

To: Sandra Serrano

Date: April, 24th 2011

From: Tom Burke

Subject: BAM Evaluation II

Per your request at the last Consultation Council meeting the following are my personal thoughts and recommendations regarding the proposed model recommendations made by the BAM II Evaluation Committee:

1. District Office Discretionary Carryover:

This recommendation by the BAM II committee provides some additional flexibility for the District Operations to manage their budget allocation. However, the primary reason this is being considered is because in my opinion the District's stakeholders have not fully embraced the concept of the District "*budgeting to its needs*". In the years where there has been required reductions there has been public pressure for the District to match College reduction levels, despite the fact that the operations could not carryover unused funds from prior years. The Colleges in turn have used their carryover funding to meet some of their reduction targets while the District Operations were expected to meet the reduction targets without any carryover support. This paradigm will not work where one operation is mandated to budget to its needs while at the same time has to match the reduction targets of the Colleges.

Had the District Operations been able to carryover funding there would have been carryover of approximately \$605K through 2009-10 (excluding carryover of \$1.9 million caused by timing of OPEB bond issuance/payment and several incomplete projects crossing over fiscal years). However, even the \$605K level of carryover would have been adequate to offset most of the planned project and inflationary costs projected for District Operations in 2011-12.

I believe that the for the stakeholders to continue to have the District Operations budget to their needs there has to be a recognition that without the ability to use carryover funding to defer the effect of some reductions like the Colleges, meeting comparable reduction targets will not be sustainable. With that acknowledgement, by the District's stakeholders, I recommend that the current carryover policy for District operations be maintained with one exception. I recommend that the BAM II Evaluation team recommendation to allow District Operations to carryover funding for projects that are underway but incomplete and are crossing over fiscal years be incorporated into the budget allocation model.

2. Enhanced Stakeholder Communication, Understanding and Input into Model Components

I support this recommendation and believe that it could greatly enhance stakeholder understanding of the District Allocation model and budget process. Parts of this recommendation are already undertaken, but the recommended approach implemented in whole on a regular scheduled basis could be effective in broadening the

understanding of the District's finances. I recommend adoption of the BAM II evaluation team's recommendation.

3 & 6 Allocation of Chargebacks/Structural Cost Differences

This recommendation has merit. There are significant demographic/structural differences between the three Colleges. Those structural differences may not be fully recognized in the current allocation model, thus potentially creating less optimal allocations between the colleges. In addition, there may be a more equitable chargeback mechanisms that could be developed through undertaking an in depth study of cost causing factors/drivers from the services provided by District Operations. However, in light of the following factors I do not believe now is the time to undertake the investment in the recommended study outlined by the BAM II Evaluation Team. I therefore recommend that these studies should be deferred until the following issue come to some degree of improvement and/or clarity:

1. Cost of the study using independent consultants would probably range from of \$100K to \$200K. (District spent \$216K for the KH study in 2000/2001). Current budget situation does not warrant this kind of investment at this time.

2. Cost of the study using internal resources would consume significant amounts of manpower time across the District. As we enter a period of significant budgetary uncertainty, where significant changes in organizations and manpower levels could be occurring, dedicating those resources at this time to complete this study would in my opinion not be fruitful. It should be noted this would be a factor regardless if you use consultants or internal resources.

3. The shift from Access to Student Success oriented funding mechanism is beginning. CBO's that created the SB 361 model are being reassembled in May 2011 to look at this and other issues regarding current State allocation model. Thus the potential for significant change in our current access funding model in the near term is very high. Thus making the investment (whether using external or internal resources) now would not be prudent since the future may change our model in ways that this information garnered from this study may not hold significant value.

4. Over Cap

I concur with the BAM Evaluation Teams recommended modifications to the model to ensure clarity regarding only "*funded FTES*" being used in the model and calculation additions to the "Budget Premises" supporting worksheet contained in the model. I recommend adoption of these changes.

5. Strategic Initiative Process

I concur with the BAM Evaluation Teams recommended modifications to the model to ensure clarity of this model process. I recommend changing the name of the process to "*Special Projects Initiatives*" and having Consultation Council re-review

the process prior to calling for 2012-13 or future projects in order to achieve greater clarity of this model process.

7. Clarification of the Charge backs between Regulatory, District wide and District Office

I concur with the BAM II Evaluation Teams recommended modifications to the model to ensure clarity of this model process. I recommend consolidating the current three cost categories in order to simplify and thus should enhance understanding of the current allocation model components.

8. Line Item for Minimum Reserve Levels

I concur with the BAM II Evaluation Teams recommended modifications to the model to enhance stakeholder budget information. I recommend adding the percentage of prior year carryover/reserve and for the current year projected budget for informational purposes.

