

District Governance Council-Expanded
New Allocation Model-Kindred Murillo and Roy Stutzman
November 10, 2009
Meeting Minutes

Roll Call

Classified:

Present: Gregory Evilsizer, Jocelyn Iannucci, Mercy Pono, Mike West
Absent: Krista Duchamre, Michael Gong, Linda Kohler, Rose Orpilla,

Faculty:

Present: Richard Akers, Vern Cromartie, Laurie Lema, Michael Norris
Absent: Jeffrey Michels, Ruth Sisons

Management:

Present: Yvonne Canada, Linda Cherry, Michael Todd, Lindy Wille
Absent: Robert Estrada, John Wade

San Ramon Campus:

Present:
Absent: Russ Holt

Students:

Present: Christina Cannon
Absent: Elaine Davis, Jim Gardner, Chelsea Cheung, De'shawn
Woolridge

Guests: Kindred Murillo, Roy Stutzman

1. Call to Order

The meeting was called to order at 2:15 p.m.

2. Values and Principles (Kindred Murillo)

- a. Goal is to develop 4-5 guiding principles for new allocation model
 - i. Principles Discussed by Cabinet
 1. Simple and easy to understand
 2. Fair
 3. Predictable
 4. Consistent
 5. Uses quantitative, verifiable factors
 6. Minimizes internal system conflict
 7. Efficient to administer
 8. Provides for financial stability
 9. Protects the integrity of base funding
 10. Provides for appropriate reserves
 11. Responsive to planning processes, goals and objectives
 12. Recognizes cost pressures
 13. Efficient use of District resources and provides sensible use of public funds
 14. Flexible enough to allow for decisions to be made at the local level

15. Allows for colleges to initiate, implement, and be responsible for new program initiatives
 16. Provides transparency for District Office and Districtwide expenditures in support of college operations
 17. Matches resources with service levels using objective standards or measure
 18. Adequate and sufficient to sustain operations
 19. Does not adversely impact any college
 20. Recognizes individual contributions of the colleges and Districtwide Services to the overall mission of all the communities CCCCD serves.
- ii. Principles recommended by Mike Hill
 1. Is the model perceived to be fair
 2. Is it easily understood
 3. Does it provide the proper performance incentives
 4. Does it work in good times and bad
 - iii. DGC principles
 1. The model will recognize and reward courageous decision making. **Change**
 2. Simple and easy to understand **Simple**
 3. Transparent, open and rational **Transparent**
 4. Consider District and College values and objectives; no one is greater than the other
 5. Define fair decisions: reached by consensus (everyone can live with it)
 6. Predictable and consistent combined
 7. Respond adequately to emerging opportunities and unanticipated circumstances. **Flexible**
 8. Maintain a positive level of student services support
 9. The model invest in achieving the District's strategic plan
 10. Flexibility enough to allow at local decisions
 11. Incentives for programs, departments and services that meet college strategic goals
 12. Adhere to shared governance processes and all constituency groups present.
 13. Equitable and equal
 14. Accountable reporting on the use of funds
 15. Allows for some level of flexibility districtwide
 16. Local control to address budget planning and integration
 17. **Core values: Transparency, flexibility, accountability, local control to address budget and planning integration, simplicity**

3. Observations of 4cd progress and lessons learned from other districts-No discussion

4. Discussion regarding why use a revenue based model-Roy Stutzman (Presentation)

- a. Allocation Principles
 - i. Be easy to understand
 - ii. Provide for financial stability
 - iii. Provide proper performance incentives and allow for appropriate decisions to be made at the local level
 - iv. Provide for transparency of District Office and District Wide expenditures in support of college operations
 - v. Match resources with service levels using objective standards or workload measures-perceived to be fair
- b. Allocation Model Fundamental Approaches
 - i. Prior Year Base Model
 - ii. District First Model
 - iii. Cover Uncontrolled Cost Model
 - iv. College First Model
 - v. Productivity Model
 - vi. Base Allocation Model
- c. Why Revenue Based Model?
 - i. Promote District and College Fiscal Stability-WHY? Can't allocate more \$ than you receive
 - ii. District not making qualitative decisions about how colleges allocate their resources
 - iii. Places more decisions at "point of service"
 - iv. Ease of understanding
 - v. Incentivizes the right things
- d. Why SB 361 Approach?
 - i. Allocates revenue locally in same manner as district receives the majority of its revenue-proves consistency
 - ii. Assures that local allocations will not exceed funding
 - iii. Has built in scale factor that adjusts automatically as college enrollment increases or decreases (Basic Allocation)
 - iv. Defines finite limits on the majority of resources available (Apportionment Revenue)
 - v. Stable, reliable and equitable funding that is not eroded by inflationary pressures (current CA economic conditions notwithstanding)
 - vi. Encourages fiscal accountability
- e. COLLEGES FIRST –SB361 FUNDING MODEL
 - i. All available unrestricted funds are distributed to the colleges based on the FTES earned according to the state SB361 funding formula
 - ii. District Offices services, district wide and regulatory costs are determined
 - iii. These costs are deducted from each college allocation on the basis of FTES earned (assessments for services and regulatory requirements)

- f. Proposed Allocation Fundamentals
 - i. Use SB 361 funding formula to distribute state apportionment revenue to colleges
 - ii. Allocation Model must address the economy of scale issues for small and large colleges
 - iii. 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)
 - iv. Colleges will be assessed for necessary District Wide and District Office costs that are recognized as appropriate. Assessments shall be based on \$/FEST for credit, non-credit and enhanced non-credit FTES (including all residents and non-resident FTES).
- g. Proposed Allocation Fundamentals (cont'd)
 - i. Allocation Model should lead colleges to maximize revenues through enrollment management and provide incentives for colleges to improve student access and excellence.
 - ii. Ending balances will be retained by the respective Colleges and by District Office and District Wide services
 - iii. Colleges will be assessed for contingency reserve (at 5%)
 - iv. Must provide clear accountability and define areas of District level 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.

Discussion was halted due to time. Will resume at the Dec. 1, 2009 DGC meeting.

Because of the sparse attendance of DGC members, it was decided to include the Expanded Budget Discussions into the regular DGC agendas for the rest of the 2009-2010 year.

Adjournment 4:05 p.m.