December 9, 2009

CONTRA COSTA COMMUNITY COLLEGE DISTRICT RESOURCE ALLOCATION

WHY DEVELOP A NEW MODEL?

- Allocation formulas not aligned to revenues
  - FTE for faculty, management – historical FTE
  - Classified formula = per FTES - historical
  - C-hourly formula = FTES, productivity,
  - Operating formula = FTES - historical
  - Buildings & Grounds historical – rolls over
- Need to provide linkage between revenues and expenditures
- Fiscal stability and accountability
- Accreditation recommendation

SELF IDENTIFIED ACCREDITATION RECOMMENDATION

- District Recommendation 8: In order to improve its resource allocation process, the district should expedite development of a financial allocation model including the following (Standards: IIIC1, IIID1a, IIID2a, IIID3, IV3c):
  - The model as a whole;
  - Funding for adjunct faculty in a way that will support the district and college intentions to increase student enrollment;
  - Technology funding.

ACCREDITATION STANDARD

- IV3c – The district/system provides fair distribution of resources that are adequate to support the effective operations of the colleges.

PROCESS

- Cabinet review and input (Spring & Summer 2009).
- Met with colleges senior leadership in Fall 2009.
- Presented to the District Governance Council (DGC) Fall of 2009.

TIMELINE

- August 2009 – Chancellor email to all employees
  "Revenue-based funding formula based on FTES to align us more closely with Senate Bill 361"
- Fall 2009 – develop proposal and vet through Cabinet and shared governance – DGC October, November, December
- January 2010 – Propose a Decision
- February thru June-District 2010/11 Budget development
  February & March – rewrite policies and procedures
- April & May – Vet policies and procedures through shared governance
- July 1, 2010 – Implement new model

PRINCIPLES FOR NEW ALLOCATION MODEL

- Is the model perceived to be fair
- Is it easily understood
- Does it provide the proper performance incentives
- Does it work in good times and bad
- Financial stability

DGC VALUES AND PRINCIPLES

- Transparency
- Flexibility
- Accountability
- Local control to address budget planning integration
- Simplicity
- Shared governance input into the model

NEW APPROACH TO RESOURCE ALLOCATION

- Would completely replace existing procedure
- All available unrestricted funds are distributed to the colleges based on FTES earned according to the state funding formula (SB 361)
- District Services, District Wide and Regulatory costs are determined on an annual basis
- These costs are deducted from each college allocation based on total FTES generated

IMPACT TO 4CD

- Culture shift
  - Accountability/Responsibility/Authority
  - Autonomy
  - Transparency and accountability for DO & DW Services
  - Transparency of college allocations and expenditures
  - Impact and involvement of colleges in negotiations
- Requires an investment to transition the district to new model
    - Interest revenue, undesignated reserves, retiree health

IMPLEMENTATION ISSUES

- State regulatory requirements
  - 50% Law
  - Full-time faculty obligation (FON)
  - Goal of 75/25%
- Requirements of collective bargaining agreements
- Public investment of physical plant and maintaining facilities
- Support services staffing levels

IMPLEMENTATION ISSUES

- Reserves and deficits – accountability
  - 7% reserves
  - Accountability for over expending
- Allocation of new revenues
  - Cola
  - Growth
- Long term planning
- Shifting of resources between colleges
- Periodic review of the procedures
  - 1 year after implementation
  - 3 year review

WHAT IS SB 361

- New State funding formula implemented in 2006/07
- Replaced the AB 1725 Program Based Funding Model
- Simpler approach using Fixed amount of Basic Allocation to colleges and districts based upon size measured by FTES to account for economies of scale
- In addition to Basic Allocation, dollars are allocated using FTES as the single work load measure

IMPLEMENTING SB 361

- Basic allocation – college size
  - $3,321,545 – LMC and CCC
  - $3,875,136 – DVC
  - $1,107,182 – San Ramon Center
- Per FTES allocation
  - $4,565 per credit FTES
  - $2,745 per non credit FTES
  - $3,232 per Enhanced Non Credit FTES
- All Local College Generated Revenue (including non resident and International Education) will be retained by the college

IMPLEMENTING SB 361 (CONT'D)

- Revenue/Expenditure Alignment

  2010/11 Simulation

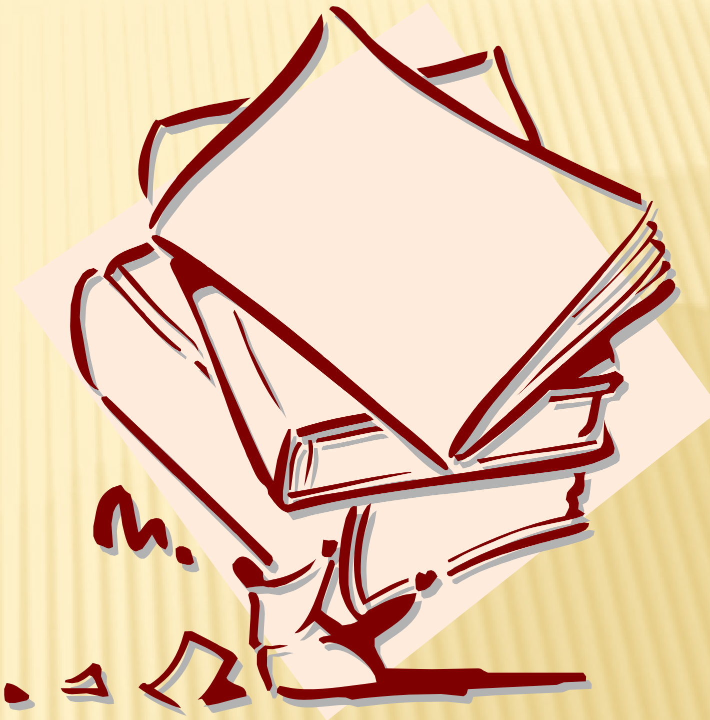
  + CCC - $2.2 million excess expenditure over revenues
  + DVC - $2.2 million Revenue in excess of expenditures
  + LMC – $500k excess expenditure over revenue

IMPLEMENTATION STRATEGIES TO TRANSITION TO REVENUE BASED MODEL

- FTES Shift from DVC to CCC - $830K
  DVC grow back
- Use International student FTES to shift revenue
- Consolidate cosmetology program under CCC
- Equalize base funding

PRELIMINARY RECOMMENDATION

- Recommending Strategy #1
  - Shift 182 FTES to CCC to build base allocation up $830K
  - Allow DVC first allocation of growth funding to recoup the $830K
  - Provide a 5 year transition for CCC to reduce $1.4 million and LMC $500k



Resource Allocation

QUESTIONS