9. Stabilization Mechanism

I concur with the BAM II Evaluation Teams recommended modifications to the model's FTES stabilization formula. I recommend this change be made in order to avoid the potential for double stabilization occurring within the model calculations in subsequent fiscal years.

Kern Community College District

District wide Budget Allocation Model Evaluation II Committee

Report to the Chancellor and Consultation Council

Introduction:

In the fall of 2009 the Chancellor asked the District Consultation Council to assemble a committee (see Attachment A) to conduct a second evaluation of the District wide Unrestricted Fund Budget Allocation Model (BAM). The current BAM has been used by the District to allocate its general purpose (unrestricted) funds since the 2007-08 fiscal year.

The BAM Evaluation II Committee had its initial meeting February 17, 2010 and met several times during the spring semester of 2010. The Committee initially spent its time reviewing the current model and how its various mechanisms worked. In addition, the Committee also reviewed the initial BAM committee narrative and the report from the first model follow-up evaluation completed in the fall of 2008. Committee members then proceeded to identify from stakeholder input the following BAM issues for evaluation:

- 1. District Office (DO) Discretionary Carryover**
- 2. Enhanced Stakeholder Communication, Understanding, and Input into Model Components**
- 3. Allocation of Charge Backs**
- 4. Over cap**
- 5. Strategic Initiative Process**
- 6. Structural Cost Differences**
- 7. Clarification of the charge backs between regulatory, districtwide, and DO**
- 8. Line item for minimum reserve levels**
- 9. Stabilization Mechanism**

The Committee then participated in extensive brainstorming sessions in order to evaluate each of the issues. (see Attachment B).

Due to the extensive nature of the list, the Committee requested an extension of time to complete its evaluation, with a goal of completing the task during Fall of 2010. This

extension was granted in May 2010. The following is the completed report and the recommendations of the BAM Evaluation II Committee.

Model Evaluation Process:

The Committee assigned teams to evaluate each of the issues. The teams were charged with evaluating and developing initial recommendations for potential change to the model using the brainstorming input as a guide. After the initial evaluation process was complete, the committee decided that some of the issues could be combined due to their similarity in nature. Therefore issues three and six were combined.

Evaluation and Recommendations:

1. District Office (DO) Discretionary Carryover

Extensive evaluation and discussion of this issue occurred. The evaluation began with a review of what, if any, carryover needs were identified for District Operations. During the 2008-09 fiscal year District Operations had begun several projects but had not completed them by the end of the fiscal year. Five of these projects were critical, so a \$455,000 carryover was included in the 2009-10 budget for the completion of these five projects. In addition, carryover funds have been added to the District's reserve for compensatory and vacation time, as well as for emergencies.

The team also surveyed other California multi-college community college districts to determine if they allowed District operations to carry over funding from prior year budgets. The results of the survey (see Attachment C) indicated some districts' budget processes allow for carryover from District operations. However, the majority of Districts surveyed did not have such a mechanism in their budgeting processes.

The inconsistency in the availability of carryover within the District budgeting entities was evaluated. The Committee concluded that the District's ability to receive funds as requested to meet their annual needs obviated the need for carryover funding. However exceptions were identified. One was the instance where funded projects crossed over fiscal years, such as the five that occurred during 2008-09 and 2009-10. In addition, the committee concluded that when the District and Colleges are faced with significant reductions in operations, the inability to carry over funds removes one tool for dealing with these reductions. It is clear that the Colleges were able to ameliorate significant reductions in revenues due to access to significant college reserves. The District Operations did not have this option. The Committee believes that under certain circumstances, allowing District operations to carryover funding from prior years may be prudent.

Recommendations:

The District carryover capability would be expanded to include the following additional budgetary areas subject to approval of the Board of Trustees at the time of Budget adoption:

1. Funding incomplete projects that cross over fiscal years.
2. Minimizing degradation in services due to layoffs or other budget cuts that would otherwise be required by a general budget reduction.

2. Enhanced Stakeholder Communication, Understanding, and Input into Model Components

The most important elements of Issue 2 are improving communication and understanding of both the budget status and the budget allocation model. As determined by the first BAM evaluation team, general understanding of the BAM and annual budgets by employees continues to remain limited. This in turn results in misunderstanding and distrust among some of the College and District employees. Primary examples of the lack of understanding were seen with the various deviations from the BAM (see Attachment D). Though the deviations were well within the authority of the Board of Trustees, there was a general lack of understanding by employees of the reasons for these deviations. The BAM Evaluation II Committee agreed that ongoing regular communication and education for all district employees about the budget will be valuable to improve understanding. Increased understanding should lead to improvement of college and district climates. The third element, "enhanced input into model components," will be served by regular evaluations by continued reviews of the BAM.

