

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT
DISTRICTWIDE RESOURCE BUDGET ALLOCATION MODEL
GENERAL FUND – UNRESTRICTED BUDGET

Fiscal Year 2010-11

Background

Effective in fiscal year 2003-04, the District set aside the then-existing budget allocation model, which had been used to distribute district resources for the prior six years.

The model was primarily revenue driven while providing for college base allocations and other fixed costs which did not necessarily equate directly to FTES generations. As such, the model relied both on revenue (FTES) and expenditure elements (dual characteristics) to serve as the mechanisms to produce the colleges and district level budget allocations. The model was, however, primarily FTES driven, with no cap placed on the funding of growth. As the colleges evolved over time, the shift of resources favored the college(s) growing most rapidly and disadvantaged the college(s) growing more slowly, and the movement happened in an uncontrolled fashion. As a result, the model had been adjusted several times during its six-year period, and was believed to no longer meet the needs of the district and its colleges.

In 2003-04 when we set the model aside we distributed resources using the fiscal year 2002-03 allocation as a base, increased or decreased proportionately based on changes in available resources. That process continued over the past four years. Although today we have a method to distribute funds, we do not have an agreed-upon budget allocation model. Distribution of new resources does not consider how the colleges have evolved since 2003-04. Our current method of distributing funds does not reflect how we receive our funding from the state, the uniqueness of our colleges, nor the priorities of the district. In addition, the lack of an agreed-upon allocation model has been cited in the accreditation reports and will be a major issue if not resolved soon.

For the past several months the District Council on Administrative Services (DCAS) and the Cabinet have been working simultaneously toward identifying the features of a model that would reflect the unique characteristics of each college, while recognizing how we are funded by the state, and be perceived as more equitable than the current arrangement.

In accordance with the commitment to the Board to regularly review the model components to ensure a more sustainable model that incorporates variables that are meaningful, readily defined, easily measured, and consistently reported, the District Council of Administrative Services (DCAS), reviewed the model during the first part of 2009 and recommended modifications to the Class Schedule Delivery Allocation and the FTES Allocation segments of the model. The Board of Trustees approved the recommended changes at its March 2009 Meeting.

Elements of the Model

The district recognizes the value in developing a model with dual characteristics, i.e. one that includes elements based on both revenue (FTES), as well as expenditures. The model must consider how the colleges have evolved, and be responsive to changes that will occur in the future. The model must also consider how we are funded from the state. The model must be objective based, formula-driven, readily understood, reasonably applied, flexible and responsive, widely communicated, adequately documented, and perceived as equitable.

The proposed allocation budget model addresses the distribution of resources, and is not prescriptive in how funds are to be spent at the various locations (colleges and district office). The district acknowledges differences between its colleges and recognizes the colleges' needs to direct their resources based on their own plans and objectives in meeting the needs of their diverse populations and constituencies. The colleges have separate and specific budget development processes unique to each college, reflecting their organizational culture and priorities. It is at this level that the budget must be tied to each college's strategic plans and address accreditation requirements. DCAS will consider processes/templates to be used for this purpose.

Revenue

The proposed budget allocation model is designed for the distribution of general fund-unrestricted revenue only. Other sources of funding are allocated either by the state directly to a specific college or the district has agreed on a separate allocation method for those funds.

All general fund – unrestricted revenue will be distributed through the model, including, but not limited to, state apportionment for FTES, local revenues such as lottery, non-resident tuition, interest income, and miscellaneous revenue traditionally accounted for in the general fund – unrestricted.

Districtwide Support

The district recognizes that it is fiscally prudent to provide some services centrally through the operation of a district office (District Administrative Center – DAC). These services should primarily represent those functions that can be most effectively and efficiently administered in a centralized fashion.

The allocation model will continue to provide a pool of resources to support expenditures required to meet general Districtwide obligations such as property and liability insurance, legal expenses, local match for scheduled maintenance programs, governing board expenses, financial and compliance audits, central technology hardware, software and management services, and other activities which support the district as a whole and cannot be conveniently or economically assigned to the other operating locations.

