

May 12, 2016

Kern Community College District

District-wide Budget Allocation Model Evaluation III Committee

Report to the Chancellor and Consultation Council

Introduction:

In the summer of 2015 the Chancellor asked the District Consultation Council to assemble a workgroup (see Attachment A) to conduct a third evaluation of the District-wide Unrestricted Fund Budget Allocation Model (BAM). The current BAM has been used by the District to allocate the majority of its general purpose (unrestricted) funds since the 2007-08 fiscal year.

The BAM Evaluation III Committee ("BEC") had its initial meeting November 15, 2015 and met several times during the spring semester of 2016. After a review of the BEC's scope of assignment, the BEC reviewed the current model and how its various mechanisms work and how the model fits into the overall budget process of the District. In addition, the BEC discussed the initial BAM and reports from the first two model follow-up evaluations. The BEC members then proceeded to identify from stakeholder input the following BAM topics for evaluation:

- 1. District-wide Budget Committee**
- 2. Growth Allocations**
- 3. Cost drivers for DO chargeback mechanism**
- 4. Banked FTES allocation to Colleges**
- 5. Reserves**
- 6. Stabilization mechanism**

Model Evaluation Process:

The BEC broke into groups assigned to review and evaluate each of the six topics. Each group returned with their analysis and recommendation for changes. The reports and recommendations were then discussed by the entire BEC and final recommendations were made accordingly (See attachment B Meeting Minutes).

Evaluation and Recommendations

1. District-wide Budget Committee

There was extensive discussion about establishing a District-wide Budget Committee. The BEC believes that the primary advantage of a District-wide Budget Committee would be enhanced communications and input about the District budget premises and assumptions used to guide the development of the Colleges' budgets. In addition, the District-wide Budget Committee would provide for better understanding and vetting of the District Office operational budget. A survey and analysis of other multi-college districts was conducted to determine whether other districts utilize such a committee and how they operate. The study found many multi-college districts have a separate, standing district-wide budget committee. These committees operate to make fiscal recommendation to Chancellor and Consultation Council (See Attachment C).

Recommendation No. 1:

The BEC recommends the establishment of a District-wide Budget Committee. The District-wide Budget Committee's responsibilities shall include:

- Propose recommendation for District-wide budget development processes;
- Review of the District Office provision of services in relation to program review
- Review annual District-wide budget development premises;
- Review long-term trends in District-wide fiscal health; and
- Evaluate and propose recommendations for District Office operational budget;

The composition of the Committee would be:

Chair: Chief Financial Officer (non-voting)

Vice Chancellor, Human Resources (non-voting)

6 Classified Staff: Appointed by CSEA (two from each college)

6 Faculty: Appointed by Academic Senate (two from each college)

3 Vice Presidents of Instruction (one from each college)

3 Vice Presidents of Student Services (one from each college)

3 Vice Presidents of Finance and Administrative Services (one from each college)

3 Students (one from each college)

Recommendation No. 2:

The BEC recommends the District Consultation Council:

- Review and make recommendations regarding the District Office process for unit plan development; and
- Review annually and evaluate the District Office service unit plans

2. Growth Allocations

The BEC evaluated approaches to allocating growth funding within the District using the State's current growth model as well as the model used to allocate Equity funding (See Attachment D). An in-depth analysis, including simulations, was conducted. The BEC had extensive discussion regarding the different approaches compared to how growth is currently allocated utilizing FTES targets established for each college based on projected funded growth caps. The BEC concluded that the current approach meets the needs of the colleges.

Recommendation: There are no recommended changes to current process of allocating growth.

3. Cost drivers for DO chargeback mechanism

The BEC evaluated the possibility of modifying the Budget Allocation Model for the District Office cost chargebacks. Currently, allocations of the District Office chargebacks are made using funded FTES. A report (See Attachment E) was presented that included a survey of several multi-college districts, the introduction of several cost allocation models that could be reviewed, and hypothetical examples of different allocation approaches. The study also identified several consultants that offer evaluation services of this topic. The BEC had extensive discussion of this topic and the findings in the report.

Recommendation:

The BEC recommends that the District Office issue an RFQ/RFP to obtain the services of a neutral third party vendor to undertake a study during the 2016-17 fiscal year of various cost drivers for use in allocating District Office costs. This third party will make recommendations to the District that will be subject to review by the District-wide Consultation Council and/or the District-wide Budget Committee. The BEC recommends that the current BEC and/or the District-wide Budget Committee be the selection committee for the third party vendor for this task.

4. Banked FTES allocations to colleges

The BEC reviewed how possible differences can occur between the 320 FTES report to the State Chancellors Office and the actual FTES generated at the colleges to meet internal targets. The review revealed that the 320 report is used to maximize funded FTES for the District as a whole including the use of trailing summer FTES. The analysis further revealed how the unused trailing summer FTES is the “Banked FTES” to be used in the subsequent year’s 320 report. (See Attachment E that reflects the different FTES used for the 320 purposes and internal purposes (ie; Targets and Allocation Model)).

Recommendation: No recommendation was forthcoming from this review.

5. Reserves

The BEC reviewed historical District-wide unrestricted reserves (excluding college reserves) since 2008/09 fiscal year (See Attachment F). In addition, theoretical simulations were conducted to illustrate how much of the District-wide reserves could have been allocated to the colleges had the District-wide reserve minimum been set at 10% and 5%. Discussion occurred regarding the current District-wide reserve minimum of 15% and the college minimum of 3%.

Recommendation: The BEC recommends further study of the implications of reserve levels.

6. Stabilization Mechanism

The BEC reviewed and discussed the formation and history of the BAM's current stabilization mechanisms. The BEC discussed that the current stabilization mechanisms are designed for short-term (1-2 years) relief. This model is not designed for addressing long-term rising costs or ongoing declines in a college's revenue streams. This revealed the need for a long-term plan to address this potential issue. The Vice President from Cerro Coso Community College used the college's present situation to paint a picture of an emerging long-term fiscal problem. The college is projected to experience a deficit of millions of dollars in ongoing funding due to FTES declines resulting from service area demographic and statewide economic changes while at the same time, base costs continue to rise.

Recommendation: After extensive discussion, the BEC recommends that a stabilization issue of this magnitude needs to be addressed outside of the allocation model and on a District-wide basis.

END OF REPORT

Attachment A

BUDGET ALLOCATION MODEL EVALUATION III

COMMITTEE (BEC)

Tom Burke, Chief Financial Officer, DO

Gale Lebsock, Vice President Finance & Administrative Services, CC

Arlitha Williams-Harmon, Vice President Finance & Administrative Services, PC

Anthony Culpepper, Vice President Finance & Administrative Services, BC

Kathryn (Katie) Coffman – Classified Rep, CC

Epifania Mendoza, Student Rep, BC

Steven Holmes, Senate President, BC

Tina Johnson, CSEA Rep, BC

Jodie Logan, CSEA Rep, PC

Nick Strobel, CCA Rep, KCCD

Frank Timpone, Academic Senate Rep, CC

Ann Marie Wagstaff, Academic Senate Rep, PC

Celia Farina, Student Rep, PC

Attachment B



Unrestricted Fund Budget Allocation Model (BAM) Evaluation III
Organizational Meeting

SUMMARY MINUTES

Meeting Date: November 20, 2015
Location: Kern Room / District Office
Time: 8:30am – 12:00pm

TASK FORCE: (10 attended)

