ACBO Training Institute

Budgets and Resource Allocation

November 13, 2008

Scott Miller and Kathy Blackwood

Who are we?

- Scott Miller
- Napa College
- One college
- One center
- 9,500 enrollment
- 5,700 FTES

- Kathy Blackwood
- San Mateo County CCD
- Three colleges
- 38,000 enrollment
- 20,000 FTES

Agenda

- Budget calendar and process
- Budget building blocks
- Resource allocation
- Homework
  - Revenue for a class of 20

What are budgets?

- Authorization to spend
  - Approved by Board of Trustees
- Estimate of revenues and expenditures
  - Salaries & benefits
  - Other expenses
- Allocation of resources

What are Budgets?

- Maximum amount that can be spent in a major classification
- Transfers and revisions must be approved by a 2/3 majority of the board
- This includes transfers from contingency

Title V 58307

Budget Calendar

- On or before the 15th day of September of each year the governing board of each community college district shall prepare and keep on file for public inspection a statement of all receipts and expenditures of the district for the preceding fiscal year and a statement of the estimated total expenses for the district for the current fiscal year.

Title V 58300

Budget Calendar

- Jan. 10: Governor's Budget
- May 15: Revised Governor's Budget
- June 30: District Tentative Budget
- June 30: State Budget
- Sept 15: District Final Budget

Budget Process

- District or College Budget Committees
  - Academic and Classified Senates
  - Unions
  - Administration
  - Students

Budget Process

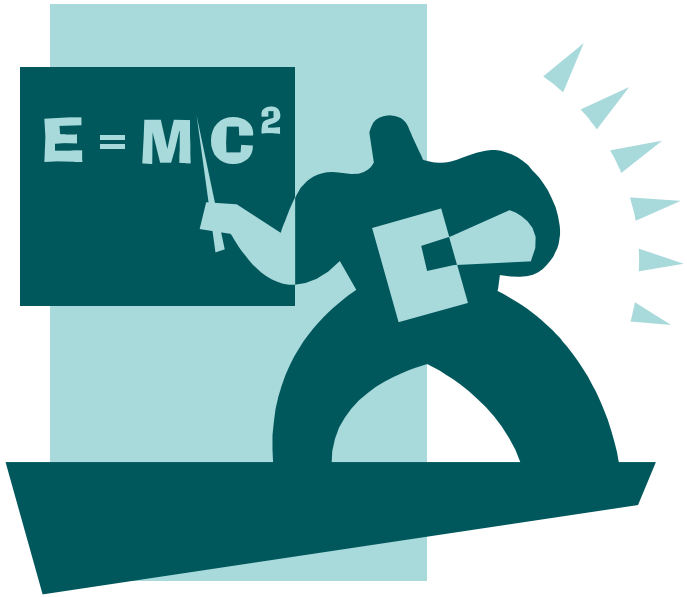
- Communication
- Budget Hearings
- Program Review
- Educational Master Plan
- More communication

Budget Process

- Board interaction
  - Budget subcommittee
  - Audit subcommittee
  - Study sessions
  - Retreat

Budget process

- We are all teachers!



Group work

- Break into groups
- Exchange budget documents
- Review the college or district's assumptions for 08/09
- What are the common budget builders among your colleges?
- How are you addressing budget cuts?

Common Budget Builders

- State revenue COLA
- Deficit factor
- Growth/Decline in FTES
- Interest
- Lottery
- Compensation settlements
- Productivity
- Benefits
- Utilities
- Reserves for contingency

Common Differences

- Redevelopment funds
- Bonds/other debt
- Contract education
- Leased space revenue
- Farms/other industries
- Capital construction
- Debt payments
- Contract instruction
- Leased space costs
- Golden Handshakes

Budget Cuts

- Personnel:
  - Hiring freeze
  - Managed hiring
  - No OT/Comp time
- Productivity/Growth
  - Increase class size
  - Grow!
  - Eliminate low performing programs
- Operations
  - Utilities
  - Conference/travel
  - Renegotiate contracts
- What are you no longer going to do?

Building Blocks

- SB361
  - Foundation
  - Revenue per FTES
  - COLA
  - Growth/Restoration/Budget Stability
- Know how the formula works and check your numbers!