Recommendations:

To improve communication and understanding, the Chief Financial Officer (CFO) or designee will:

1. send a link to the Budget Executive Summary to all district employees as soon as the budget is approved.
2. send a link to the quarterly budget updates (311Q) given to the Board of Trustees to all district employees.
3. Visit the colleges annually to review the budget allocation model and the budget status.
4. Distribute a glossary of budget terms to educate district and college leaders.

5. Meet with college budget committees to review District wide budget assumptions, BAM changes/deviations and other key District wide issues impacting the budget.

3. **Allocation of Charge Backs and**
6. **Structural Cost Differences**

Currently the chargeback of District operational costs to the Colleges are based upon funded FTES. The Committee discussed at length potential expansion and enhancements to the allocation methodology. These enhancements would include incorporation of other operational factors to more specifically associate District Operations' costs with cost causers. Discussion about evaluating the model itself was incorporated in this discussion. Specifically, the need to determine if the model is equitably addressing the structural cost differences between the Colleges and DO operations was identified. Initially these issues were identified separately for evaluation. However, after extensive discussion, the committee concluded these issues could be combined. The committee concluded that a significant economic cost study would need to be completed in order to effectively evaluate these two issues. In order for the results of the study to be available for the next BAM evaluation, the goal is to have complete studies as soon as possible in order to be available for the next BAM evaluation.

Recommendations:

The Committee recommends that KCCD hire an independent consultant to analyze factors that require more economic data and a more holistic perspective than the evaluation committee can provide. The Committee recommends that the external consultant complete analysis of two primary issues: 1) the allocation of charge backs, and 2) structural cost differences among the colleges. This analysis will enable KCCD to evaluate alternative charge back methodologies and alternative allocation models.

In analyzing the issue of the allocation of charge backs, the Committee recommends the following items be reviewed:

1. Evaluation of the current model vs. other options that may include multiple allocation factors
2. A time study of personnel at the District Office
3. Any other factors the consultants would deem important to the quality of the analysis

In analyzing the issue of structural cost differences, the Committee recommends the following factors/items be analyzed in order to assess whether the allocation model appropriately addresses structural cost differences between the three Colleges and District operations.

1. An analysis of economies/diseconomies of scale at the colleges in three areas: administrative staff, departmental costs, and compliance issues
2. An analysis of the impact of the full-time to part time faculty ratio on college budgets
3. An analysis of the impact of the 50% law and the full-time faculty obligation on college budgets
4. An analysis of effects of economic downturns and unemployment on college enrollment and other costs
5. An analysis of the cost of centers/sites on the colleges and district
6. An analysis of actual costs per discipline/per campus/per unit to provide a clearer picture of costs across the district.
7. An analysis of the impact on costs due to the large geographic area on the colleges and district.
8. Any other factors the consultants would deem important to the quality of the analysis

The Committee also recommends that it have an opportunity to review the request for proposals before it is publicly issued and that a future district-wide BAM Evaluation Committee has the opportunity to review the consultant's findings and recommendations.

4. Over Cap

The original BAM committee that developed the current model identified issues which were not reviewed due to time constraints. The effects of over cap FTES was one of those areas recommended for evaluation by a future follow-up study of the model. The committee simulated multiple FTES scenarios (see Attachment E). Based on the results of these simulations the committee concluded that, as long as the model was allocating funded FTES, there were no major changes required to address any over cap situation. The Committee did note the need for some minor model documentation enhancements to ensure clarity associated with this and other funded FTES results.

Recommendations:

1. Clarify model narrative so it is clear that the BAM considers changes in "funded FTES" and not changes in FTES over cap.
2. Modify the "Budget Premises" worksheet to incorporate calculations reflecting actual growth and decline percentages for each of the Colleges' FTES changes.

5. Strategic Initiative Process

The Strategic initiative process was initially developed by a subcommittee of Consultation Council (see attachment F). This process was adopted and initial projects were reviewed. Three projects were funded in the 2008-09 fiscal year. Research indicates that the initial process was followed for these projects, including the submission of required final project outcome reports. In spring and fall of 2008 the Consultation Council gave feedback on the process based upon the initial submittals and associated review. These modifications were incorporated into the process for 2009-10. One of these modifications was a call for projects that had a significant fiscal rate of return. Regrettably, due to the uncertainty associated with the State budget, none of the initiatives have been funded since the original set was approved in the 2008-09 fiscal year. The Committee believes that a minor clarification to the title of the "BAM Strategic Initiatives" would reduce confusion with the Strategic Initiatives contained in the District wide Strategic Plan.