- Tom Burke, Chief Financial Officer
- Gale Lebsock, Vice President Finance & Administrative Services, CC (Absent)
- Arlitha Williams-Harmon, Vice President Finance & Administrative Services, PC
- Anthony Culpepper, Vice President Finance & Administrative Services, BC
- Kathryn Coffman, (Katie) – PC Exec Sec to Dean Mike McNair
- Clayton Fowler, BC SGA President (Absent) - substituting for Mr. Fowler is Ms. Epifani Mendoza, BC SGA Director of Finance
- Steven Holmes, BC Senate President (Arrived Late at 9:48am)
- Tina Johnson, BC CSEA Rep (Absent)
- Jodie Logan, PC CSEA Rep
- Nick Strobel, CC CCA Rep
- Frank Timpone, Faculty CC
- Ann Marie Wagstaff, Faculty PC

SCRIBE:

Ms. Jana Durham, Business Services Assistant

ITEM	DISCUSSION	RECOMMENDATION/ FOLLOW-UP
1. Call to Order and Task Force Introductions	The meeting was called to order at 8:44am.	
2. Scope of Task Force Charge	The committee was advised that it is charged with the responsibility of evaluating the model for budget purposes that provides us a chance for the stakeholders to propose any changes, improvements, etc. This is done periodically and this evaluation is the third evaluation of the model. We want to be sure it is still the best model. The process will take through the spring to be able to review and address all issues,	

ITEM	DISCUSSION	RECOMMENDATION/ FOLLOW-UP
	<p>make recommendations, etc., then it will be given to the Chancellor, then the Chancellor will ask the CFO for a draft evaluation – then the Chancellor makes the final decision of any modifications of the model. Neither the model nor results of the model go to the Board. It does however go to Consultation Council. The Board's responsibility is to approve the use of a BAM, but it is the District's job to come up with the actual BAM.</p>	
<p>3. Overview of Current and Past Budget Allocation Model Reviews</p>	<p>The committee reviewed the Unrestricted Budget Summary Allocations 2015/16 and it was noted that the District's BAM mirrors the CCCCCO's model. The committee discussed the basis for the model and how it was linked to SB361, as well as how the current model works and the sources of information for the model. There was also a discussion on the current budget and what components of the budget are incorporated into the model.</p>	
<p>4. Overview of Past Budget Allocation Model (Combined see above)</p>	<p>The committee discussed the past BAM activities committee and were advised where to locate it on the website. There was a survey done at the beginning, as initially there was a lack of knowledge about how the model worked. A presentation was conducted of how the model is worked in the field. This was used as a tool for the leadership academy, for the work that we do.</p>	
<p>5. Suggested BAM Issues to be Researched and Analyzed</p>	<ul style="list-style-type: none"> a. Growth allocation = funding up front? b. How do changes in district-wide reserves impact the allocations to colleges? c. Look at the reserves' percentage for the DO and each campus d. What does District Wide reserve represent? At 14% - next year's is contingent on whether we grow or not. This will probably go over the 15%. Why take the entire \$9M if it will drop us below? Why not take just \$8M. It doesn't matter if we get it from allocation instead? Formula is still the same based on apportionment of the first year of growth. e. Question at PC is the need to preserve reserves to take care of events such as categorical drops or drastic swings in enrollment that affect the community. f. The nature of the funding needs to match the nature of the expense. We need to be sure that we build up the reserve especially for certain potential losses. 	

ITEM	DISCUSSION	RECOMMENDATION/ FOLLOW-UP
	<p>ISSUES per the CFO:</p> <p>Porterville College</p> <ol style="list-style-type: none"> 1. PC: PC will email them to DO/CFO. Question was raised that if there is no change in the district-wide reserves, then how much money would have been allocated differently? 2. The committed requested wanting to see the oversight of the DO budget with an analysis of the portion of the budget that is distributed to the campuses to improve better understanding. 3. At one time the State Model came up with a different model but didn't use it and it would have benefitted us. The growth model doesn't benefit us at all. What effect would there be to the campuses if they used that growth model. The legislature changed so a new one needed to be developed. It was offered that the old model be pulled up and the growth model proposed to get a sense of how different models affect it. 4. The State is looking to go to a different stabilization model – if more comes out about that we should revisit it. <p>Bakersfield College</p> <ol style="list-style-type: none"> 1. BC: District wide budget committee. How do we as a district begin to see if there is an opportunity to see how each campus contributes to it. Move to a more mechanical model rather than have each campus make the recommendations. Compare to the model that wasn't adopted by the State just to see. 2. Allocation of growth based on current model and one broken down by colleges plus the State one not adopted. 3. One of the components that was consistent with recommendation of committee was looking at costs across the colleges based on FTES rather than looking at each program at each college and to evaluate based on cost drivers. Not all services at DO are driven by FTES. i.e., legal services and HR. The committee might be interested in wanting to see those costs and justification. The upside for other colleges is that BC may not be charged enough for the DO costs. The downside might be that BC is incurring too much. How economies of scale are a factor among the 3 colleges. 4. How banked FTES is allocated back to the colleges. 5. The committee questioned how many times has the stabilization mechanism been reviewed and modified. It was answered 3 times for CC and 1 time for BC. 	

ITEM	DISCUSSION	RECOMMENDATION/ FOLLOW-UP
	Cerro Coso Community College 1. No issues were discussed at this time.	
6. Schedule of Future Meetings	a. The committee established a schedule of future meetings: February 19, 2016; March 11, 2016; April 22, 2016 and May 6, 2016	
7. Other	None	
8. Adjournment	The meeting was adjourned at 11:35am	



Unrestricted Fund Budget Allocation Model (BAM) Evaluation III
Organizational Meeting

SUMMARY MINUTES

Meeting Date: January 29, 2016
Location: Kern Room / District Office
Time: 8:30am – 12:00pm

TASK FORCE:

- Tom Burke, Chief Financial Officer
- Gale Lebsock, Vice President Finance & Administrative Services, CC
- Arlitha Williams-Harmon, Vice President Finance & Administrative Services, PC
- Anthony Culpepper, Vice President Finance & Administrative Services, BC
- Kathryn Coffman, (Katie) – PC, Exec Sec to Dean (Corey Marvin, interim replacement for Mike McNair) (Absent)
- Clayton Fowler, SGA President, BC (Absent)
- Steven Holmes, Academic Senate President, BC
- Tina Johnson CSEA Rep, BC (Absent)
- Epifania Mendoza – Director Finance, SGA, BC
- Jodie Logan, CSEA Rep, PC
- Nick Strobel, CCA Rep, BC
- Frank Timpone, Faculty CC
- Ann Marie Wagstaff, Faculty PC
- Celia Farina, PC

SCRIBE:

Ms. Kim Crews, Administrative Assistant, Construction & Facilities

ITEM	DISCUSSION	RECOMMENDATION/ FOLLOW-UP
1. Call to Order and Task Force Introductions	The meeting was called to order at 8:43 a.m.	
2. Review of Minutes	Deferred to next meeting.	