Building Blocks: FTES

- Source: 320 Reports, internal college reports
- College projections
- Opening day and census day compared to final report

Census Enrollme | Glossary

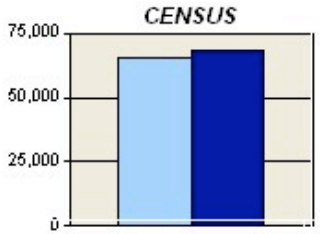
Enrollment Report

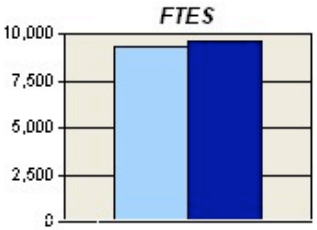
Wednesday, November 05, 2008

District

Division Summary | Detail Drill | Demographics

		CENSUS ENROLL			FTES		
		Total	Percent	Change	Total	Percent	Change
Fall 2007	07-Nov-2007	65,731	100%		9,312	100%	
	08-Nov-2007	65,744	100%		9,313	100%	
Fall 2008	03-Nov-2008	68,398	100%	4.1%	9,602	100%	3.1%
	04-Nov-2008	68,434	100%	4.1%	9,606	100%	3.1%

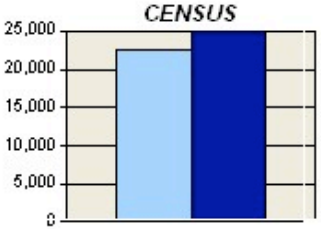


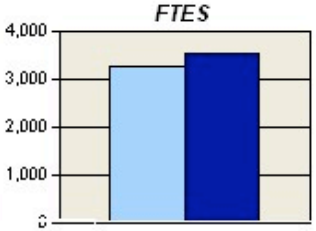


Skyline College

Division Summary | Detail Drill | Demographics

		CENSUS ENROLL			FTES		
		Total	Percent	Change	Total	Percent	Change
Fall 2007	07-Nov-2007	22,648	34.5%		3,279	35.2%	
	08-Nov-2007	22,656	34.5%		3,280	35.2%	
Fall 2008	03-Nov-2008	24,917	36.4%	10.0%	3,525	36.7%	7.5%
	04-Nov-2008	24,922	36.4%	10.0%	3,525	36.7%	7.5%

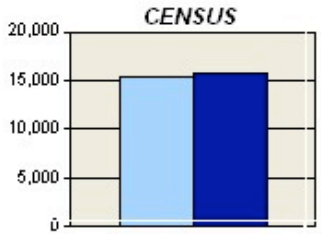


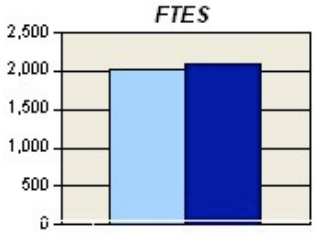


Canada College

Division Summary | Detail Drill | Demographics

		CENSUS ENROLL			FTES		
		Total	Percent	Change	Total	Percent	Change
Fall 2007	07-Nov-2007	15,430	23.5%		2,016	21.7%	
	08-Nov-2007	15,434	23.5%		2,017	21.7%	
Fall 2008	03-Nov-2008	15,812	23.1%	2.5%	2,085	21.7%	3.4%
	04-Nov-2008	15,815	23.1%	2.5%	2,085	21.7%	3.4%

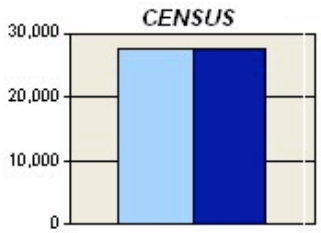




College of San Mateo

Division Summary | Detail Drill | Demographics

		CENSUS ENROLL			FTES		
		Total	Percent	Change	Total	Percent	Change
Fall 2007	07-Nov-2007	27,653	42.1%		4,016	43.1%	
	08-Nov-2007	27,654	42.1%		4,016	43.1%	
Fall 2008	03-Nov-2008	27,669	40.5%	0.1%	3,992	41.6%	-0.6%
	04-Nov-2008	27,697	40.5%	0.2%	3,995	41.6%	-0.5%



320 Reports – Side Notes

- Due dates: Jan. 15 (P-1), Apr. 30 (P-2), Jul. 15 (P-Annual)
- P-2 affects your cash flow from June through February of the next year
- Lottery and many other funding sources along with apportionment are based on these reports
- Can file amended report up to Nov. 1 (Oct. 1 for Lottery)

320 Reports – Side Notes

- Annualizers
  - Used to project Spring from Fall
  - Should not just be 2.0 across the board!
  - Preparers of the 320 often do not understand the significance of these numbers