Recommendations:

1. Re-name the BAM Strategic Initiative Process "Special Projects Initiatives"
2. Prior to calling for 2011-12 projects, re-review the Special Projects Initiatives process with Consultation Council to ensure understanding of the process.

7. Clarification of the charge backs between Regulatory, District wide, and District Office.

The District Operations as part of their budgeting process have categorized each of cost into one of three categories 1) Regulatory; 2) District Wide and 3) District Operations. The committee reviewed the categories and the original purpose of the cost breakdown. Based upon stakeholder input, the Committee concluded that the breakdown was no longer serving any substantive purpose, and if anything was actually causing confusion amongst the various stakeholders. The breakdown was also redundant as the allocation model already reflected the detailed costs contained in the District Operations chapter of the budget documents adopted by the Board of Trustees each year.

Recommendation:

The Committee recommends the elimination of the categorization of District charge backs between regulatory, district-wide, and district office.

8. Line item for minimum reserve levels

The Committee believes that, for discussion purposes, the percentage of the District wide beginning balance as a percent of prior year expenditures and other outgo, as well as the projected ending District wide balance as a percent of projected expenditures and other outgo, should be added for informational purposes to the BAM summary worksheet. This will allow for a clearer understanding of the reserve levels and anticipated changes to those reserves

Recommendation:

The Committee recommends that the Budget Allocation Model, for informational purposes, incorporate a percentage calculation of the carryover reserve from the prior year and for the current year projected budget.

9. Stabilization Mechanism

The BAM contains two stabilization mechanisms. The first is associated with FTES declines. The mechanism mirrors the State decline mechanism providing an initial year of stabilization funding in the year of the decline. The second deals with an overall decline in revenues, essentially declines in base revenues. The FTES decline mechanism has been triggered once, in the 2007-08 fiscal year. Upon review it was determined the mechanism worked as envisioned. The second mechanism has been triggered twice (2009-10 and 2010-11) due to base revenue reductions. However, the Board of Trustees in each year adopted an alternative stabilization methodology. Again had the Board not deviated from the BAM model, the stabilization mechanism would have worked as originally designed. The BAM Committee believes that only minor clarification of the calculations is required.

Recommendation:

Modify BAM to ensure that FTES decline does not precipitate an overall decline in the subsequent budget year, causing a double need for stabilization.

Attachment A

BAM Evaluation Subcommittee Members

Tom Burke	Chair --- DO Administration
Lynn Krause	BC Academic Senate
Ann Marie Wagstaff	PC Academic Senate
Gale Lebsack	CCCC Administration
Kate Pluta	CCA
Ann Beheler	PC Administration
Nan Gomez-Heitzeberg	BC Administration
Tammy Kinnan	CSEA
Kristi Newsome	Associated Students
Matt Crow	CCCC Academic Senate
Stephanie McWilliams	CSEA

Attachment B

BUDGET ALLOCATION MODEL EVALUATION II COMMITTEE May 12, 2010

BRAINSTORMING OF EVALUATION OF MODEL ISSUES & ASSIGNMENT OF TASKS

R E V I S E D

1. District Office (DO) Discretionary Carryover (Tom & Ann B.)

- What is the impact of having two different carryover approaches?
- What are the behavioral impacts (positive/negative)?
- How do other multi-college Districts handle carryover?
- Should the model have a tool for DO carryover?
- How much would the discretionary carryover for the DO have been?
 - What was the impact on College allocations

2. Enhanced Stakeholder Communication, Understanding, and Input into Model Components (Kate, Nan & Ann Marie)

- Evaluate and document historical model deviations
- How does the stakeholder communication need to be enhanced?
- Evaluate understanding of budget by Consultation Council
- Develop glossary of commonly used terms
- Establish mechanism for regular budget updates
- Evaluate current mechanisms for regular budget updates
- Review timing/distribution of budget documents
- Review and evaluate input process for deviations from standard model components
- Schedule regularly annual training for stakeholders in model
- Review of DO budget
 - i. Consultation Council
 - ii. Trustees

3. Allocation of Charge Backs (Stephanie & Tom)

- Evaluate current mechanism vs. other options that may include multiple allocation factors
- Evaluate cost/causer
- Determine the adequacy of the current mechanism
- Evaluate cost/benefit of expanded allocation mechanism
- Identify resources to conduct analysis and estimated cost

4. Overcap (Ann B. & Gale)

- Conduct simulation of colleges at various stages of being under and over cap
- Evaluate ramifications of these scenarios
- Survey other multi-college Districts on how they have handled under and over cap

Attachment B cont...

