


# A New Allocation Model The Do's and Don'ts



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Contra Costa  
Community  
College District  
*pathways to success*

## Agenda



- History
- Why a New Allocation Model
- Culture Shift
- Process
- Implementation Issues and Challenges
- What We Learned
- Results
- Future


2



## FY 2005-2006

- Analysis of Financial System - Mike Hill
  - District's financial condition
  - Issues of productivity
  - District not following allocation formulas
  - Poorly understood allocation models
  - Need to “develop a budget allocation model that is understood, fair and encourages proper behavior”


3



## Why Develop a New Model

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


4



## Accreditation Recommendation

- Self identified
- The team recommends that in order to improve its resource allocation process, the District should expedite development of a financial allocation model, including the following (Standards III.C.1, III.D.1a, III.D.2a, III.D.3, IV.B.3c):
  - a) the model as a whole;
  - b) funding for adjunct faculty in a way that will support the District and college intentions to increase student enrollment; and
  - c) technology funding.


5



## Culture Shift

- Old Culture in the District
  - District Office patriarchal control
  - The District Office took care of things
  - Culture of autonomy at the colleges in the educational and student services area

6




## Culture Shift

Moving to a new funding model required

- District Office role moved more to accountability and legal entity role
- Increased accountability/responsibility/authority for colleges
- Transparency and more local control of college allocations and expenditures
- Negotiations implications
- Transparency and accountability for District Office and Districtwide Services


7



## Exploration of Options

- Roy Stutzman and Mike Hill – Experience
- Decision to Use Senate Bill (SB) 361 as Foundation
  - Worked with the Chancellor’s Cabinet, District Governance Council and the Governing Board to familiarize with principles of SB 361
  - Developed simulations for each college
    - Results indicated that one college had been over allocated


8



## Developed Principles

- 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

9




## Transition Strategies

- Developed four transition strategies to move the colleges to a SB 361 allocation:
  - Shift of FTES from one college to another
  - Use of international student tuition to provide transitional dollars or provide permanent revenue to reduce apportionment deficits
  - Consolidate cosmetology program under one Contra Costa College (CCC) which would increase the base FTES
  - Equalize base funding

10





## Implementation Strategy

- Chose the shift of FTES transition strategy
  - Required an investment to transition the District to a new model
  - Required a step down strategy for two colleges to reduce funding
    - Contra Costa College – \$1.7M – 4 years
    - Los Medanos College - \$464k – 3 years
- 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

11



## Participating Effectively

- Developed timelines and strategy to implement – GOAL – July 1, 2010
- Open and transparent process with District's governance structure to vet the model
  - Governing Board
  - Cabinet
  - District Governance Council
  - Budget Forums
  - Academic Senate


12



## 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


13



## Implementation Issues

- District Office and Districtwide Services assessments
  - Service document developed and shared
- Reserves and deficits – accountability
  - 7% reserves
  - Accountability for over expending
- Allocation of new revenues
  - COLA
  - Growth
- Long-term planning
  - Aligning strategic plans


14



## Challenges

- Budget reductions while trying to implement a new model
- Shifting of resources between colleges
- Training and tools provided to colleges to execute their new responsibilities
  - Budget development process
  - Communication

15




## Results

- Expenditures aligned to revenues
- Culture shift in transition
- District Office as service provider and legal entity
- Colleges assessed for services
- Shared accountability for finance
- Bruises, tears.....

16






## What Did We Learn

- This is a once in a career activity for a CBO
- Communicate, communicate, communicate
- Plan ahead, but willing to take the detour if necessary – Flexibility
- Stay close to your documentation
  - During the process
  - Implementing

17



## Future

In accordance with the Accreditation Standards, the District will conduct a periodic review of the model and procedures (Business Procedure 18.01)

- 1 year after implementation
- 3 year review

18

