



GROSSMONT-CUYAMACA
COMMUNITY COLLEGE DISTRICT

MEMORANDUM

TO: District Strategic Planning & Budget Council

FROM: Chancellor's Cabinet

DATE: May 9, 2016

SUBJECT: BAT Summary and Next Steps

The Budget Allocation Taskforce (BAT), which included representatives from across the District, reviewed the District Unrestricted General Funds allocation methodology. After three years of analysis and detailed considerations of numerous factors, BAT helped move ahead many budget strategies and a new allocation model.

Chancellor's Cabinet considered the BAT recommendations, as well as the work of our Vice Presidents for Administrative Services, Associate Vice Chancellor, and the changing landscape of California community colleges funding and enrollments.

The following summarizes the model and the plan for budget allocations:

Model

- The new Income Allocation Model (IAM) provides the following improvements:
 - Follows State methodology for allocation of revenue by sites with no special allocations;
 - Addresses potential State budget reductions, as well as increases.
 - Provides a more flexible and responsive allocation formula with established timelines and periodic review and needed adjustments.

- Components already implemented:
 - Local income continues to be dedicated to the site that generates it;
 - District Services costs that are paid by the colleges are charged back at full cost;
 - Portion of unrestricted site ending balances are dedicated to fund retirement health benefits for current and future retirees; (this health benefits fund will be placed in an irrevocable trust);
 - Reserve calculation was modified to comply with State and accreditation standards percentage of current budget;
 - A plan was established to fund the reserve to cover at least one month of total compensation (salaries and benefits);
 - Each site is responsible and accountable for its planning and resource allocations;
 - Bargaining related commitments are now incorporated into the Income Allocation Model process.

Calculations

- The calculation is attached comparing the 2015/2016 Budget Formula to the Income Allocation Model. A shift in funding between sites reflects the State basic allocation for small/medium colleges:
 - AB 2015/2016 \$47,042
- Begin using the IAM with 2016/2017 Tentative Budget.

FTES Growth

- Growth will be allocated based on State funding and institutional Growth factors.
- Annually, each Spring, FTES goals will be established per college.
- Each Fall, strategic planning for potential Growth allocation scenarios will be initiated.

FTES Growth Allocation 2016/2017

- 2015/2016 included Growth goals of 3% for each college.
- Forecasted 2015/2016 FTES at Spring Census reflects that Grossmont College will move a portion of Summer 2016 to capture the available 2015/2016 Growth reflected in their 2015/2016 resident goals.
- 2016/2017 potential Growth is being allocated to the sites to reach a consistent Growth impact for both colleges.
- The colleges will hold one half of their Growth allocation pending analysis of Fall Census.

Evaluation

The overall effectiveness and functionality of the IAM will be reviewed at least every three years by BAT, and make modifications as needed.

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Attachment