The district will continue to account for utilities at a central location, so as to mitigate the significant differences in utilization due to building size, construction, age, and climatic conditions affected by college locations.

Although no funding is being proposed in the initial year, the district is allowing for future consideration/funding of college initiatives that may require special start-up funding or other special allocations which will be made through the model.

College Allocations

In an attempt to develop a model that would be accepted as fair and equitable, areas of differences or unique characteristics between the colleges, as well as similarities, were identified. A model that considers and reflects these differences is consistent with the objective of equitability.

The differences, unique characteristics, and similarities identified include, but are not limited to:

- Facility constraints/classroom capacity on each campus
 - How many rooms hold 25, 35, 100, etc. students?
 - How will capacity change over the new few years?
- Program Mix - mix of general education and vocational programs
 - Does each college have the same proportion of vocational/career tech to general education classes?
 - Does the difference in program costs impact the college's decision on what programs to maintain or develop?

- **Students' level of educational preparedness**
Does each college have the same proportion of students who are prepared to take college level classes? Are needs for basic skills classes the same? (Some of the additional requirements/services of these students are to be met through special funding, such as categorical, not necessarily general fund – unrestricted dollars distributed through this model)
- Does each college have the same proportion of senior faculty (salary schedule placement)?
- How do fulltime / part time ratios of faculty compare?
- Are the contractual obligations, such as reassigned time and leaves, disproportionately distributed?
- What are the similarities/differences in core services?
- How does the size of each student body compare? (FTES)

Year - end Balances

The allocation model recognizes the incentive in allowing budget locations to maintain their unexpended funds for future needs.

Mechanism of the Model

Revenue

All projected general fund – unrestricted revenue will be included. Projected restoration and growth revenue will not be included until the year after it is earned.

Districtwide Support

Districtwide Services (DWS)

The definition of DWS will be reviewed regularly. Components and specific line item budgets will be considered each year by DCAS for inclusion in this budget category.

Utilities

The budget for utilities will be based on historical and projected rates and usage, and presented to DCAS for review and concurrence.

District Administrative Center (DAC)

The District Administrative Center will receive a percentage (initially 5.8%) of projected revenue. If, after review, it is determined that specific budget items are reassigned between DWS and DAC, the percentage of revenue will change accordingly, maintaining the same effective rate.

As part of the FY07 Tentative Budget, costs were redirected and the DAC's proportionate percentage was increased to 6.4% as a part of the implementation of the Model.

College Initiatives

There is no specific recommendation for funding this line-item for 2007-08; however, the line item will be retained for future consideration.

College Allocations

Class Schedule Delivery Allocation

Using each college's productivity factor (as defined below) and FTES from the current year, derive a Full Time Equivalent Faculty (FTEF) number for the budget year. The college will receive an allocation for the actual cost (salary and benefits) for the full time classroom faculty currently employed. This allocation will be adjusted to reflect non-teaching assignment for these faculty, such as those on leave or reassigned time, and planned additional full-time faculty for the budget year. The balance of the allocation will be distributed based on the average cost of a non-contractual FTEF.

The productivity factor (which is the college's average weekly student contact hours (WSCH) taught by a full time faculty equivalent (FTEF)) reflects, among other things, differences in class sizes (and subsequently costs) due to facility limitations, program mix, and educational preparedness of the student population of each college. Effective FY10, the model utilizes an average of a budget year productivity factor (i.e. the goal) and the prior year actual productivity factor.

The productivity goal for a budget year will be independently set for each college, and will be based upon historical data and take into consideration a college's unique circumstances and the economic environment. Because a portion of funding to a college will be based on that goal, it is essential that the productivity goal-setting process be thoughtful and have integrity. It is therefore recommended that each college's goal-setting team, which may include not only the college president, but also the instructional and business vice presidents as well as the academic senate president, establish a process to project a realistic and attainable goal.

The college president will then meet with the chancellor and the chancellor will set the goal.

Base Allocation (Fixed Allocation)

Each college will receive an equal dollar amount that recognizes the fixed expenses/core services associated with operating a college regardless of the size of its enrollment.

This base allocation is established at 15% of revenue available for distribution, divided equally among the colleges. This will result in an increasing base allocation as revenue increases.

