/Decrease to Base Budget

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<tr>
<td>Total</td>
<td>$ 1,485,440</td>
<td>$ 1,524,065</td>
<td>$ 1,551,790</td>
<td>$ 1,579,525</td>
<td>$ 1,607,260</td>
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<tr>
<td>Revenue</td>
<td>1.60%</td>
<td>2.84%</td>
<td>3.11%</td>
<td>2.87%</td>
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<tr>
<td>Non-Revenue</td>
<td>$ 606,900</td>
<td>$ 634,520</td>
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<td>$ 680,000</td>
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<tr>
<td>Total</td>
<td>$ 2,092,340</td>
<td>$ 2,159,585</td>
<td>$ 2,202,880</td>
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<td>Revenue</td>
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Expenditures

Proceeding Allocation Increment/Expenditure Reductions

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Budget Allocation Model - Final Budget

Riverside Community College District