ITEM	DISCUSSION	RECOMMENDATION/ FOLLOW-UP
<p>5. Suggested BAM Issues to be Researched and Analyzed</p>	<p>a. <u>District-wide Budget Committee</u>: During discussion, the VP Finance & Administrative Services for PC volunteered to look at the BAM research from the last reports.</p> <p>b. <u>Growth Allocations</u>: The committee reviewed the website locations for the committee located on the CCCCCO website. See tabs for fiscal affairs workgroup/outlining the formula. Also see growth funding allocation model factors listed (dated 10/2014). The committee reviewed the growth rates for Kern and all four factors against state growth rates. The committee reviewed sample growth allocations. They reviewed the growth formula rate which has been adopted. The committee went over the specific website steps to the portal. The option of taking growth model and applying it to the District model was discussed. It was agreed that it would need to be researched and we have to do simulations to see how it works. Dr. Wagstaff volunteered to work with Mr. Carley on the growth model. The Dept. of Finance never adopted the previous model. The District model adopted growth based on percentage of FTES growth for each institution and the load reductions were explained. BC has hit their growth factor. CC is establishing what they can achieve not based on a model but what can be done. It was shared that initial discussions at CC took place on FTES funding that follows where growth is expanding. As institutions we are meeting our targets. That has been a concern in the past.</p> <p>c. <u>Evaluation of new cost drivers for DO charge back mechanisms</u>: The committee discussed what mechanisms generate the cost. An analysis would require help from an outside party with expertise to evaluate. The data available is not a clear look as it combines restricted and unrestricted funds. We would need someone to measure the pros and cons. This is do-able. The VP Finance & Administrative Services for BC will take charge on this and will also research firms who can do the analysis of the cost drivers.</p> <p>d. <u>Review of how banked FTES is allocated back to the colleges</u>: P2 is used for closing books as it has more accurate FTES. File with July annual - if you report it – it cannot be pulled back – solely on summer FTES. The District pulled 900 from last year and it was explained by the CFO.</p>	<p>b. <i>Ms. Logan agreed to assist Dr. Wagstaff with growth.</i></p>

ITEM	DISCUSSION	RECOMMENDATION/ FOLLOW-UP
	<p>e. <u>Review of stabilization mechanism</u>: The committee discussed the internal mechanisms and overall stabilization. The committee was advised that that this stabilization has been used 3 times. On internal mechanisms – isn't there an overall stabilization? All revenue was reviewed and it was explained what part time faculty and adjunct faculty support. The Potash royalties from the mines in Boron were discussed. All schools in the District share this royalty. It was asked "How is Potash divided out?" – It was explained that it has its own formula determined by the Dept. of Education. BC could capture all of their growth again. PC could get most of their growth. It is a 2 year process. Transitioning is important so campuses can get to a lower level of funding in a transitional manner. Note we are always 1 year in arrears with growth allocation. Started '06/'07 when allocations were done in advance instead of the past but did not reach growth target. Process changes 1 year in arrears increased reserves over the same period of time if the one year growth is met.</p> <p>f. <u>New Centers/Use of Reserves/Review of Economic Scale</u>: The committee discussed how the foundation allocates their growth. Question was raised to to how we can build offsite facilities to be outreach centers. The response was that FTES is needed to become a center and get base apportionment. Online courses are locked in and cannot be moved or transferred to create a new center. The question was raised that if we had not used the reserves percentage in board policy, and if not in the reserves, then about how much would have gone to the colleges? Another question was raised about how long reserves would last if we go into a recession in 2017/18? A current look of all reserves at each campus would not sustain a 5 year recession. The committee discussed that based on Gov. Brown's forecast if a recession occurs, we would lose \$50 Billion in state money. Recessions typically run in 9-10 year cycles, and we are coming up on the 9 year mark now.</p>	<p><i>d. For the next meeting the CFO to map out the FTES that was pulled back using flowcharts that will be distributed to the committee.</i></p> <p><i>e. Statewide internal stabilization mechanisms will be researched by Ms. Lebsack and Mr. Burke.</i></p> <p><i>f. The CFO will provide a spreadsheet of reserve history via e-mail and it was suggested the committee review the stabilization to see if it is really working and if there are reserves to deal with changes.</i></p>
6. Schedule of Future Meetings	<p>a. It was discussed that the next meeting scheduled for February 19, 2016 may not happen because of scheduling conflicts, so the committee decided to skip this meeting altogether and to re-adjourn on March 11, 2016. After that, meetings are scheduled for April 22, 2016 and May 6, 2016, subject to progress.</p>	

ITEM	DISCUSSION	RECOMMENDATION/ FOLLOW-UP
7. Other	a. No other issues were raised at this time.	
8. Adjournment	The meeting was adjourned at 11:39 a.m.	



Unrestricted Fund Budget Allocation Model (BAM) Evaluation III
Organizational Meeting

SUMMARY MINUTES

Meeting Date: March 11, 2016
Location: Kern Room / District Office
Time: 8:30am – 12:00pm

TASK FORCE:

- Tom Burke, Chief Financial Officer (Absent)
- Gale Lebsack, Vice President Finance & Administrative Services, CC (Chaired the Meeting)
- Arlitha Williams-Harmon, Vice President Finance & Administrative Services, PC (Absent)
- Anthony Culpepper, Vice President Finance & Administrative Services, BC
- Kathryn (Katie) Coffman, Classified Rep, CC
- Epifania Mendoza Student Rep, BC
- Steven Holmes, Senate President, BC
- Tina Johnson, CSEA Rep, BC
- Jodie Logan, CSEA Rep, PC
- Nick Strobel, CCA Rep, KCCD
- Frank Timpone, Academic Senate Rep, CC (Absent)
- Ann Marie Wagstaff, Academic Senate Rep, PC
- Celia Farina, Student Rep, PC

SCRIBE:

Ms. Jana Durham, Business Services Assistant

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ITEM	DISCUSSION	RECOMMENDATION/ FOLLOW-UP
1. Call to Order and Task Force Introductions	The meeting was called to order at 8:40 am.	
2. Review of Minutes	The committee reviewed the draft summary minutes from each of the November 20, 2015 meeting and the January 29, 2016 meeting. Modifications to paragraph 5.e of the November 20, 2015 meeting	

ITEM	DISCUSSION	RECOMMENDATION/ FOLLOW-UP
	<p>were noted and the minutes of the meeting were approved, as modified. Modification to paragraph 5.c.e. and 5.f. were noted and the minutes of the meeting were approved, as modified.</p>	
<p>2. Suggested BAM Issues to be Researched and Analyzed</p>	<p>a. District-wide Budget Committee: It was agreed this would be reported back on at the April meeting.</p> <p>b. Growth Allocations: Dr. Wagstaff shared a spreadsheet, created by Michael Carley, which attempted to allocate growth within KCCD in a similar fashion to the new statewide growth allocation model. Mr. Carley prepared the calculations but had several caveats he wanted the committee to be aware of. The state model is new to him and was not easy for him to follow. The document on the Chancellor's Office website was a PDF file, so he could not see the actual formulas they used for their calculations. He used essentially the same information used for the Equity formula last fall. The committee discussed whether this was based on the old or the new model adopted by the State. The two models are basically the same, with the new one including weighting.. It was suggested that the need based data from the old one not adopted by the State would benefit the district. Discussion ensued about what the effect would be if the whole allocation used that formula and not just for growth. Direction of topic was returned to discuss only growth and not the whole allocation. The committee discussed that once the base line is there based on FTES, if there are going to be moneys available for growth, how will that additional money for the next fiscal year be allocated and will there be a formula to address that allocation. The state model has 1% base for everyone. It was discussed how the money is allocated out to each of the 72 districts. The committee discussed the various models and formulas used for growth and looked at the CCCCCO data of each college and where each of those districts were. Growth is now allocated to basic Aid districts. Basic Aid districts are the ones that are supported on local tax monies rather than on allocation from the state. It discussed how that would work within Kern as CC doesn't have population growth and has declining enrollment so they are stabilized and there aren't many opportunities for growth. What happens if we don't achieve the growth determined through this model? Our process with vetting anticipated growth through the VPs etc. works for KCCD. Is it worth</p>	<p>a. Ms. Williams-Harmon to report back at April BAM Meeting.</p>

