

Expanded District Governance Council
Allocation Model Review and Discussion-Kindred Murillo and Roy Stutzman
October 13, 2009
Meeting Minutes

Roll Call

Classified:

Present: Krista Ducharme, Gregory Evilsizer, Jocelyn Iannucci, Linda Kohler, Mercy Pono, Georgette Stewart

Absent: Rose Orpilla, Michael Gong, Mike West

Faculty:

Present: Richard Akers, Laurie Lema, Michael Norris, Ruth Sison

Absent: Jeffrey Michels

Management:

Present: Linda Cherry, Michael Todd, Lindy Wille

Absent: Yvonne Canada, Robert Estrada, Lyn Krause, John Wade

San Ramon Campus:

Present: Russ Holt

Students:

Present: Christina Cannon, De'shawn Woolridge

Absent: Jim Gardner, Cynthia Larasanti, Chelsea Cheung

Guests: Kindred Murillo, Roy Stutzman

1. Call to Order

The meeting was called to order at 2:45 p.m.

2. Purpose

Discuss role of DGC in New Allocation Model recommendation, SB 361 funding and state budget allocations, outcomes of last allocation model review, and goals and principles of model development. The process and timeline were also reviewed.

3. Presentation-Information/background of funding

a. SB361 State Community College Funding Formula Description

- i. Replaces an overly complex and outdated formula with more transparent and equitable formula.
- ii. Provides a basic allocation, depending upon size, as measured by FTES, number of colleges in a multi-college district and fixed allocation for state approved Centers.
- iii. Provides an equalized reimbursement rate for all credit and non-credit FTES.
- iv. Both basic allocation and FTES reimbursement rates are to be adjusted by funded annual COLA.
- v. A hand-out entitled "2008-09 Second Principal Apportionment" was distributed.
- vi. It is up to each district to determine how to allocate their money.

b. State and System Budget Process

- i. Building the community college system budget begins a year prior to the start of the fiscal year.
- ii. The State Education Code directs the Community College Board of Governors (BOG) to prepare and adopt an annual system budget request.
- iii. The Chancellor's Office convenes a "Budget Work Group" of Consultation Council members and other selected representatives to help develop an outline of the System's budget request.
- iv. A budget outline is brought before the full Consultation Council for review and discussion at its July and August meetings.
- v. In September, the Chancellor's Office staff present a draft System Budget Proposal to the BOG for comment and approval.
- vi. Upon BOG approval, the System Budget Proposal is formally submitted to the Department of Finance (DOF) in the form of Budget Change Proposals (BCP).
- vii. The BCPs are reviewed and analyzed by DOF staff, with successful BCPs included in the Governor's January 10th Budget Proposal as changes to the prior year's base budget.
- viii. On January 10th, the Governor's Budget Proposal is formally introduced in the form of a Budget Bill in each house of the Legislature.
- ix. Late February through early May, legislative hearings are held with DOF, the Legislative Analyst's Office (LAO), the System Office staff and others providing testimony at the budget subcommittee hearings.
- x. The Governor's May Revision is submitted to the Legislature and consists of changes in Proposition 98 revenues, general fund revenues, enrollments, population et al. (Note: budget committees in each house usually wait until after the May Revision to pass their budget bills out of committee and to the full house.)
- xi. The Budget Bills are voted on in each house and are usually referred to a conference committee to resolve differences that exist between the Senate and Assembly Budget Bills.
- xii. An affirmative 2/3rds vote in each house is required to pass the final budget package agreed to by the conference committee before it is submitted to the Governor for signature. June 15th is the Constitutional deadline for the legislature to pass the Budget Bill (a deadline rarely met).
- xiii. The Governor may reduce or eliminate any appropriation through the line-item veto. When the Governor signs the bill it becomes law and is known as the Budget Act.
- xiv. The budget package also includes separate "trailer bills" necessary to authorize and/or implement various program or revenue changes.
- xv. Reminder: State funds for districts cannot flow until the budget is enacted. Until the Legislature and the Gov come to an agreement on the budget, no money can be provided to college districts for that fiscal year.

