



2015-16 Final Budget and Resource Allocation Model

Still have questions? Email them to us at kgoodric@sbccd.cc.ca.us and we'll do our best to answer them.

Why did we change the 70/30 split in the Resource Allocation Model (RAM)?

The original 70/30 split was based on historical practices and not necessarily on what the colleges were trying to accomplish. There was clear indication that the 70/30 model was not working and we needed to find the best solution for both colleges without harming either one.

While the 2014-15 RAM moved the District away from the 70/30 model, its implementation caused unanticipated problems. It did not take into account college needs and created competition between the two campuses without providing any clear direction. There were too many unfunded FTES, Crafton was going to operate at a deficit every year, and there were no additional funded FTES to support added costs. In addition, the model was too confusing.

What are the advantages of the new RAM?

The new model provides clear goals and expectations from both colleges, allows Valley to continue growing, and shifts the risk and reward of unfunded FTES to Crafton. It provides funding from the District to Crafton for unfunded FTES, places the District in a position to capture additional FTES that other districts cannot, and provides a clear timeline for the District to address the issues identified by the January 2014 [College Brain Trust - SBCCD Resource Allocation and Utilization Review](#).

Important Documents

2015-16 Final Budget

www.SBCCD.org/budget2016

DBC Annual Report

www.SBCCD.org/bfs/DBC-Annual-Rpt

January 2014 College Brain Trust Resource Allocation and Utilization Review

www.sbccd.org/bfs/CBT-Resource-Rpt

October 2014 Collaborative Brain Trust Enrollment Management Report

www.sbccd.org/bfs/CBT-Enrollment-Rpt

Important Links

Fiscal Services

www.sbccd.org/bfs/Fiscal-Services

District Budget Committee

www.sbccd.org/bfs/DBC

2015-16 Budget Presentation

www.sbccd.org/bfs/2015-16-budget-presentation

2015-16 Resource Allocation Model (RAM)

www.sbccd.org/bfs/2015-16-RAM

2015-16 to 2020-21 Multi-Year Forecast

www.sbccd.org/bfs/2015-2021-Forecast

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Who was involved in modifying the RAM?

In October 2014, the Collaborative Brain Trust completed an [Enrollment Management Report](#) for the District. That report focused on four specific issues:

1. Development of a recommendation on full time equivalent student (FTES) goal distribution between the two colleges over the next five years.
2. Evaluation of the District's external data to be sure that FTES goal distribution recommendation is realistic.
3. Development of recommendations on how to increase instructional productivity.
4. Assessment of the processes and policies each college uses to manage its schedule and course offerings.

In response to the report, the Chancellor formed a task force charged with developing a recommendation on FTES goal distribution between the two colleges. In accordance with collegial process, the Task Force included members from both colleges who had discussions with their respective budget committees, academic senate presidents and academic senates. The Task Force reviewed the CBT report and identified two major issues that required immediate attention in order for the district to avoid deficit spending at one of its colleges.

1. "CHC is in the midst of a building program that will add over 46,000 ASF of instructional space The Tentative and Final Budgets were unanimously approved by

the Board on June 11, 2015 & September 10, 2015 respectively (9,206 ASF of lecture and 36,953 of laboratory), increase their instructional capacity by 50% (37% increase in lecture and 86% increase in laboratory) and cause the college to incur an estimated new annual operating cost of \$725,000 for maintenance and operations of the new buildings."

2. Even after CHC and the District implement the recommended actions, "it is probable that CHC is simply too small to support its operating expenses. Therefore, it is necessary to either increase their revenues by increasing their funded FTES so that they can capture economies of scale and balance their budget, or the District should alter their allocation model to provide an on-going "subsidy" (or simply additional funding) to CHC."



The Task Force made a recommendation to District Budget Committee on Resource Allocation Model (RAM) Guidelines for Fiscal Years 2014-15 and 2015-16 on April 16, 2015 and District Budget Committee accepted and approved a recommendation to Chancellor's Cabinet to revise the RAM Guidelines for FY 2014-15 and 2015-16 as originally recommended on April 24, 2014. Chancellor's Cabinet accepted and approved DBC's recommendations on April 21, 2015. These recommendations were utilized to modify FY 2014-15 RAM allocations and to create the FY 2015-16 Tentative Budget. The Tentative and Final Budgets were unanimously approved by the Board on

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June 11, 2015 & September 10, 2015 respectively.

Where can I find the RAM?

The RAM can be found beginning on page 63 of the 2015-16 Final Budget document at www.SBCCD.org/budget2016 or online at www.SBCCD.org/bfs/2015-16-RAM.

When is Crafton going to reach the 5,000 FTES?

According to our projections, Crafton will reach 5,000 in fiscal year 2016-17.

Is Valley going to be able to maintain the medium size college designation?

Valley has already reached and exceeded the FTES level required by the State Chancellor's Office for medium size colleges. We are projecting that Valley will reach 10,504 FTES by the end of this fiscal year.

What happens if one of our colleges is not able to meet their FTES goals?

We are going to monitor growth very closely and will estimate our FTES at the census of each semester. If one college is not meeting the established goals, the other college will be asked to grow. It is extremely important that we grow as a District and capture all possible funding from the State Chancellor's Office.

Our RAM shows that we have over \$16 million or 18.62% in fund balance, how is that broken down by college?