- 5. Strategic Initiative Process (Nan, Tammy & Kate)**
 - Evaluate sub-process for strategic initiatives
 - Review other multi-college Districts' processes

- 6. Structural Cost Differences (Ann Marie, Lynn & Stephanie)**
 - Evaluate whether the model adequately addresses structural cost differences between colleges. For example reliance on temporary labor vs. regular labor, management structures
 - Determine whether base operating allocations adequately address diseconomies/economies of scale

- 7. Clarification of the charge backs between regulatory, districtwide, and DO (Gale & Tammy)**
 - Evaluate ongoing value of three different classifications of DO costs (regulatory, districtwide and DO)
 - Evaluate how costs are defined for each category
 - Determine if classifications should be modified

- 8. Line item for minimum reserve levels (Matt)**
 - Evaluate value of incorporating defined minimum reserve level to model

- 9. Stabilization (Matt, Lynn & Tom B.)**
 - Evaluate stabilization mechanisms
 - Review how other multi-college Districts use stabilization features
 - Review other multi-college District allocation models and appearance in model

Attachment C

Multi College District Survey on Carry over

Questions

1. Do you allow your District operations to budget carryover funds from their prior year budget allocations that are not part of the Districtwide carryover/reserve funds (Yes or No)?
2. Are your District's Colleges allowed to budget their carryover from prior year budget allocations (Yes or No)?
3. Does all carryover from prior year allocations go into Districtwide reserves (Yes or No).

Responses (total of 14 responses)

	1	2	3	
San Jose Evergreen	No	Yes	No	(Currently due to low reserves all carryover going to DW)
West Hills	No	No	Yes	
LACCD	Yes	Yes	No	
Sierra	No	No	Yes	
South Orange	Yes	Yes	No	
San Mateo	Yes	Yes	No	
San Diego	No	No	Yes	
Los Rios	Yes	Yes	No	
Coast	No	Yes	No	
San Bernadino	Yes	Yes	No	
Chabot-Las Positas	No	Yes	No	
Ventura	No	Yes	No	Colleges limited to max of 2%
Fresno	No	Yes	No	DO limited to projects crossing over from year to year
North Orange	Yes	Yes	No	
Total	1	2	3	
Yes	6	11	3	
No	8	3	11	

Attachment D

Historical Record of Deviations from Initial Model Formula and Parameters

- 2007-08 --- None
- 2008-09 --- None
- 2009-10
 - Allocated growth revenues in advance of submitting final FTES (320) report in July 2009
 - Did not utilize model stabilization mechanism for allocation decline due to high levels of College carryover.
 - Allowed DO carryover funds for incomplete projects from prior year
- 2010-11 --- Modified stabilization formula which matched every \$1 of college carryover utilized with district wide reserves up to a maximum of \$1.0 million.

Attachment E

	Base	Scenario 1	Scenario 2	Scenario 2B	Scenario 3
District Funded FTES Growth		2.00%	2.00%	2.00%	2.00%
District Funded FTES		376.06	376.06	376.06	376.06
College Growth Rate					
Bakersfield		2.39%	2.58%	1.84%	2.50%
Cerro Coso		2.39%	2.58%	1.84%	1.50%
Porterville		0.00%	-1.00%	2.84%	0.50%
Change in Credit FTES					
Bakersfield	12,503.43	298.60	322.87	229.75	312.13
Cerro Coso	3,243.27	77.45	83.75	59.59	48.65
Porterville	3,056.23	(0.00)	(30.56)	86.72	15.28
Total	18,802.92	376.06	376.06	376.06	376.06
Change in Revenue					
Bakersfield	\$ 48,612,094	\$ 49,925,931	\$ 50,012,089	\$ 49,681,468	49,973,956
Cerro Coso	\$ 15,999,820	\$ 16,340,617	\$ 16,362,965	\$ 16,277,205	16,238,346
Porterville	\$ 13,998,385	\$ 14,060,395	\$ 14,091,400	\$ 14,368,280	14,114,648
Total	\$ 78,610,300	\$ 80,326,942	\$ 80,466,454	\$ 80,326,953	80,326,950
Change in Growth/(Decline)					
Bakersfield		1,363,075	1,473,852	1,048,756	1,424,820
Cerro Coso		353,568	382,303	272,037	222,074
Porterville		-	(139,512)	395,860	69,756
Total	\$ -	\$ 1,716,643	\$ 1,716,643	\$ 1,716,653	\$ 1,716,651
Change in Chargebacks (Inc.)/Dec.					
Bakersfield		(49,238)	(73,857)	20,617	(62,959)
Cerro Coso		(12,772)	(19,158)	5,348	16,451
Porterville		62,010	93,015	(25,965)	46,508
Total	\$ -	\$ 0	\$ (0)	\$ 0	\$ 0
Change in Stabilization					
Bakersfield		-	-	-	-
Cerro Coso		-	-	-	-
Porterville		-	139,512	-	-
Total	\$ -	\$ -	\$ 139,512	\$ -	\$ -