Building Blocks: Adjunct Budget

- FTES Goal
- Productivity Goal
- Number of full-time faculty assigned to the classroom
- Cost for FTEF of adjunct

Building Blocks: Adjunct Budget

A FTES Goal	B Convert to WSCH	C WSCH /FTEF Prod. Goal	D # FTEF Full time Fac needed	E FTEF Full time Fac Avail	F # FTEF PT Fac Needed	G Average cost per PT FTEF	H Total PT Fac Budget
4,000	60,000	525	114.29	48.00	66.29	$40,000	$2,651,429
Given	A*525	Given	B/C	Given	D-E	Given	F*G

Accreditation – Side Notes

- Must show that you integrate planning with your financial budget
- Just allocating everything the way you always have won't cut it
- Reference your mission and goals and SLOs in all of your materials

Break Time

Resource Allocation

- Between colleges
- Between departments
- Between student services and instruction
- For administration

Resource Allocation at SMCCCD: Priorities

- The model must be fair
- Simple
- Predictable
- Stable
- Minimize internal conflict - between colleges & with district office
- Timely – in order for development of plans at colleges
- Have a multi-year application – not change formula each year

Priorities

- Accommodate good and bad years
- Promote a sensible use of public funding – no “spend it or you lose it”
- Uses quantitative, verifiable factors – need for good data
- Protects the integrity of base funding – no sudden or major changes
- In synch with our mission and goals

Components of Model

- Baseline level of college support for instruction, student services and college administration
- Marginal level of college support for instruction, student services and college administration based upon FTES as averaged over the preceding three years
- Demonstrated need
- District Office support for non-facility related services based upon percentage of college allocation
- Facility related services based partly on an amount per gross square footage building space and partly on a percentage of college allocation
- Fixed costs

Baseline Allocation

- Predictable
- Stable
- Consistent
- Protects the integrity of previous program funding allocations
- Addresses established economies of scale
- Lessens any incentive to adjust programs based solely on one factor

3 Year Average of FTES

- FTES best determines the adjustments that a college must make to accommodate changing needs from year to year
- As FTES changes, so do the costs for faculty, student services, instructional materials and, ultimately, most overhead costs

Demonstrated Need

- There will always be special identified needs that need attention that do not fit neatly into a resource allocation algorithm

District Office

- By basing an allocation on a percentage of the college allocation, District Office is scaled in proportion to the colleges' allocation and takes into account the elements of stability and marginal funding

Facilities

- Gross square footage seems a good proxy for many of the factors that might influence the cost of maintaining facilities
- Facilities also grows as the colleges grow and, like the district Office, will be scaled in proportion to the colleges.

Fixed and Agreed-Upon Costs

- Benefits
- Utilities
- Insurance
- Consult/Legal/Election
- Staff Development
- Telephone/Software/Hardware Maint
- Technology Advancement
- Retiree Reserve Transfer

Implementation

- Changes will be made to current allocations with new revenues
- No college's initial allocation will be less than the prior year's final allocation
- Cuts will be allocated across the board (if necessary) after all other allocations have been made

Reality: 06/07

- Changed FTES base from P-2 to P-A due to significant decline from estimates
- Changes FTES goals for 06/07
- Changed from PBF to SB361
- Lost $3.5M equalization

Reality: 07/08

- Two of three colleges couldn't fit within their allocations
- Allocated one-time funds outside the model
- Requests are coming for additional "demonstrated need" – new center, new program, research, additional maintenance

Reality: 08/09

- The same two colleges still haven't fit into their budgets
- One is using the model to grow out of their problem
- We have wide acceptance of cuts based on the allocations in the model

Homework

Assume that your chancellor asks you to tell her how much revenue is produced by an English 1A section which has an enrollment of 20 students, meeting 3 hours per week for the fall semester. Furthermore your chancellor asks you, "What is the break even point for this class in terms of revenue and expense?"

Marginal Revenue for a class of 20

- 20 students meeting 3 hours per week =
- 60 WSCH for 17.5 weeks =
- 1050 SCH ÷ 525 hrs/FTES =
- 2 FTES times $4,565 per FTES =
- $9,130