FTES Allocation

The remainder of the available revenue is allocated to the colleges proportionate to their FTES (%) actually earned in the prior year, and recognizes how the District receives the bulk of its revenue through SB361.

Colleges will be funded proportionate to their FTES (%) for their actual growth up to the maximum percentage that the District was funded. Each college may then carry unfunded FTES (as does the District as a whole), and be entitled to use that excess if and when the District does. By using a blended average in the productivity factor as recommended above, colleges are not penalized for "overgrowth" if attained through efficiencies, i.e. less costs.

Transition/Implementation Funding

As implementation of the new allocation model may shift resources, the district recognizes the need to provide for stability during the transition for colleges to gradually move towards full implementation of a model.

During the implementation year, FY08, \$2 million of total revenue will be allocated 50% each to Oxnard and Ventura colleges. In FY09, \$1 million of available resources will be allocated 50% each to Oxnard and Ventura colleges. Once applied, the amount of transition/implementation funding will then be assessed to ensure the colleges are able to transition without undue financial hardship.

Carry-over

In addition to the allocation derived through the mechanism of the model, the colleges and district office will be allowed to carry-over any unexpended funds as of June 30 into the new budget year, up to a maximum of 1% of their respective prior year budgets. (There is no maximum for carryover from June 30, 2007 to July 1, 2007). These amounts will be placed in a designated reserve as of June 30, to be distributed for expenditures as of July 1 of the budget year.

In Summary

The Districtwide resource budget allocation model must be complex enough to reflect the unique characteristics of our colleges and the needs of a multi-college district while recognizing how the district is funded from the state, yet simple enough to be readily understood, easily maintained, and transparent. Finally, it must be driven by factors which command accountability, predictability, and equity.

Overall, the model addresses the Basic Principles for a budget allocation model previously adopted by the board. It utilizes formulas and variables that have been meaningfully studied, readily defined, easily measured, and consistently reported. As with the budget itself, no model will ever be perfect and it is doubtful that the district will ever achieve complete consensus as to how its resources should be distributed; however the model as proposed comes as close to that consensus as we can reasonably expect. DCAS and Cabinet have independently reviewed this proposed model and concur that it meets the budget principles established by the board and is "fair and equitable" for all colleges and the district operational units. Annually, the model will be reviewed by DCAS and Cabinet and revised consistent with the requirements identified and agreed upon at that time. Any proposed revisions to the model will be presented to the board for approval with the budget assumptions document.

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT
GENERAL FUND- UNRESTRICTED (Fund 111)
REVENUE PROJECTIONS - FY11

ACCOUNT DESCRIPTION				2009-10 ADOPTION BUDGET	2009-10 ACTUALS	2010-11 ADOPTION BUDGET	Change FY10 Actual VS FY11 Adoption
RATE							
BASIC ALLOCATION							
FY10=	2 Medium College @	\$	3,875,136	7,750,272	7,750,272		
	1 Small College @	\$	3,321,545	3,321,545	3,321,545		
FY11=	2 Medium College @	\$	3,875,136			7,750,272	
	1 Small College @	\$	3,321,545			3,321,545	
CREDIT FTES							
FY10=	26,317 FTES	@	\$ 4,565	120,280,119	120,131,091		
FY11=	25,362 FTES	@	\$ 4,565			115,774,873	
NON CREDIT FTES							
FY10=	510 FTES	@	\$ 2,745	1,365,120	1,399,105		
FY11=	479 FTES	@	\$ 2,745			1,314,725	
APPORTIONMENT WORKLOAD REDUCTION FY10							
CREDIT	(954) FTES	@	\$ 4,565	(4,420,000)	(4,356,217)		
NON CREDIT	(30) FTES	@	\$ 2,745	(80,000)	(84,380)		
TOTAL GENERAL APPORTIONMENT				128,217,057	128,161,415	128,161,415	-
CURRENT YEAR ADJUSTMENT (Deficit)				-	(144,848)	-	144,848
PRIOR YEAR ADJUSTMENT (Recalc)				-	397,831	-	(397,831)
FUNDING SETTLEMENT (SB1133)				-	-	-	-
PT FACULTY EQUITY COMP				408,000	613,581	556,000	(57,581)
ENROLL FEE WAIVERS (2%)				89,000	101,910	102,000	90
LOTTERY PROCEEDS				3,067,000	3,259,740	3,200,000 [b]	(59,740)
LOTTERY PROCEEDS PRIOR YEAR				-	4,150	-	(4,150)
PT FACULTY OFFICE HOURS				-	21,682	-	(21,682)
INTEREST INCOME				1,000,000	1,060,988	1,000,000	(60,988)
ENROLL FEES - LOC SH (2%)				184,000	223,440	224,000	560
NONRES TUITION - INTL				770,000	691,339	670,000 [a]	(21,339)
NONRES TUITION - DOM				880,000	992,033	960,000 [a]	(32,033)
OTHER LOCAL REVENUE				150,000	298,184	298,000	(184)
TOTAL OTHER REVENUE				6,548,000	7,520,030	7,010,000	(510,030)
TOTAL GENERAL FUND UNRESTRICTED REV				134,765,057	135,681,445	135,171,415	(510,030)