c. Outcomes of Budget Retreats Held During Last Major Allocation Model Review

- i. "Spirited discussion led to important outcomes. The Group reached consensus on what are the important concepts of a good budget model. Following are the concepts developed through employee participation in the Budget Retreats":

1. Collaborative Working Relationships

2. Long Term Strategic Perspective

3. Fiscal Responsibility

- d. Collaborative Working Relationships
 - i. Everything being equal, decentralization is preferred to keep decision-making at the lowest level and to maintain College integrity and identity.
 - ii. When determining service quality or efficiency, multiple alternatives should be examined.
 - iii. The process should be open so that employees have the opportunity to be involved in and informed about the budget process.
 - iv. Programs, locations, and allocations should be subject to the same level of outcome accountability, based on established goals, objectives, and measurable standards of quality. Outcomes should be reviewed annually.

- e. Long-Term Strategic Perspective
 - i. The District is willing to invest resources to meet agreed upon, long-term goals.
 - ii. The District's investments should align with its agreed-to priorities and strategic goals.
 - 1. Long term goals are incomplete until they include funding strategies.

- f. Fiscal Responsibility
 - i. Timely notification from District Office of budget allocations.
 - ii. The District and its Colleges will:
 - 1. Mutually agree upon measurement tools to track accountability for a budget.
 - 2. Identify individuals who are responsible for budget decisions and expenditures.
 - 3. Monitor financial expenditures to ensure accountability.

- g. Allocation Model Elements (from Prior District Work)
 - i. Communication
 - ii. Accountability
 - iii. Solvency
 - iv. Student Based
 - v. Timely and understandable
 - vi. Flexibility for College Decision Making
 - vii. Governing Board Direction

- h. Goals and Principles
 - i. Simple and easy to understand
 - ii. Provide for financial stability
 - iii. Provide for appropriate level of reserves consistent with Board policy and direction
 - iv. Be responsive to the District/College planning process and related goals and objectives
 - v. Provide means to address any current or future emphasis directed by the Governing Board.
 - vi. Promote efficient use of District's resources
 - vii. Be flexible and allow for appropriate decisions to be made at the local level
 - viii. Allow colleges to initiate, implement and be responsible for program initiatives
 - ix. Provide for transparency of District Office and District-wide expenditures
 - x. Match resources with service levels using objective standards or measures to assure equity

- i. Most Important
 - i. Perceived equity in distribution of funds from college to college and that service to students is, in fact, the primary driver of the allocation process.
 - ii. Transparency of District Office and District-wide expenses to assure the colleges that they are receiving value for the cost of providing services or support for their effort.

j. What is Fairness & Equity?

- i. **Fair**-Marked by impartiality and honesty: free from self interest, prejudice, or favoritism.
 1. *Synonyms-Fair, Just, Equitable, Impartial, Unbiased, Dispassionate, Objective mean free from favor toward either or any side.*
 2. **Fair** implies an elimination of one's own feelings, prejudices, and desires so as to achieve a proper balance of conflicting interests.
- ii. **Equitable** implies a less rigorous standard than just and usually suggests equal treatment of all concerned.
- iii. **Impartial** stresses an absence of favor or prejudice
- iv. **Unbiased** implies even more strongly an absence of all prejudice
- v. **Dispassionate** suggests freedom from the influence of strong feeling and often implies cool or even cold judgment
- vi. **Objective** stresses a tendency to view events or persons as apart from oneself and one's interest or feelings.

Need to be discussed:

What is important to each of the colleges?

What are the priorities?

What are the important principles to guide us?

Need to understand the process.

Does it work in good times and in bad times?

Look at accreditation standards.

Next meeting:

Think about what you think are the most important principles.

What principles to consider to move on with?

Adjournment at 3:57 p.m.