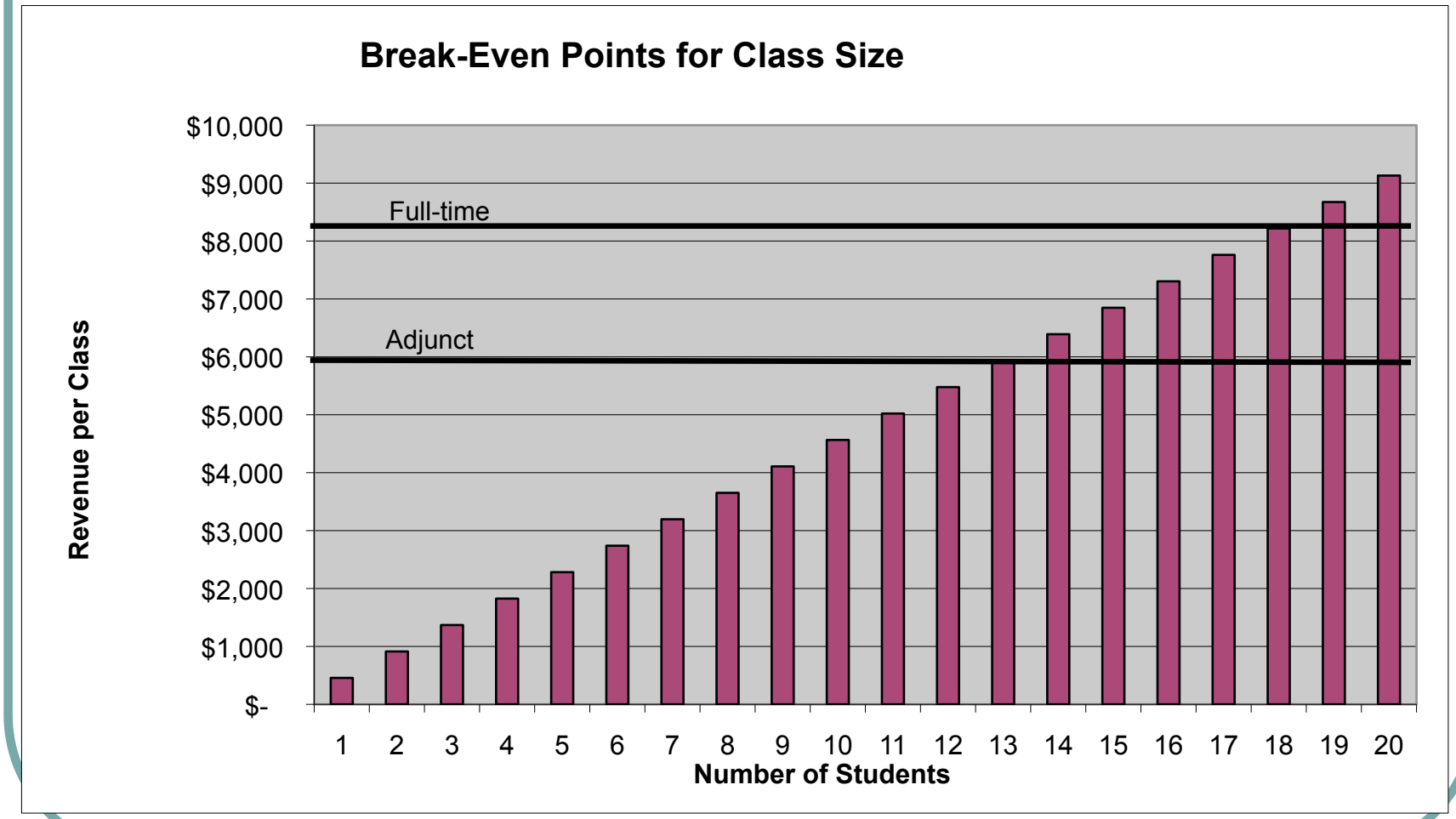
Cost for a Class of 20

- Full load for English is 10 classes/year
- One class is 10% of full load
- Average cost per FT faculty with benefits = $7,700
- Average cost per PT faculty with benefits = $5,335
- Overhead = 10%

Break-Even Points

# of Students	Revenue	Adjunct Cost	Full-time Cost
1	$ 457	$ 5,637	$ 8,079
2	$ 913	$ 5,637	$ 8,079
3	$ 1,370	$ 5,637	$ 8,079
4	$ 1,826	$ 5,637	$ 8,079
5	$ 2,283	$ 5,637	$ 8,079
6	$ 2,739	$ 5,637	$ 8,079
7	$ 3,196	$ 5,637	$ 8,079
8	$ 3,652	$ 5,637	$ 8,079
9	$ 4,109	$ 5,637	$ 8,079
10	$ 4,565	$ 5,637	$ 8,079
11	$ 5,022	$ 5,637	$ 8,079
12	$ 5,478	$ 5,637	$ 8,079
13	$ 5,935	$ 5,637	$ 8,079
14	$ 6,391	$ 5,637	$ 8,079
15	$ 6,848	$ 5,637	$ 8,079
16	$ 7,304	$ 5,637	$ 8,079
17	$ 7,761	$ 5,637	$ 8,079
18	$ 8,217	$ 5,637	$ 8,079
19	$ 8,674	$ 5,637	$ 8,079
20	$ 9,130	$ 5,637	$ 8,079