ITEM	DISCUSSION	RECOMMENDATION/ FOLLOW-UP
	<p>continuing this discussion when we are just 3 institutions and with limited abilities to capture the income for the District as a whole? The committee discussed the changes in economy and the effect on growth. There are peaks and valleys. At any given time each of the colleges have different levels of growth – but are there other factors we need to consider. There is a reverse effect of when there is a recession – our growth is up. Can the State reevaluate our base during those times and then make adjustments for us to recoup it? Just because the state says that the recession is over – it's not every single district – it's the aggregate. When we look at each district there may be other factors that come into play. Isn't that when we use our reserves? We backfilled it with our own finances but what if we don't? At a lot of the colleges there are moments of recovery and if you maximize the growth – then you end up on decline and recovery mode. We're booming but don't adjust our base. Unfunded growth doesn't receive allocation – and it won't be considered in the base from the state. But if you're using the reserves for funding unfunded growth – then you're giving it away for free and you're getting nothing in return. You still have to pay your people to teach it. Districts are allowed to carryover FTES from one year to the next, within guidelines. Trying to mirror the state model for KCCD internal distribution of growth – do we want to go forward with any recommendation on that? We are small enough within the 3 colleges that we don't really need it. We are small enough to work things out. A member suggested that the formula is so stiff that it will lead to problems and perhaps this will drive the conversation toward all the factors that come into play with this. We are 3 colleges in very different communities – we need to look at local economies to see that we can try to avoid causing problems for ourselves in the future. The more awareness among the colleges should be pursued for the district. We need to be concerned about and cognizant of resiliency. Beyond the district level controls, what is PC's concern? Every time we set up the targets – the district as a whole has to be aware of what's coming up in the future and what has happened in the past with respect to budget and otherwise. At the state level, they have a formula for apportionment i.e., KCCD you have 5% growth – so then we have to figure out how to allocate that to 3 colleges. At the district level we are looking at the compliances –</p>	

ITEM	DISCUSSION	RECOMMENDATION/ FOLLOW-UP
	<p>because if we don't hit the numbers we all lose. Once those conversation have been had what is an appropriate target for these things? Also – we do have a mechanism in place for stabilization. If these measures are in place each college should be able to operate autonomously to support its constituency. There are issues beyond the state compliance because different things affect the smaller colleges that wouldn't necessarily affect the bigger college, but we are 3 colleges, not just one. Despite stabilization dollars – when the expenses go up, utilities, salary increases, STRS and PERS increases, it doesn't matter. We need to consider stabilization. We should revisit how the reserves are built up as reserves can be used for stabilization. Formulas for KCCD is probably not the best way for us because it can be very limiting.</p> <p>c. Evaluation of new cost drivers for DO Charge back mechanism: A report entitled "Cost Distribution Models Used by Multi-College Districts" was presented to the committee by Dr. Culpepper, Mr. Holmes and Dr. Strobel. It was noted that it was based on current cost model. It was identified that out of 23 multi-college districts – 8 of them have 3 colleges. We looked at the percentage of FTES across those learning institutions and identified what the percentage breakdown is BC/CC/PC. The closest community to our breakdown is Riverside. After some research with the CBO's of those, three of them responded; San Mateo, San Diego and Coast CCD. We noticed that the methods of allocating the district cost – that some used FTES, some used a different allocation method close to the driver based allocation method. San Mateo on page 3 of the report – used an activity based method to compare to other schools. Different models were discussed including TDABC-Time Driven Activity Based Cost Allocation Method, as well as DRBABC-Driver Based Activity Base Cost Method Allocation Model (see report, incorporated herein by this referenced). Concern was raised that this might encourage one college to initiate less of those events that would reduce their costs and if one college has a huge lawsuit for example, should the entirety of that expense be borne by the "causation" location campus? The committee was not in agreement about the methods or appropriateness for our District. Additional discussion ensued regarding the example that as to legal or HR or IT – that these cannot simply be</p>	

ITEM	DISCUSSION	RECOMMENDATION/ FOLLOW-UP
	<p>separated out by each campus as legal doesn't fit in for purposes of planning ahead – you can't predict the cost, so how do we plan and budget it? A comment was made that by the time you level all of these out they are probably going to end up being about equal to FTES. We should see all the data and then see how it all comes out at the end of the day. Event Based / FTES based? Do we want to do a cursory evaluation of that? Or do we want to wait until more college district's respond to our request for information. The issue of DO being able to budget for their needs and getting it – vs. the colleges not being able to budget for their needs was brought up. Do we want to look at cost drivers or wait till we get more information? Ms. Mendoza volunteered to assist in a cost driver evaluation for variable and fixed activity based costs. Operational discussion would arise from doing the data research based on that cost driver. What things do we want to evaluate. Economies of scale have not been reviewed and/or researched for a long time. The whole district is intended to absorb the shock from an entire cost vs individually broken down by college. The percentage of impact is something the small colleges are concerned about. The committee was referred to the list in the back of the report of hiring the work to be done. Single driver, multi-driver, time-based driver tracked by time vs. tracking activities, - single driver is FTES. It was asked if any of the referrals to the consultants had been interviewed as we would like a consultant with community college district experience. The consultant can determine what cost driver should be used based on their analysis and evaluation. We would get a recommendation from them. We may need a broader discussion specific to education and the students. The data should be part of the discussion – not necessarily a recommendation – as we need to be sensitive to the needs of the students. The realities on the ground need to be considered along with the data and not just getting swept off by the recommendation of the consultant. There isn't enough time for a change for the 16/17 budget. The committee recommends engaging an independent consultant expert to review the cost drivers and we could perhaps consider the change to the model for 17/18 budget allocation. Let's put a time line on it. Concern was raised that the committee will be disbanded and the report will be taken over by others than just the committee. The committee was reminded that the</p>	<p><i>c. Ms. Mendoza to assist in a cost driver evaluation for variable and fixed activity based costs.</i></p>

ITEM	DISCUSSION	RECOMMENDATION/ FOLLOW-UP
	<p>Academic Senate has a right to engage in the decision making process of this. The budget process is a 10+1 item. The committee was reminded of its charge to evaluate the model. We are not developing a new model, but might make recommendations for changes based on our review. If a consultant is hired, will this committee be reconvened to review the report? Discussion ensued about selecting a consultant firm. We could do an RFP, have vendor presentations from several firms and then make a recommendation to move forward with the one consultant. Representatives from all groups should be involved in the selection of the consultant.</p> <p>d. Review of how banked FTES is allocated back to Colleges: As Mr. Burke was not at the meeting, this was deferred to the next meeting. Question was raised if the District-wide reserves had been kept at the recommended level i.e., 5%, how much more could have been distributed out to the different colleges? To be discussed.</p> <p>e. Review of stabilization mechanism: This is still being reviewed and will be reported back at the next meeting by Mr. Burke and Ms. Lebsock. Gale said that she sent an e-mail to LACCD to see how they handled it when 3 colleges were growing and 6 were not. They evidently threw out their model and we want to see what they did.</p>	
3. Schedule of Next Meeting	<p>a. April 22nd b. May 6th</p>	
7. Other	<p>a.</p>	
8. Adjournment	<p>The meeting was adjourned at 11:10am</p>	



