



A NEW APPROACH TO RESOURCE ALLOCATION

**CONTRA COSTA COMMUNITY
COLLEGE DISTRICT**

ALLOCATION PRINCIPLES

- Must be easy to understand
- Must provide for financial stability
- Must provide proper performance incentives and allow for appropriate decisions to be made at the local level
- Must provide for transparency of District Office and District Wide expenditures in support of college operations.
- Must match resources with service levels using objective standards or workload measures to assure equity-perceived to be fair

ALLOCATION MODEL FUNDAMENTAL APPROACHES

- PRIOR YEAR BASE MODEL
- DISTRICT FIRST MODEL
- COVER UNCONTROLLED COST MODEL
- COLLEGE FIRST MODEL
- PRODUCTIVITY MODEL
- BASE ALLOCATION MODEL

WHY REVENUE BASED MODEL?

- Promote District and College Fiscal Stability-
can't allocate more \$ than you have received
on current basis
- Easy to Understand
- Objective (free of bias or favor)

WHY SB 361 APPROACH

- Allocates revenue locally in same manner as district receives the majority of its revenue-provides consistency
- Assures that local allocations will not exceed funding
- Has built in scale factor that adjusts automatically as college enrollment increases or decreases (Basic Allocation)
- Defines finite limits on the majority of resources available (Apportionment Revenue)
- Stable, reliable and equitable funding that is not eroded by inflationary pressures (current CA economic conditions notwithstanding)
- Encourages fiscal accountability

COLLEGES FIRST-SB 361 FUNDING MODEL

- ALL AVAILABLE UNRESTRICTED FUNDS ARE DISTRIBUTED TO THE COLLEGES BASED ON THE FTES EARNED ACCORDING TO THE STATE SB 361 FUNDING FORMULA
- DISTRICT OFFICE SERVICES, DISTRICT WIDE AND REGULATORY COSTS ARE DETERMINED
- THESE COSTS ARE DEDUCTED FROM EACH COLLEGE ALLOCATION ON THE BASIS OF FTES EARNED (assessments for services and regulatory requirements)

PROPOSED ALLOCATION FUNDAMENTALS

- Use SB 361 funding formula to distribute state apportionment revenue to colleges
- Allocation Model must address the economy of scale issues for small and large colleges
- Each College shall receive a basic allocation based on college size (SB 361). There shall be a basic allocation also for State Approved Centers (SB 361). Additional funding will be allocated based upon credit FTES, non-credit FTES, enhanced non-credit FTES using state funded rates (SB 361)
- Colleges will be assessed for necessary District Wide and District Office costs that are recognized as appropriate. Assessments shall be based on \$/FTES for credit, non-credit, and enhanced non-credit FTES (including all resident and non-resident FTES)

PROPOSED ALLOCATION FUNDAMENTALS (cont'd)

- Allocation Model should lead colleges to maximize revenues through enrollment management and provide incentives for colleges to improve student access and excellence.
- Ending balances will be retained by the respective Colleges and by District Office and District Wide services
- Colleges will be assessed for contingency reserve (at 5%)

PROPOSED ALLOCATION FUNDAMENTALS (cont'd)

- Must provide clear accountability and define areas of District level oversight, describe the nature of that oversight and the degree to which it will be exercised, i.e., FTES targets, faculty and staff productivity, full time faculty requirements, 50% law, etc.

CALCULATION OF COLLEGE BUDGET ALLOCATION

- BASIC ALLOCATION
 - BASE REVENUE
 - +CREDIT FTES AT STATE FUNDED RATE
 - +NON CREDIT FTES AT STATE FUNDED RATE
 - +ENHANCED NON CREDIT FTES AT STATE FUNDED RATE
 - OTHER UNRESTRICTED REVENUES
 - Lottery
 - Part-Time Faculty Allocation (Parity)
 - Apprenticeship
 - State-Office Hours and Health Insurance
 - Local College Generated Revenues
- = TOTAL COLLEGE REVENUE**

CALCULATION OF COLLEGE BUDGET ALLOCATION (cont'd)

-Assessments based on cost \$/FTES for
contingency reserve, District Wide and District
Office services