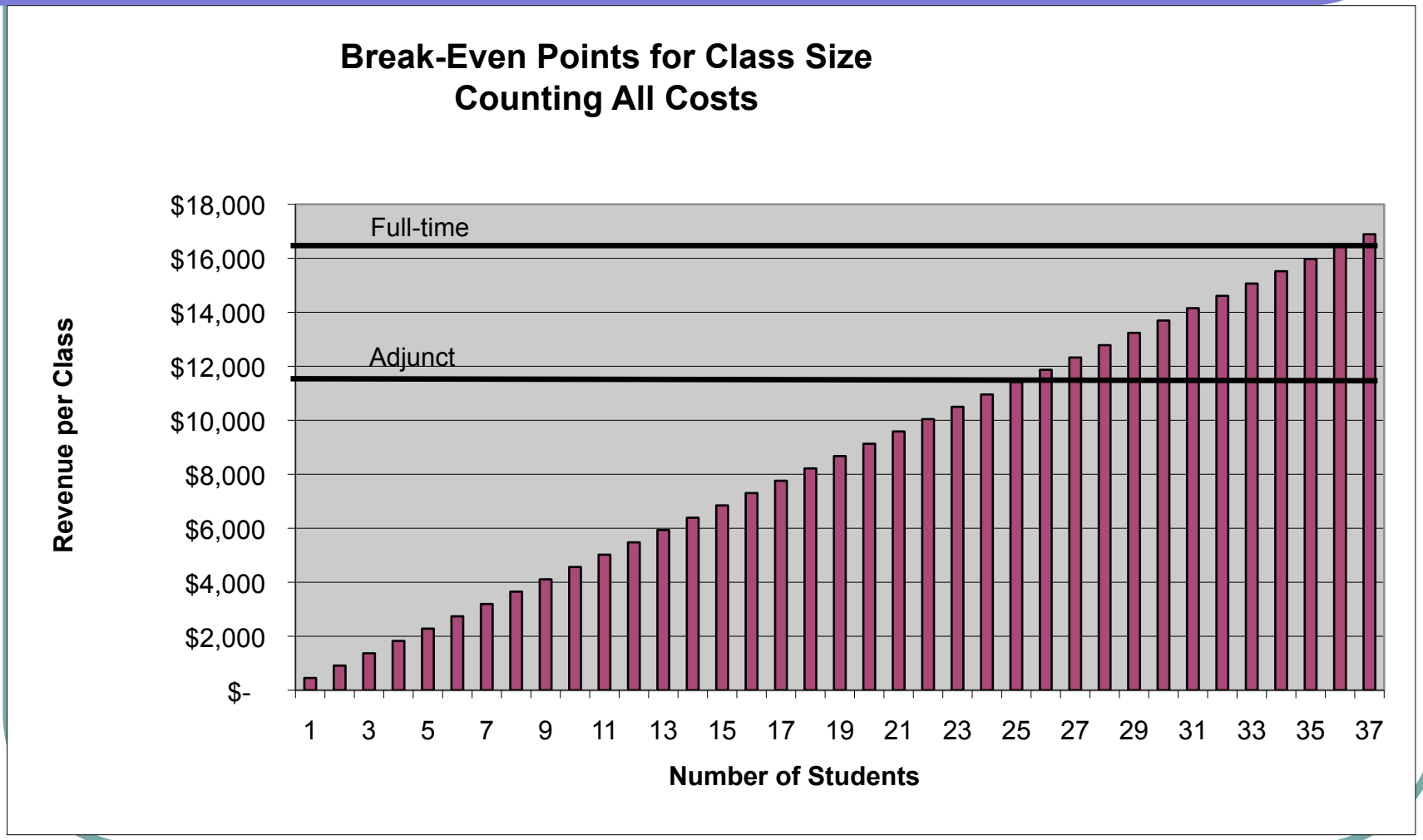
Break-Even Points



Other Considerations

- Apportionment (Base) revenue is typically 90% of total unrestricted GF revenue
- Instruction is typically 50% of total unrestricted GF costs

Break Even Points



Questions?