FTES:

FY10 = 29,218 actual , 25,841 funded

FY11 = 29,218 projected actual , 25,841 projected funded

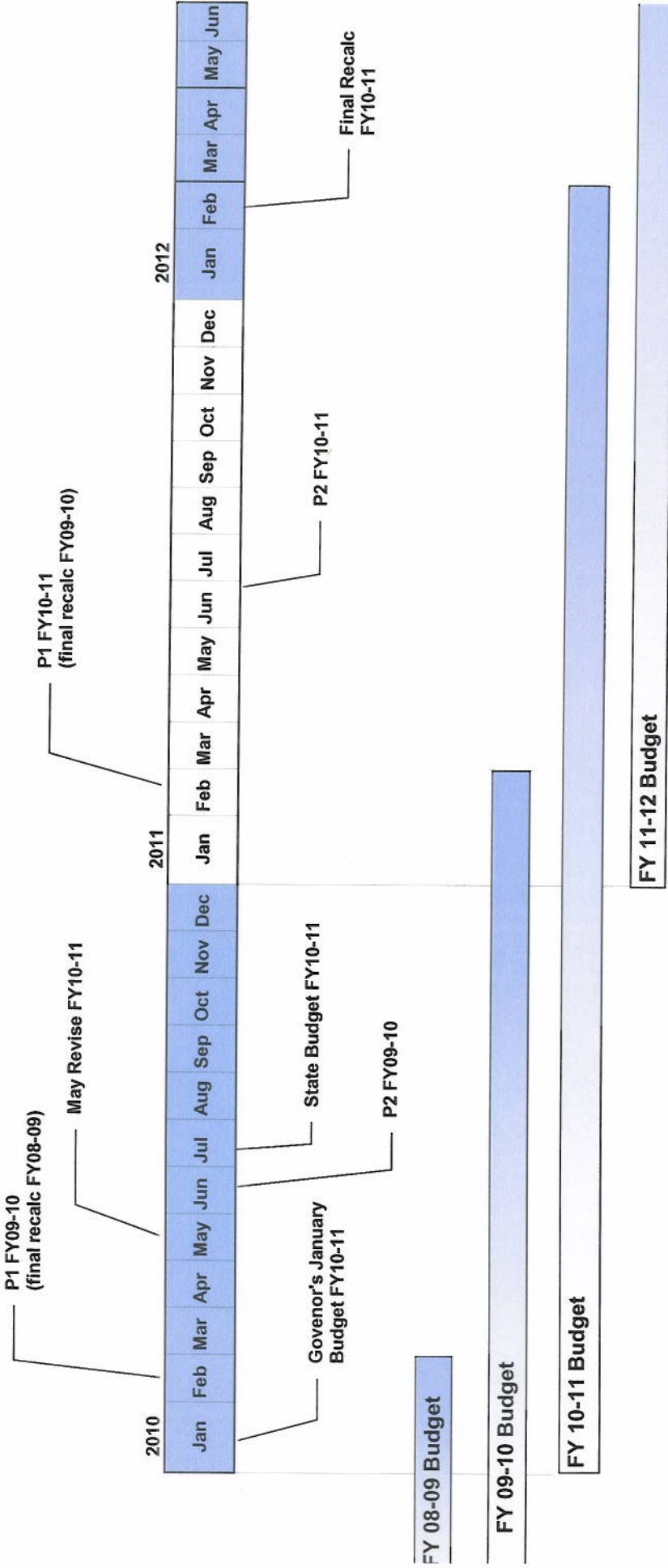
[a] Decrease in NonRes fees of \$6, from \$189 to \$183 per unit, assumes flat enrollment.