Attachment F

Kern Community College District

Strategic Initiatives Process

Members: Greg Chamberlain, Tom Burke, John Gerhold, Jennifer Marden, Tammy Kinnan

Background:

A Consultation Council subcommittee was formed by the Chancellor in May 2007 to develop a “straw man” for establishing a process to evaluate an award strategic initiative (SI) funds. This was part of the recommendations made to the Chancellor in Budget Allocation Model Support Recommendations contained in the BAM Subcommittee report.

Objective:

SI’s must result in tangible, measurable outcomes that benefits a district entity and by extension the district as a whole commensurate with the dollar amount committed.

Process:

- College/District Office Departments develop proposals for SI funds
- Colleges/District Office submit proposals to “straw man” subcommittee for review and ranking
- Proposals moved forward to Consultation Council for evaluation and ranking
- Approved SI’s funded and implemented
- Follow-up analysis of effectiveness of each SI funded project
- Evaluation of overall SI program

Application Structure:

- Contact Information
- Project description
 - Linkage to District Strategic Plan and College plans (all part of description)
- Project Timelines
- Financial/Budget Analysis – operating costs
- Projected Outcomes
- Assessment Plan
- Approvals – Academic Senate, CIC, Administration, Faculty Chairs, Vice President/Chancellor, Business Manager

Next Steps:

Recommend “straw man” subcommittee of Consultation Council develop instructions and application materials for initiating SI proposals, with goal for completion of a draft for the October 2007 Consultation Council meeting and final completion by November 2007 Consultation Council meeting for implementation in January 2008.

KERN COMMUNITY COLLEGE DISTRICT

STRATEGIC INITIATIVE APPLICATION, 2009-10

STRATEGIC INITIATIVE PROGRAM OBJECTIVE

- The objective of the Strategic Initiative program is to identify opportunities for investment by the District in a project that will potentially result in tangible, measurable outcomes that benefit the district.
- The project should have a District-wide emphasis.
- The project should tie to the Kern Community College District Strategic Plan.

1. NAME OF STRATEGIC INITIATIVE PROJECT:

2. CONTACT INFORMATION

• Initiator/Primary Contact

• Title

• District Location

• Phone

• E-mail Address

• Supervising Administrator

• Other individuals working on initiative

APPLICATION FOR PROPOSED STRATEGIC INITIATIVE PROJECT

(Items 3 through 9 must be attached as part of the application as separate documents)

3. EXECUTIVE SUMMARY

4. PROJECT DESCRIPTION

The project description must include a statement of need, the purpose of the project and associated activities. The description should also contain objective data and linkage to District Strategic Plan and college plans where applicable.

5. PROJECTED TANGIBLE/MEASUREABLE OUTCOMES

Please include a description of expected measurable project outcomes.

6. TIME LINE

Please include a detailed project timeline, including when the project ends and associated assessment. If it is to become part of ongoing college or district office operations explain how this will occur.

7. FINANCIAL ANALYSIS

The project financial analysis must include the following components specifically linked to the project time line:

- **Implementation costs**
 - Facilities & Equipment
 - Services
 - Materials & Supplies
 - Classified labor (including benefits)
 - Instructional Labor (including benefits)

- **Incrementally new ongoing operating revenue (or cost savings) and costs**
 - Equipment
 - Services
 - Materials & Supplies
 - Classified labor (including benefits)
 - Instructional Labor (including benefits)
 - Revenue (or cost savings)

8. PROJECT ASSESSMENT

Please include a plan for assessing the proposed outcomes of the project including quantifiable data sources for the assessment.

9. EVALUATION PROCESS

- Completed contact information, application documents and approvals forwarded to the Vice Chancellor of Educational Services – February 13, 2009.
- Subcommittee meets to review/select strategic initiative proposals for funding – Early March
- Chancellors Cabinet reviews/discusses proposals in March of each year
- Approved/funded project team members and manager are notified by Vice Chancellor of Educational Services – March
- Strategic Initiative budgeted according to approved project time line.