You can see the breakdown within the RAM on line 79. It is as follows:

Sites	Amount
Valley	\$3,120,893
Crafton	-\$1,211,419
District Office	\$14,133,867
Total	\$16,043,341

Our RAM shows that we have over \$16 million or 18.62% in fund balance, does that equal the District's cash on hand?

No. The fund balance is an accounting term and, most simply, is the difference between assets and liabilities in a governmental fund. It is comprised of cash and other financial resources such as receivables (assets) and amounts owed that are expected to be paid off within a short period of time (liabilities). The fund balance in any given fund is essentially what is left over after the fund's assets have been used to meet its liabilities.



Why are we using 7.44% growth in our budget when the State approved only 3%?

Senate Bill 860 directed the State Chancellor's Office to develop a revised growth formula and specified primary factors be included as follows: 1) number of people within a district's boundaries that do not have a college degree, and 2) number of people within a district's boundaries that are unemployed, have limited English skills, are in poverty, or exhibit other signs of being disadvantaged, as determined by the State Chancellor.

Based on preliminary results from this new growth funding formula, the State Chancellor's Office determined that SBCCD

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should be serving 2.12% of the California's entire community college population. Currently, however, we only receive funding to serve 1.28%. Based on this gap, SBCCCD is expecting a one-time significant adjustment – approximately 7.44%. This is expected to be a one-time adjustment to align the allocation of FTES among all districts based on the needs calculation. Beginning in 2016-17, it is anticipated that growth will be equally distributed among all districts.

Where can I find the 2015-16 Final Budget?

Our award winning document is located at www.SBCCCD.org/budget2016.

I hear that we created multi-year projections, where can I find the projections?

The long range financial planning can be found beginning on page 75 of the 2015-16 Final Budget document at www.SBCCCD.org/budget2016 or at www.SBCCCD.org/bfs/2015-2021-Forecast.

We are receiving 1.02% Cost of Living Adjustment (COLA) from the State, does that mean salaries will increase by the COLA?

No. Salaries and benefits are negotiated items with bargaining units and the District.

How many full-time faculty members are we going to hire with the \$810,438 funding we received?

We have planned for seven new full-time faculty members districtwide; however, we will continue to evaluate the possibility of converting part-time faculty to full-time faculty.

How are we going to determine which departments are going to be able to hire a full-time faculty member?

The Colleges have an internal prioritization process and will continue to use this process.

How are we going to use the \$35 million from bond sales?

The District is embarking on a process to update its educational and facilities master plans. The outcomes of this process will determine how we are going to use the \$35 million.



The District is receiving approximately \$8.2 million, can we hire faculty or staff with this money?

Unfortunately, no. The \$8.2 million is one-time funding and it is not prudent or fiscally responsible to spend one-time funding on on-going expenditures.

How are we spending the \$8.2 million?

The District has established a budget for the following:

1. Enterprise Resource Planning Solution (\$500,000)
2. HLS building at Valley & Generator for our districtwide technology equipment (\$1.5 million)
3. Non-Potable Water Conservation at CHC (potential future savings in water bills) (\$1.2 million)
4. Future increases in STRS & PERS rates (\$1.5 million)

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5. Enrollment Management to ensure that our colleges meet the established goals (\$1 million)
6. Program Review (\$500,000 to address some very needed program review requests)

Additional detail can be found on slide 31 of the Board final budget presentation on September 8, 2015 at www.SBCCD.org/bfs/2015-16-budget-presentation.

Last year we had security officers allocated to the parking program, is that still in place with this budget?

The security officers are now allocated to the district office and the colleges have full control of the parking program budgets.

Is the KVCR contribution being assessed to the colleges?

No. The colleges are not assessed this contribution.

Why there are academic salaries under the district office column (line 51 from the RAM)?

There are three categories under this section as follows:

1. Chancellor
2. Associate Vice Chancellor for EDCT
3. Collective bargaining and District Assembly reassign time

We noticed that the district office budget increased \$1.9 million or 13.5% from actual expenditures, why is that?

Some of this increase can be attributed to the following list of items. It is important to note,

however, that the budget to budget increase is 5.4% from last fiscal year to this fiscal year.

- Reconciliation of release time for Collective Bargain & District Assembly (\$100,000)
- Human Resources (\$600,000)
 - Reorganization
 - Budget for full-year for positions that were vacant during last fiscal year
 - Legal mandates such as Title IX & Affordable Care Act
 - Implementation of new People Admin features to address ACCJC recommendations
- New position needed Executive Director of Research, Planning and Institutional Effectiveness (approximately \$200,000)
- New position at the District Health and Safety Department (approximately \$200,000 with equipment and furniture)
- Shifting of security officers from the parking program to the general fund (\$440,000)
- Increase in districtwide marketing for enrollment management (\$60,000)
- Increase due to Questica licensing (\$50,000)

Who can I contact if I have additional questions?

- Any member from the District Budget Committee (www.sbccd.org/bfs/DBC)
- Larry Strong, Interim Director of Fiscal Services (lstrong@sbccd.cc.ca.us)
- Kelly Goodrich, Administrative Assistant, Business & Fiscal Services (kgoodric@sbccd.cc.ca.us)
- Jose F. Torres, Interim Vice Chancellor, Business & Fiscal Services (jtorres@sbccd.cc.ca.us)

Thank you for your time and support. If you still have questions, please email them to kgoodric@sbccd.cc.ca.us.