Unrestricted Fund Budget Allocation Model (BAM) Evaluation III
Organizational Meeting

SUMMARY MINUTES

Meeting Date: April 22, 2016
Location: Kern Room / District Office
Time: 8:30am – 12:00pm

TASK FORCE:

- Tom Burke, Chief Financial Officer
- Gale Lebsock, Vice President Finance & Administrative Services, CC
- Arlitha Williams-Harmon, Vice President Finance & Administrative Services, PC
- Anthony Culpepper, Vice President Finance & Administrative Services, BC
- Kathryn (Katie) Coffman – Classified Rep, CC (Absent)
- Epifania Mendoza, Student Rep, BC
- Steven Holmes, Senate President, BC
- Tina Johnson, CSEA Rep, BC (Absent)
- Jodie Logan, CSEA Rep, PC
- Nick Strobel, CCA Rep, KCCD
- Frank Timpone, Academic Senate Rep, CC
- Ann Marie Wagstaff, Academic Senate Rep, PC
- Celia Farina, Student Rep, PC

SCRIBE:

Ms. Jana Durham, Business Services Assistant

ITEM	DISCUSSION	RECOMMENDATION/ FOLLOW-UP
1. Call to Order and Task Force Introductions	The meeting was called to order at 8:44 a.m.	
2. Review of Minutes	The committee reviewed the draft summary meeting minutes from the March 11, 2016 meeting. With modifications to a few references to names, and clarification to paragraph 5 on page 6, the minutes were approved.	

ITEM	DISCUSSION	RECOMMENDATION/ FOLLOW-UP
<p>2. Suggested BAM Issues to be Researched and Analyzed</p>	<p>a. <u>District-wide Budget Committee</u>: Dr. Harmon presented a PowerPoint. Her research included reviewing KCCD's BAM I and BAM II Recommendations. The committee reviewed the historical data presented as Committee Proposed Charge of Various Duties and Responsibilities with respect to the evaluation. Then, Dr. Harmon researched various multi-college districts to determine if they had a district wide budget committee (that has various meetings annually) or only a budget allocation advisory committee (that didn't meet every year). She discussed the method of committee representation, who participates, and procedures for accomplishing a model that links back to the strategic plan. State Center has only a budget allocation advisory committee (allocation of general fund resources only) that reviews the same information as KCCD's BAM Committee. Los Rios CCD and Yuba CCD have a budget advisory team that met regularly. Los Rios CCD has a whole package of what each committee does and is responsible for and defines meeting times and the way meetings are conducted. Yuba CCD combined its budget advisory team with the District Consultation Council. (See attached handout, incorporated herein by reference). Coast CCD also has combined its team with District Consultation Council. San Bernardino CCD was contacted, but did not respond. Grossmont-Cuyamaca CCD's structure was reviewed and it has a district strategic planning and budget council that are separate. The responses received from various CCDs were passed through the committee to review (attached hereto and incorporated herein). San Mateo CCD, South Orange County CCD and San Jose Evergreen CCD were also reviewed and discussed among the committee. It was reported that Los Angeles, North Orange, Yosemite and San Diego CCDs didn't respond however information on their websites were reviewed. Riverside and West Valley Mission CCDs did respond. (See Attached PowerPoint for a detailed outline of the research results). In addition, Dr. Harmon prepared a recommendation for discussion among the committee. She proposed KCCD implement a committee separate from the District Consultation Council. This approach will allow the respective committee to have in-depth conversation on fiscal issues. The BAM committee elected to recommend a District Budget Committee comprised of the following members: The Chair would be the Vice Chancellor/Chief Financial Officer of Business Services (as a non-voting member); Vice President of Student Services</p>	

ITEM	DISCUSSION	RECOMMENDATION/ FOLLOW-UP
	<p>(3) (one from each college); Classified Staff (6) (2 from each college); Faculty (3) (appointed by Academic Senate); Vice President of Instruction (3) (one from each college); Students (3) (1 from each college), Vice Presidents Finance and Administration (3) (1 from each college), and the Vice Chancellor Human Resources (as a non-voting member). The committee suggested a few changes to the Purpose/Charge statement of the PowerPoint to include the evaluation of District-wide services and that this committee will not replace or dictate the operations of the campus budget committee. The District Budget Committee will address fiscal issues that have a major impact on KCCCD (i.e. 50% Law, economic downturn projections, FTES stabilization, FON, growth, etc) and make fiscal recommendations to the CFO/District Consultation Cabinet.</p> <p>b. <u>Growth allocation</u>: This has been completed.</p> <p>c. <u>Evaluation of new cost drivers for DO Charge back mechanism</u>: This has been completed – The recommendation was made to look at various consulting firms and engage one firm to render these services, and the BAM committee would have a review process in place of the report submitted from the consulting firm. It was determined that the allocation model will remain the way as it is now. A formal recommendation will be prepared and submitted for vetting.</p> <p>d. <u>Review of how banked FTES is allocated back to Colleges</u>: Mr. Burke shared a document prepared by L. Fitzgerald and T. Burke that was an FTES review of the 320 vs actual. He clarified the push and pull processing of FTES from the trailing summer to maximize the FTES for the fiscal year. On a summer fall spring year – we generated 19,178 FTES. (See spreadsheet incorporated herein by reference). He went on to reiterate that if the course bridges the fiscal year, then it can be pulled to maximize FTES. If it is in the same fiscal year, then you can't pull it to do so. Mr. Burke then discussed the targets set for this year. There is a zero target for each of CC and PC. In hope that they will at least achieve the first phase down. It was shared that at BC it has developed budget literacy workshops, so that there is a better understanding of what goes into the budget.</p> <p>e. <u>Review of stabilization mechanism</u>: For discussion purposes only - the committee discussed the stabilization mechanism</p>	

ITEM	DISCUSSION	RECOMMENDATION/ FOLLOW-UP
	<p>including triggers: loss of FTES; college reserves of 1% or less; layoffs required to balance GU001 budget; no funding available to add to GU001 staff, management or faculty. Funding allocated to cover: GU001 base salary and benefit increases, GU001 base utility increases; GU001 funding for new cost mandates, GU001 debt service payment changes; GU001 reserve of 1%(maintenance of reserve). Condition while in LT Stabilization – no incremental increase in GU001 funded staff, faculty or management; Discontinuance of LT Stabilization – Recovery of 2/3rd of lost funded FTES; and general statewide reduction in funding causing proportionate reductions in budgets. It was commented that CC cannot grow 250 FTES per year to stay even. It is not going to happen. Part of the problem is that CC is spread out so far over 18,000 sq. miles. If we were centralized, then we wouldn't have to have extra faculty, counselors, administration, and structures established in i.e, Tehachapi, Bishop, Cal City, Mojave/Edwards, Kern Valley, Mammoth, etc. If it were just in Ridgecrest – then it would be better. Measure C has helped to fund some of the facilities. Cerro Coso is so structurally different than the typical model that is funded. CC just hit the break even and is crossing over into reserve use. Without stabilization CC would not have come this far. The committee discussed the potential recession anticipated for 2018 that could last for some 2-5 years, and that CC would then really be in need of stabilization. The committee discussed the online growth at BC and the online impact and effect on the other two campuses. It was noted that the model is not designed to deal with long term issues of CC as discussed. One committee member suggested an advisory committee that would hash it all out and make a recommendation, serving as a "core of the core," meaning a task force comprised of the core people who have the knowledge, the experience and willingness to really put everything out on the table and figure these issues out. There was concern raised about retiring personnel who carry years and years of history that will leave and the added impact of that when there are challenging issues arising at that campus. Mr. Burke acknowledged that there is no long-term stabilization in place, as he sees it today. Accordingly, he offered to work on it with Ms. Lebsock, as it has to be dealt with a more collective basis.</p>	
3. Schedule of Next Meeting	a. The next meeting of the committee will be on May 6 th from 8:30am-12:00noon at which time a draft BAM report will be	

ITEM	DISCUSSION	RECOMMENDATION/ FOLLOW-UP
	submitted for collective review.	
7. Other	a. No other issues were discussed at this time.	
8. Adjournment	The meeting was adjourned at 1:09 p.m.	