** Please note there are no guarantees that any projects recommended to the Chancellor will be approved for funding.

10. FUNDED PROJECT EVALUATION

- Status Report – Due February 1
- Strategic Initiative Final Report – Due April 15

Kern Community College District
Office of Educational Services

Initiator/Primary Contact:

Institution:

Name of Strategic Initiative Project:

Rubric for evaluating Strategic Initiative Project Proposals. Reviewers will multiply the rubric value by the weighting to determine the points for each criterion. The total score is the number of points received for all criteria. The rubric is being used to score each application for potential funding by the Chancellors Cabinet.

Preliminary Strategic Initiatives Project Review							
	Rubric Value = 0	Rubric Value = 1	Rubric Value = 3	Rubric Value = 4	X Weighting	Points	Comments
Description of Activity	Missing or incomplete	Activities minimally address Strategic Initiative Program objective	Activities address objective; needs, purpose, and links to planning are evident	Completely describes the needs, purpose, & activities; strongly links to appropriate plans	2		
Projected Tangible/Measurable Outcomes	Missing or incomplete	Outcomes are included and are minimally measurable	Outcomes are included, measurable, and appropriate	Outcomes are included, measurable, appropriate, and strongly integrated with activities	2		
Time Line	Missing or incomplete	Complete, but lacking detail	Complete with appropriate detail; ongoing operations minimally addressed	Appropriate detail; ongoing operations strongly addressed; realistic	1		

From: Greg Chamberlain
Sent: Sunday, March 27, 2011 1:46 PM
To: Kellie Van Westen
Cc: Tom Burke
Subject: RE: BC Recommendations on BAM II

BC is in support of the recommendations of the BAM Task Force. Sorry for the confusion!

Greg

Budget Allocation Funding Model Kern Community College District

Introduction

The following represents the summary recommendations of the Kern Community College Districts (KCCD) Chancellors Cabinet subcommittee (BAM) for revising KCCD's current unrestricted fund allocation model as well as several directly related budget processes. This model closely follows the State of California's new funding model established in Senate Bill 361 (SB 361).

The model and associated recommendations represents the cumulative work of the BAM committee including incorporation of feedback received in February after an initial proposal was put forward.

Allocation Model Parameters and Definitions

- A. Revenue** – District-wide unrestricted general fund revenue sources excluding local college generated revenues other than enrollment fees. Currently represented by the following revenue categories

- State Apportionment & Property Taxes**
- Enrollment Fees**
- Part-Time Faculty (Adjunct) Faculty Support**
- Forest Reserves**
- Potash Royalties**
- Basic Skills**
- Enrollment Fee Administration Allowance**
- Lottery Revenue**
- Mandated Costs**
- Interest Income**
- Equalization**
- Miscellaneous Income**

B. Base Allocations – SB 361 formula for multi college Districts

<u>College</u>	<u>Base Amt</u>	<u>w/2006-07 COLA</u>
FTES > =20,000	\$4,000,000	\$4,236,800
FTES < 20,000 > =10,000	\$3,500,000	\$3,707,200
FTES <= 10,000	\$3,000,000	\$3,177,600

Centers

CPEC Approved	\$1,000,000	\$1,059,200
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(Note: KCCD has two CPEC approved centers they are Eastern Sierra Center (Mammoth/Bishop) and Delano)

Grandfathered Centers (FTES @ 2005-06)

FTES >= 1,000	\$1,000,000	\$1,059,200
FTES > = 750	\$ 750,000	\$ 794,400
FTES >= 500	\$ 500,000	\$ 529,600
FTES >= 250	\$ 250,000	\$ 264,800
FTES >= 100	\$ 125,000	\$ 132,400

These base figures are then adjusted for the adopted COLA adopted in the State budget starting in 2006-07. None of the District’s colleges qualified under SB 361 for the additional Rural College Base allocation of \$500,000.

- C. Base Non-Credit FTES Rates will be derived from the rate funded in the current year state apportionment calculations for non-credit FTES
- D. **Base Credit FTES Rate** – Will be derived by taking the current year adopted budget revenue less the Base Allocations and non-credit FTES revenue, divided by the prior year end actual credit FTES which will result in an equalized blended rate per FTES
- E. **FTES Rate Equalization** – All FTES calculations within the model will be done to maintain equalized rates between the colleges.
- F. **COLA** – Cost of Living Adjustment adopted by the State of California for the projected fiscal year and incorporated into the Districts apportionment funding.

