



Income Allocation Model (Updated 7/11/2016)

I. Philosophy:

- The Income Allocation Model (IAM) is an established process for allocation of general funds designed to help the District fulfill its mission and goals.
- The IAM will allocate funds on an annual basis (initially estimated at Tentative Budget, then updated for Adoption Budget based on year-end closing ending balances and the approved State budget).
- The model provides the vehicle to implement strategic planning objectives at the overall District and individual site levels. Budget allocations will continually reflect strategic plans and related priorities Districtwide and at sites.
- Once totals are allocated, each site will develop independent detailed budget, without comparison to the other college.
- Each college is held accountable for FTES goals

II. Parameters:

- **Basic Allocation:** State Basic Allocation is distributed to each college based on State methodology
- **Workload Measures:** State Basic FTES Revenue and other State Workload Revenue are distributed to each college based on resident credit/noncredit FTES goals at the same rates as the State credit/noncredit funding rates.
- **Growth Funds**
 - Restoration is distributed at the same FTES rate as the reduction occurred
 - Growth funds that follow a period of funding reductions will be identified as restoration funds and distributed at the same rate as the reductions until the benchmark level of funding prior to the reductions has been achieved.
 - Growth funds, once the FTES have been restored, will be allocated based on anticipated State funding and institutional Growth factors, which will be considered collectively at DSP&BC:
 - Each Fall, strategic planning for potential next fiscal year Growth scenarios will be initiated at each college;
 - Each Spring, goals will be established per college;
 - FTES goal accountability by site will follow established State stability procedures;
 - Any reductions in State funding would be allocated following the most recent Growth allocation.

- **Other State Unrestricted Revenue** (such as lottery, parity, mandates block grants, financial aid administration, etc.) is distributed based on the percentage of the State General Revenue that each college receives
- **Beginning balances and local income** are dedicated to each site:
 - 10% of Unrestricted Sites Ending Balance are allocated to partially fund Other Post-Employment Benefits (OPEB) as part of year end closing
 - Any State special allocations are distributed per State methodology
- **Contingency Reserve** is calculated according to BP/AP 6200
- **Districtwide Commitments and District Services** components are allocated to the colleges by the percent of total FTES provided in the Formula.

III. Calculation:

- A. Income Allocation Model Calculation (see attachment for 2016/17 Tentative Budget IAM)

IV. Supporting Schedules:

- A. FTES Goals
- B. Income – Unrestricted General Fund
- C. Dedicated Income
- D. Ending Balance Summary
- E. Districtwide Commitments and District Services:
 - E-1. Districtwide Commitments allocations
 - E-2. District Services allocations
 - E-3. Definition of Districtwide and District Services
- F. District Contingency Reserve
- G. Site holding accounts
- H. Employee benefits budget
- I. Employee benefits rates