Unrestricted Fund Budget Allocation Model (BAM) Evaluation III
Organizational Meeting

SUMMARY MINUTES

Meeting Date: May 6, 2016
Location: Kern Room / District Office
Time: 8:30am – 12:00pm

TASK FORCE:

Tom Burke, Chief Financial Officer
Gale Lebsock, Vice President Finance & Administrative Services, CC
Arlitha Williams-Harmon, Vice President Finance & Administrative Services, PC
Anthony Culpepper, Vice President Finance & Administrative Services, BC
Kathryn (Katie) Coffman – Classified Rep, CC (Absent)
Epifania Mendoza, Student Rep, BC
Steven Holmes, Senate President, BC
Tina Johnson, CSEA Rep, BC (Absent)
Jodie Logan, CSEA Rep, PC
Nick Strobel, CCA Rep, KCCD
Frank Timpone, Academic Senate Rep, CC
Ann Marie Wagstaff, Academic Senate Rep, PC
Celia Farina, Student Rep, PC (Absent)

SCRIBE:

Ms. Jana Durham, Business Services Assistant

ITEM	DISCUSSION	RECOMMENDATION/ FOLLOW-UP
1. Call to Order and Task Force Introductions	The meeting was called to order at 8:44 a.m.	
2. Review of Minutes	The committee reviewed the minutes from the April 22, 2016 meeting. The minutes were approved.	

ITEM	DISCUSSION	RECOMMENDATION/ FOLLOW-UP
2. Review of draft recommendation report.	The committee reviewed Mr. Burke's draft BAM III Evaluation report and collaboratively agreed to modify the report which is attached hereto.	
3. Schedule of Next Meeting	a. No other meeting was scheduled.	
7. Other	a. No other issues were discussed at this time.	
8. Adjournment	The meeting was adjourned at 12:18 p.m.	

Attachment C

District Budget Committee Recommendation



Prepared by Arlitha Harmon

The BAM Subcommittee recommended for discussion with the Chancellor's Cabinet whether they will be the District Wide budget committee or assign these tasks to a separate committee that includes the business managers. This recommendation supported KCCD Strategic Planning Initiative C3 & C4.

Budget Allocation Model II Recommendation (April 2011)

Committee Proposed Charge



- Annual review of the current year district budget in February using P1 and reviewing previous year final, current year to date, and estimate future year.
- District office base will be reviewed annually in light of comparable bench marks.
- Review any college budget decrease below the previous allocations. This triggers an automatic review of the district budget in order to estimate a potential share in the decrease.
- Review any change in the future district office costs, district-wide costs and regulatory costs prior to completing the tentative budget-- nothing in this model should imply that the district office gets automatic changes to their budgets.

Committee Proposed Charge



- Reviews the stabilization/restoration process
- Reviews what costs are classified as district office costs, district-wide costs and regulatory costs and any future changes in the classifications

California Community College Multi-College Districts

Yuba

Budget Advisory Team-BAT
Now Merged w/ District
Consultation Council



Los Rios

District Budget Committee
(two meetings a semester)



State Center

District Budget &
Resource Allocation
Advisory Committee



Allocation of general fund
resources only

California Community College Multi-College Districts

Coast

w/ District Consultation
Council



San Bernardino



Grossmont-Cuyamaca

District Strategic Planning &
Budget Council



California Community College Multi-College Districts

San Mateo

District Committee on
Budget and Finance



South Orange County

District Resource Allocation
Council

(Meets monthly on Fridays)



San Jose Evergreen

District Budget Committee



Chancellor's Advisory
Committee and advisory to the
District Council (DC)

California Community College Multi-College Districts

Los Angeles

District Budget Committee



North Orange County

Council on Budget and
Facilities



Recommendations to
District Council

Yosemite

Budget Allocation Model
Taskforce



California Community College Multi-College Districts

San Diego

District Budget Committee



Riverside

District Budget Advisory
Committee



West Valley Mission

District Budget Advisory
Committee Merged w/
District Consultation
Council



Proposed Recommendation



Purpose/Charge

Committee responsibilities shall include the review and recommendations regarding District-wide processes related to budget development and evaluation of District-wide services. Any budget committee recommendations related to District-wide processes shall be advisory.

Composition/Membership

Chair: Vice Chancellor, Business Services (non-voting)
Vice Chancellor, Human Resources (non-voting)
Classified Staff (6): Appointed by CSEA (two from each college)
Faculty (6): Appointed by Academic Senate (two from each college)
Vice President of Instruction (3) One from each college
Vice President of Student Services(3) One from each college
Business Officers (3): One from each college
Students (3): One from each college

Proposed Recommendation



Charge

- Review State budget actions by the Governor, Legislature, and the State agencies, and propose, when appropriate, institutional positions on funding issues for consideration by the Consultation Council and the Chancellor
- Inform the district community on overall budget matters, including the identification of key indicators of the district's economic health
- Evaluate the fiscal impact of proposed institutional plans and other policy-level actions;
- Review college initiatives when they have a significant impact on the district as a whole;

Proposed Recommendation

Charge

- Identify patterns of change in the district's operating environment that may have a significant impact on budget planning or fiscal operations
- Identify potential areas for analysis on cost savings or effective use of resources

Proposed Recommendation

Guidelines



To ensure that meetings are conducted in a productive, orderly, and effective framework

- All meetings of the DBC will be conducted in a manner that demonstrates and shows respect for each committee or team member.
- Budget and financial concepts (and underlying components and practices) will be explained to the extent that committee members are satisfied that they have sufficient understanding to discuss and make recommendations in a knowledgeable manner.
- Attendance and participation by all committee members are encouraged and supported. It is vital that each team member feel sufficiently comfortable and secure in order to actively participate in team discussions and to express her/his views.

Proposed Recommendation

Guidelines

To ensure that meetings are conducted in a productive, orderly, and effective framework

- The Vice Chancellor of Business Services will serve as the chairperson of the committee and is responsible for organizing and setting the agenda for each meeting.
- One of the key tasks and responsibilities of each committee member is to disseminate accurate budget and financial information concerning relevant financial matters and issues that impact the district.
- Detailed evaluation of District-wide services

Attachment D

Tom Burke

From: Michael Carley
Sent: Thursday, March 10, 2016 3:53 PM
To: Ann Marie Wagstaff
Cc: Tom Burke; Arlitha Williams-Harmon; Gale Lebsock
Subject: Growth model
Attachments: Template for KCCD growth model allocation.xlsx

Good afternoon,

The attached file is my first quick attempt at a way to adapt the growth formula to dividing up money for KCCD colleges.