+ and – other funding adjustments
(example – Instructional service
agreements)

+ Prior year open orders and balance

= College Budget Allocation

COLLEGE SAMPLE

PLEASANT VALLEY CCD

TRANQUIL HILLS COMMUNITY COLLEGE

BASIC ALLOCATION

\$4,428,727 > 20,000 FTES

\$3,875,136 > 10,000 FTES

\$3,321,545 < 10,000 FTES

\$1,107,182 State Approved Center

BASE REVENUE

+Credit FTES at state funded rate (\$4,564.83/FTES)

+Non Credit FTES at state funded rate
(\$2,744.9578/FTES)

+Enhanced non credit FTES at state funded rate
(\$3,232.0676/FTES)

COLLEGE SAMPLE-(cont'd)

+ INFLATION ADJUSTMENT

+ GROWTH

+ OTHER STATE FUNDED

Lottery

Part-Time Faculty Allocation (Parity)

Apprenticeship

Office Hours and Health Insurance

+OTHER LOCAL COLLEGE GENERATED REVENUE
(including non-resident tuition)

COLLEGE SAMPLE – (cont'd)

BASE REVENUE CALCULATION

▪ BASIC ALLOCATION <10,000 FTES=	\$ 3,321,545
▪ BASE FUNDING:	
CREDIT BASE	
RATE (\$4,564.83) x 7,200 FTES =	\$32,866,776
+	
NON CREDIT BASE	
RATE (\$2,744.9578) x 100 FTES =	274,496
+	
EHNCD N/C BASE	
RATE (\$3,232.0676) x 0 FTES =	0
TOTAL BASE REVENUE	\$36,462,817

COLLEGE SAMPLE-(cont'd)

- COLA 2.00% = \$729,256
- GROWTH 100 FTES
\$4.564.83 X 100 = 456,483

COLLEGE APPORTIONMENT

REVENUE = \$37,648,556

OTHER STATE REVENUE

• LOTTERY	1,032,431
• PART-TIME FACULTY	377,515
• APPRENTICESHIP	0
• STATE-OFFICE HOURS AND HEALTH INSURANCE	<u>96,316</u>
TOTAL	\$1,506,262

LOCAL COLLEGE REVENUE

• NON RESIDENT TUITION	\$680,159
• OTHER LOCAL	<u>311,831</u>
TOTAL LOCAL	\$991,990

INCOME SUMMARY

• APPORTIONMENT REVENUE	\$37,017,222
• OTHER STATE REVENUE	1,506,262
• LOCAL (COLLEGE GENERATED REVENUE)	<u>991,990</u>
TOTAL COLLEGE REVENUE	\$39,515,474

COLLEGE SAMPLE-(cont'd)

- ASSESSMENTS BASED ON COST \$/FTES FOR CONTINGENCY RESERVE, DISTRICT WIDE AND DISTRICT OFFICE SERVICES

DISTRICT OFFICE	\$ 6,119,508
DISTRICT WIDE	<u>21,343,609</u>
TOTAL	\$ 27,463,117

Retiree Health Benefits	\$ 8,955,154	
Police Services	2,070,556	\$27,463,117/30,552**=\$899
IT	2,046,906	
Utilities	3,572,574	
International Education	1,580,658	
Internal Auditing	146,632	
Marketing	481,867	
HR	639,233	
Finance & Accounting	1,841,740*	
Other	8,289	**resident and non resident

* Leases and insurance = \$1,761,454

COLLEGE SAMPLE-(cont'd)

- THCC ACTUAL FTES 2007/08 = 7,449 FTES *

*RESIDENT AND NON RESIDENT

7,449 FTES X \$899 = \$6,696,651 Assessment for DO and District Wide

TOTAL COLLEGE UNRESTRICTED

REVENUE = \$39,515,474

LESS: DO AND DW COST = 6,696,651

COLLEGE BUDGET ALLOCATION \$32,818,823

ENDING BALANCE

TOTAL UNRESTRICTED/ ON-GOING RESOURCES	\$32,818,823
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TOTAL UNRESTRICTED/ ON-GOING EXPENDITURES	<u>\$32,516,600</u>
COLLEGE ENDING BALANCE	\$ 302,212