[b] 29,634 FTES (29,218 Resident & 416 Non Res) @ 108 per FTES. Lottery paid on actual FTES.

Districtwide Services Budget

Fund	Orgn	Title	FY10 Adoption	FY10 Actuals	FY11		FY11 vs FY11 Tentative vs Adoption
					Tentative	Adoption	
111	82011	Personnel Comm. Operations	44,461	41,962	44,527	44,527	-
111	82099	Leg Adv Consultant/State Mand Cost	9,200	9,200	9,200	9,200	-
111	82100	Board Election	-	-	100,000	100,000	-
111	82101	Board of Trustees Operations	166,628	129,839	154,867	137,826	(17,041)
111	82103	Legal	500,000	834,451	500,000	600,000	100,000
111	82104	Districtwide Memberships	128,000	104,937	108,000	110,000	2,000
111	82106	Police Services	629,271	629,271	629,271	629,271	-
111	82111	Audits	140,000	133,306	140,000	160,000	20,000
111	82112	Bank & Credit Card Charges	300,000	360,799	350,000	375,000	25,000
111	82114	College Work Study Match	200,000	196,907	200,000	225,000	25,000
111	82116	Unemployment Insurance	75,000	127,118	125,000	130,000	5,000
111	82122	1098T Reg Fee Rptg (Fed require)	35,000	34,916	-	17,000	17,000
111	82125	Classified Tuition Reimbursement	1,000	672	1,000	1,000	-
111	82131	Insurance Premiums	1,053,000	1,041,192	1,104,000	1,104,000	-
111	82133	Self Insurance Coverage	100,000	101,350	75,000	75,000	-
111	82134	Health Insurance Broker	220,000	155,419	220,000	200,000	(20,000)
111	82141	Airport Maintenance	27,000	22,217	27,000	24,200	(2,800)
111	82142	Scheduled Maintenance	300,000	300,000	300,000	300,000	-
111	82154	Staff Diversity Coordinators	-	16,891	-	15,000	15,000
111	82155	Testing/Fingerprinting	50,000	38,922	50,000	45,000	(5,000)
111	82156	Recruitment-Advertising (HR)	60,000	34,268	40,000	40,000	-
111	82159	District-wide Staff Development	50,000	7,400	25,000	25,000	-
111	82161	Great Teacher Seminar/Acad Senate	15,000	6,934	15,000	15,000	-
111	82162	Collective Bargaining Costs	30,000	70,445	30,000	75,000	45,000
111	82170	Collection Fees (COTOP)	2,000	2,367	2,500	2,500	-
111	82174	New Info Technology Systems	200,000	200,000	200,000	200,000	-
111	82177	Data Base Admin/Tech Implementation	500,000	500,000	420,000	420,000	-
111	82178	AdminiSystem SW License Fee/HW Ma	750,000	762,076	811,100	807,400	(3,700)
111	82180	Bad Debt Exp-Uncollected Enroll Fee	150,000	188,390	150,000	190,000	40,000
111	82193	District In-Service Day	-	(50)	-	-	-
			5,735,560	6,051,199	5,831,465	6,076,923	245,459

Ventura County Community College District State Budget Process Timeline



- ☐ Governor's January Proposal - includes estimates of state revenues
- ☐ Governor's May Revise - revised estimates of state revenues
- ☐ Final State Budget - final state revenue
- ☐ P1- estimates of statewide budget shortfalls in property tax and enrollment fees; deficit factor to growth funding; may allocate special funding
- ☐ P2 - revised estimates of statewide budget shortfalls in property tax and enrollment fees; deficit factor to growth funding; may allocate special funding
- ☐ Final Recalc - Final calculation of state revenue- includes any final deficit, distribution of unclaimed dollars that are not returned by Budget Act/Law