Some notes:

- Feel free to share with Anthony Culpepper or whoever you need. I'm just sending this to the handful of you who I've spoken with (or attempted to) about this.
- The information here comes from the growth formula section of [this site](#). Lots of caveats. First, this is very new to me and although they include explanations, it's not easy to follow. They have a PDF of their Excel file, so I can't see the actual formulas.
- I don't have the context of the discussions within the BAM committee. I don't know if this is the right approach, but I used the amount I think is our district growth total (\$3,837,714; line X24 in the file on that page) as our starting point.
- There is a second sheet called background data where I include my formulas and context. Please feel free to look at this and tear it apart.
- For the need-based data, adults with college attainment, unemployed adults, and households below the poverty line, I used numbers essentially the same as what we used for the Equity formula last fall.
- There's a lot more in the CCCC Excel file, background data, information for 1% minimums, etc, that I thought these weren't relevant to dividing up money in our district with just three colleges.

Ultimately, all this does is provide a way to divide up monies proportionately among the three colleges according to a formula. I don't know the context of your discussions, but in looking at it, I'm not sure how helpful it will really be. If it's just used for growth money, the formula is designed to address need, but includes nothing about actual capacity to grow. Do we use this formula to divide up growth money, but not consider whether a college actually has enough demand to grow enrollment? While the formula is designed in some sense to do that on a statewide level, I'm not sure it really does much of a job of it for just three colleges.

I'll be at a meeting in Fresno tomorrow (Friday), but feel free to send questions, pick this apart, and/or discard entirely. I have no idea whether it helps your discussion.

m.

Michael Carley, M.A.
College Institutional Researcher
Porterville College
100 E. College Ave
Porterville, CA 93257

	Adults w/o College attainme nt	Unemplo yed adults	Househol ds below poverty line	Need for access	Current access	Differenc e	49.9% on Access	50.1% on Need	Targeted growth	Weighted Growth Percentag e
Bakersfield	0.675504	0.725648	0.663303	0.68499	0.710381	-0.02539	\$1,360,393	\$1,317,026	\$2,677,419	70%
Cerro Coso	0.134859	0.115456	0.18912	0.143574	0.139213	0.004361	\$266,596	\$276,048	\$542,644	14%
Porterville	0.189637	0.158896	0.147577	0.171437	0.150406	0.02103	\$288,031	\$329,620	\$617,651	16%
Totals	1	1	1	1	1		\$1,915,019	\$1,922,695	\$3,837,714	100%

(559) 791-2275
(559) 791-2266 FAX
mcarter@portervillecollege.edu

Background Data

FTES	aa FTES - KCCD	2014-15
BC	13879.7	0.710381
CC	2720	0.139213
PC	2938.7	0.150406

Adults w/c Used zip code data from equity allocation

BC	17326	0.675504
CC	3459	0.134859
PC	4864	0.189637

Unemploy ESRI 7-1-15

BC	29150	0.725648
CC	4638	0.115456
PC	6383	0.158896

Household ESRI 7-1-15

BC	52322	0.663303
CC	14918	0.18912
PC	11641	0.147577

Attachment E

KCCD Report

Cost Distribution Models Used By Multi-College Districts

Version 1.0: 3/5/2016

Presented by: Dr. Anthony Culpepper, Steven Holmes, Nick Strobel

Case Study for KCCD BAM (Budget Allocation Model)

KCCD profile

The Kern Community College Districts (KCCD) is a Multi-College district consisting of three colleges; two state approved centers; two grandfathered centers. Of the three colleges Bakersfield College generates 67-72 percent of the Full Time Equivalent Students (FTES). Porterville College generates 14-17 percent of the FTES. Cerro Coso Community College generates 12-16 percent of the FTES.

Business situation

Over the past several years KCCD has been using an allocation model to proportionately distribute between the colleges based on FTES all costs and state apportionment incurred and received by the district office. This method has resulted in costs being distributed to the colleges based on a FTES factor that has not been determined as a causal activity for all costs incurred by the district office (DO). This method of allocation is similar to the costing concept known as Single Cost Pool Based Costing (SCPBC). It should be noted that this model is frowned upon in accounting literature as being inferior to other ABC costing methods such as Time-Driven Activity Based Costing (TDABC) and Driver Rate Based Activity Based Costing (DRBABC).

Example of Single Cost Pool Based Costing Method: Legal Services costs generated by the DO are not directly caused by FTES; however, the costs are distributed to the colleges based on their proportional share of the total FTES generated in a fiscal year. As a result there is a high probability that colleges may be distributed more or less than their causal share of costs (chargeback for DO operations) incurred by the DO.

Technical situation

Given that the DO chargeback costs are "funded" before budgeting apportionments are made to the Colleges, it could be argued that the inequity caused by the SCPABC limits the resources needed to support a college. If these DO costs are considered in the calculation of the 50% law targets assigned to the colleges, the ability of the colleges to meet the targets becomes more difficult. Further, decisions concerning the need of additional resources are hindered at the college level by the burden of the DO chargeback costs.

Of the 72 districts in the California Community College constituency there are 23 Multi-College districts. Of those 23 only eight Multi-College districts consists of three colleges (see Table 1).

It should be noted that of the eight Multi-College districts with three colleges, only Bakersfield College represents 72% of the district. Riverside is the second closes with 53%.

Table 1 2014-2015 APPORTIONMENT ATTENDANCE REPORT 9/1/2015

District	Credit FTES	Noncredit FTES	Total FTI	College	Credit FTES	Noncredit FTES	Total FTI	Percentage of District -Multi College
Coast	30,679.27	245.20	30,924.47	Coastline	5,551.00	186.92	5,737.92	0.19
				Golden	9,365.65	11.07	9,376.72	0.30
				Orange	15,762.62	47.21	15,809.83	0.51
Contra	24,271.62	105.94	24,377.56	Contra	4,269.69	63.63	4,333.32	0.18
				Diablo	13,119.15	0.00	13,119.15	0.54
				Los	6,882.78	42.31	6,925.09	0.28
Kern	19,863.93	53.11	19,917.04	Bakersfield	14,327.60	39.45	14,367.05	0.72
				Cerro Coso	2,519.37	8.14	2,527.51	0.13
				Porterville	3,016.96	5.52	3,022.48	0.15
North	30,063.69	5,972.09	36,035.78	Cypress	11,129.38	0.00	11,129.38	0.31
				Fullerton	18,934.31	212.24	19,146.55	0.53
				School of	0.00	5,759.85	5,759.85	0.16
Riverside	27,503.17	156.86	27,660.03	Moreno	6,464.48	88.92	6,553.40	0.24
				Norco	6,337.64	0.00	6,337.64	0.23
				Riverside	14,701.05	67.94	14,768.99	0.53
San Diego	33,744.74	8,556.81	42,301.55	San Diego	10,427.97	4,865.78	15,293.75	0.36
				San Diego	15,292.14	3,010.82	18,302.96	0.43
				San Diego	8,024.63	680.21	8,704.84	0.21
San Mateo	17,848.88	125.99	17,974.87	Cañada	3,911.73	33.03	3,944.76	0.22
				College of	6,336.32	4.46	6,340.78	0.35
				Skyline	7,600.83	88.50	7,689.33	0.43
Ventura	25,841.84	181.37	26,023.21	Moorpark	11,085.35	37.85	11,123.20	0.43
				Oxnard	5,208.10	0.00	5,208.10	0.20
				Ventura	9,548.39	143.52	9,691.91	0.37

TDADC Allocation Method

This costing method is more granular and grounded in the economics of supply and demand for costs/services rendered. This method calculates costs based on various drivers that are highly correlated to the services rendered. This allocation could be based on various unit time of drivers, such as transactions, orders processed, and/or shipments procured. Each service can use a different time driver. <https://hbr.org/2004/11/time-driven-activity-based-costing>

DRBABC Allocation Method

This costing method identifies a relevant driver that highly correlates to the service cost. It determines how many events occurred to cause the costs incurred. This allocation could be based on various drivers. <http://www.accountingcoach.com/activity-based-costing/explanation>

Allocation Methods Used By Other Colleges

San Mateo Community College District

“We don't allocate district office, facilities or central services costs to the colleges. The district office and facilities' amounts are historical, originally based on costs per square foot and number of students for facilities, and percentage of college costs for the district office (last amount was 16%). Central services is where I place district wide costs such as retiree benefits,

audit, utilities, etc., as well as budget for things like compensation increases that have yet to be distributed.

For comparison purposes only, I do prepare a schedule allocating all costs to the colleges based on various measurements for each department. For instance, we allocate IT costs based on the number of computers each college has, and HR based on the number of employees each college has. But this is done after the fact and not as a method of allocation.”

San Diego Community College District

“We do not distribute district costs to the colleges. We allocate an FTES target to each institution based upon the District’s targeted FTES for an academic year. Each college and Continuing Education are responsible for their own costs associated as the related to the agreed upon FTES target. The Districtwide costs (e.g., campus security, facilities M&O) run through District accounts and reporting in addition to the District office.

We use a campus allocation model that defines how much budget each college and Continuing Education receives based upon their targeted FTES, which is then translated into FTES and then funded accordingly for them to develop their own budget. Any contract salaries (faculty and staff) are accounted for in the campus allocation model and they are responsible for their own adjunct, hourly and operating costs specific to their own college.”

Anthony’s question: Is it correct to interpret your response that the district office retains a percentage of the apportionment from the State Chancellor’s Office to cover the District Offices costs and campus security, F,M&O or the colleges pay a chargeback of some form to the District Office?

“Yes, and we report district-wide how all of our revenues are allocated. We also have a Revenue Allocation model, RAF, which defines how new revenues are distributed to all employee groups each year under CBA districtwide.”

Coast Community College District

Our previous model had certain fixed costs, and a fair amount of confusion, embedded. The new model, in an effort to better parallel the state model, allocates only revenue. We have established firm allocation percentages for each college. District wide and District office costs are assessed back to the colleges by the same percentages that are used to allocate revenue.

EXAMPLE:

District Office Human Resources Proposed 2015-2016 Budget: \$2,279,795

Source: <https://committees.kccd.edu/sites/committees.kccd.edu/files/5a.%202015-16%20DO%20Non-Labor%20Tentative%20Budget.pdf>

Proposed 2015-2016 D. O. Human Resources Expense by Adopted D.O. Chargeback Percentage by College

Bakersfield College (70.0575%)	\$1,597,167.38
Cerro Coso College (14.4790%)	\$330,091.52
Porterville College (15.4635%)	\$352,536.10
Total (100.00%)	

Source: <https://www.kccd.edu/sites/kccd.edu/files/Adopted%20Budget%202015-16-FINAL.pdf>

Proposed 2015-2016 D.O. Human Resources Expense by Percentage of Employees by College

Bakersfield College (63.4441%)	\$1,446,395.42	(\$150,771.96 difference)
Cerro Coso College (19.3353%)	\$440,805.20	(\$110,713.68 difference)
Porterville College (17.2205%)	\$392,592.10	(\$40,056 difference)
Total (99.9999%)		

Sources: Calculated with data provide below.

College by Employees and Class

College/Class	Number of Employees	Percent w/in Total Employees Class	Percent w/in Total Employee Class w/o District Office
Bakersfield College			
Full-time Faculty	264	68.93%	
Adjunct Faculty	273	61.21%	
Classified Staff	258	54.09%	62.02%
Adminstrators	45	41.28%	56.96%
Total	840	59.36%	63.44%

MULTI-COLLEGE DISTRICT CASES

Cerro Coso
College

Full-time

Faculty	58	15.15%	
Adjunct Faculty	88	19.73%	
Classified Staff	92	19.28%	22.12%
Administrators	18	16.51%	22.78%
Total	256	18.09%	19.34%

Porterville
College

Full-time

Faculty	61	15.92%	
Adjunct Faculty	85	19.05%	
Classified Staff	66	13.83%	15.87%
Administrators	16	14.68%	20.25%
Total	228	16.11%	17.22%

District Office /or
undedicated

Classified Staff	61	12.79%	
Administrators	30	27.52%	
Total	91	6.43%	

Total KCCD

Full-time

Faculty	383
Adjunct Faculty	446
Classified Staff	477
Adminstrators	109
Total	1415

Source: https://www.kccd.edu/sites/kccd.edu/files/fast_facts_2015.pdf

Activity Based Costing Experts/Consultants:

<http://www.orcexperts.com/experts.asp?strSearchType=all&strQuery=activity%2Dbased+costing&state=California>

<http://www.theacagroup.com/about-the-aca-group/>

<https://www.bdo.com/>

<http://www2.deloitte.com/us/en/pages/consulting/solutions/about-deloitte-consulting-services.html?id=us:2ps:3gl:confidence:eng:cons:111215:nonem:na:0uQs0aSf:881105242:87537167589:b:Consulting:Consulting General BMM:nb>

<http://www.pwc.com/us/en/private-company-services.html?gclid=CK29i5DOqssCFdgQgQodfDcClQ>

Attachment F

	A	D	E	F	G	H	I	J
1	Kern Community College District							
2	Unrestricted Reserves Analysis							
3								
4	Unrestricted Reserves (GU Actual Ending Balance)	2008/09 Actual	2009/10 Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual
5	District wide Reserves	19,289,466.46	21,385,204.93	10,317,969.00	11,746,878.00	11,952,155.00	15,311,080.00	19,077,619.79
6	Less: Contract/Community Education	(164,123.14)	30,525.29	(137,533.00)	(104,908.00)	(296,834.00)	(596,153.00)	(414,746.79)
7	District Wide GU Reserves	19,125,343.32	21,415,730.22	10,180,436.00	11,641,970.00	11,655,321.00	14,714,927.00	18,662,873.00
8								
9	District Wide Expenditures	108,623,750.57	104,329,576.79	118,949,801.14	104,199,493.52	102,206,244.02	106,179,736.30	111,652,846.00
10	Less: Contract/Community Education	(433,267.73)	(545,176.29)	(603,632.72)	(729,780.84)	(678,525.74)	(843,319.59)	(1,189,085.93)
11	District Wide GU Expenditures	108,190,482.84	103,784,400.50	118,346,168.42	103,469,712.68	101,527,718.28	105,336,416.71	110,463,760.07
12								
13	District Wide Reserves Percentage	17.68%	20.63%	8.60%	11.25%	11.48%	13.97%	16.90%
14								
15	If District wide Reserves Set @ 10%	10,819,048.28	10,378,440.05	11,834,616.84	10,346,971.27	10,152,771.83	10,533,641.67	11,046,376.01
16	Theoretical Amount available for redistribution	8,306,295.04	11,037,290.17	(1,654,180.84)	1,294,998.73	1,502,549.17	4,181,285.33	7,616,496.99
17								
18	If District wide Reserves Set @ 5%	5,409,524.14	5,189,220.03	5,917,308.42	5,173,485.63	5,076,385.91	5,266,820.84	5,523,188.00
19	Theoretical Amount available for redistribution	13,715,819.18	16,226,510.20	4,263,127.58	6,468,484.37	6,578,935.09	9,448,106.16	13,139,685.00