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT
FY11 ADOPTION BUDGET ALLOCATION**

	<u>Adoption</u>
FY11 Revenue	135,171,415
Less: District-wide	(6,076,923)
Less: Utilities	(3,887,000)
Less: District Office (6.4% revenue)	<u>(8,650,971)</u>
Available for Distribution	<u>116,556,521</u>

Class Schedule Delivery Allocation		Moorpark	Oxnard	Ventura	Total
1)	FTES (FY10 actual, includes NonResident)	13,019	5,503	11,106	29,628
2)	WSCH	195,285	82,545	166,590	
3)	Productivity Factor	555	518	549	
4)	FTEF	352	159	303	
5)	FTEF adjustment	11	7	9	
6)	less: Full Time positions (FTEF)	(136)	(70)	(115)	
7)	=Hourly FTEF @	\$ 48,331	96	197	
8)	Total Class Schedule Delivery Allocation	\$ 26,940,929	\$ 13,204,091	\$ 23,027,307	\$ 63,172,328
9)	Base Allocation	\$ 5,827,826	\$ 5,827,826	\$ 5,827,826	\$ 17,483,478
10)	FTES (FY10 funded, includes growth FTES)	11,451	4,593	9,798	25,842
		44.3%	17.8%	37.9%	
11)	FTES Allocation	\$ 15,908,176	\$ 6,380,775	\$ 13,611,764	\$ 35,900,715
12)	Total Allocation FY11	\$ 48,676,931	\$ 25,412,692	\$ 42,466,898	\$ 116,556,521
13)	Campus FY10 Carryover	\$ 990,754	\$ 460,975	\$ 844,433	\$ 2,296,162
14)	FY11 Adoption Budget Allocation	\$ 49,667,685	\$ 25,873,668	\$ 43,311,330	\$ 118,852,683
FY11 Tentative Allocation before carryover		46,954,232	24,592,907	40,817,192	\$ 112,364,331
change		1,722,699	819,785	1,649,706	\$ 4,192,190

Assumptions

- [a] average using FY10 actual, FY11 goal.
- [b] FY11 budget plus anticipated hires.
- [c] Fall 09 average replacement cost.
- [d] FY09 FTES + FY10 allowable growth @ -3.67%.
- [e] Board approved up to 2%.

Productivity Factor from 525 report

As of June 9, 2010									
Term #	Term	Fiscal Year	Moorpark		Oxnard		Ventura		
			goal	actual	goal	actual	goal	actual	
200907	Fall 2009	FY09-10	555	576	503	514	552	558	*
201003	Spring 2010	FY09-10	543	525	514	507	537	534	*
201007	Fall 2010	FY10-11	576		525		558		
201103	Spring 2011	FY10-11	545		525		545		

Averages (Prior Year Actual, current year goals)

555

518

549

* actuals adjusted to remove the IDS subject category.

FY10 FTES				
To be used for Instructional allocation (Actual FTES served during the year)				
	mc	oc	vc	total
Summer 09 (not including 4 week)	1,290	536	1,048	2,874
Fall	5,857	2,567	5,039	13,463
Spring	5,663	2,374	4,838	12,875
Summer10 (4 week only)	-	-	-	-
NonRes	209	26	181	416
	13,019	5,503	11,106	29,628
	43.9%	18.6%	37.5%	
To be used for FTES allocation (Actual FTES funded for the year) State Reported (320 report)				
	mc	oc	vc	total
District Funded FTES (FY10)	11,895	4,772	10,179	26,846
FY09 Recalc adj (assumed 1.76% growth, received 1.69%)	(8)	(4)	(7)	(19)
allowable growth @ -3.67% (FY10)	(436)	(175)	(374)	(985)
Funded FTES (FY11)	11,451	4,593	9,798	25,842
	44.3%	17.8%	37.9%	