- G. Initial Model Start-up Stabilization Funding** – Guaranteed base funding for year one of the new allocation model (2007-08). This allocation is to ensure that no budget centers' allocation is less than their allocation from the prior year under the former allocation model.
- H. Growth and Decline** – Will be based upon the prior years actual growth (or Decline) as reported in the Annual Apportionment Attendance Report –State Residents (320 Report) in July or as updated for modifications in October.
- I. Stabilization** – Operating entities will receive at least one year of stabilization funding for enrollment decline or allocation reduction resulting in a decline to any entities allocation. Stabilization beyond one year is subject to review.
- J. Strategic Initiative Funding** – Strategic Initiatives will be one-time-projects funded from reserves for initiatives designed to increase FTES or enhance operational efficiencies. Colleges and District office may qualify for Strategic Initiative Funding.
- K. Reserves** –
- **District-wide:** Represents minimum reserve levels established by the Board of Trustees and fund requirements to finance stabilization and strategic initiatives
 - **College/District Office Mandatory Reserves:** Represents amounts set aside for college and District Office contingencies (i.e. banked load, vacation accrual, comp time etc.) and emergencies. This reserve should be set at a level based upon historical actual activity or some percentage of the actual liabilities and/or overall budget for the college/District Office.
- L. Carryover:**
- **College Discretionary Carryover:** Represents unused allocated funds from prior years (net of Mandatory Reserves.) The use of these funds are to be guided by the colleges strategic and master plans.
 - **District Office, District-wide and Regulatory:** Cost centers will not qualify for carryover funding.

M. District Office, District wide and Regulatory Allocations: Represent costs that are budgeted as close to actual as possible. These allocations are directly driven by the resources required to deliver assigned services and regulatory requirements. These costs will be charged back to the colleges. Since these costs centers will be funded based upon need these cost centers will not have any carryover from prior years.

- **District office costs** – Actual costs incurred for the operation of the district office
- **District-wide costs** – Actual costs to support the district as a whole
- **Regulatory costs** – Actual costs associated with mandatory or statutory costs that must be paid and cannot be reduced or changed e.g. retiree health benefits, insurance, audit etc.

Allocation Model Steps:

Beginning Balance and Revenue to be Allocated

Step 1: Beginning balance will be derived utilizing the audited ending unrestricted fund balance from the prior year. The balance should be delineated into the following three categories:

- a. District-wide Reserves
- b. College/District Office Mandatory Reserves for accrued liabilities(i.e. banked load , vacation accrual etc.) and emergencies
- c. College Discretionary Carryover

Step 2: Projected revenue. This is unrestricted revenue projected to be earned and allocated in the fiscal year being projected.

Allocations

Base Operating Allocations:

Step 3: College Base allocations uses the SB 361 College/Center base funding formula.

Changes to Base Allocations:

Step 4: COLA – College Base allocations shall be adjusted each year for COLA.

Step 5 : Initial model start-up stabilization funding – Will be funded for one-year from reserves.

FTES Allocations

- Step 6 : Base FTES allocations** – Will be derived by utilizing **Base FTES Rate** times the base FTES for each college.
- Step 7 : COLA** – Any COLA unallocated in Changes to Base Allocations (Step 6), will be distributed to the colleges on an equalized basis per FTES.
- Step 8 : Growth Allocations** – Will be based upon the prior year growth as determined by the final 320 report filed each year. Therefore, for purposes of developing the tentative budget there will be no growth reflected. Growth allocations will only be reflected in the adopted budget.
- Step 9 : FTES Decline** – Will be based upon the declines reflected in the final 320 report filed each year. There will be one year of **Stabilization** funding provided either from reserves or the Statewide FTES stabilization mechanism (if the District qualifies).
- Step 10: Other Changes** – Will reflect other potential changes to revenue or allocations. These changes may be across the board decreases or increases in revenues by the State or changes in District Office, District-wide, Regulatory or Reserve requirements that may exceed new revenue sources available to the District.
- Step 11 : Base District-wide Reserves** – Derived from the District wide beginning balance less any changes due to stabilization or strategic imitative funding requirements reflected in steps 6, 10 or 11. In addition any other changes to reserves will be reflected in this step.
- Step 12: Strategic Initiatives** – Strategic Initiatives will be one time funded projects from reserves
- Step 13: District Office, District wide and Regulatory Allocations** – Will be based on projected costs reflected in this step as cost charge-backs to the colleges. These chargeback's will be allocated based upon FTES for each College.

Model Support Recommendations:

The following are recommendations the BAM Committee strongly believes are critical support components for the proposed KCCD Allocation Model.

A. Strategic Initiatives

The Chancellor establish a process to evaluate and award strategic imitative funds. The Chancellors Cabinet will have the opportunity to review and provide input on the Strategic Initiative funding process. Funds will be set aside for Strategic initiatives from District-wide reserves.

- Funding will not be determined until the entire process is defined including a means to evaluate use of the funds. It is recommended the process be defined for Strategic Initiative submittals to begin being submitted/evaluated in the Spring of 2007 for funding in Fall 2008.
- The funds will be accessible by BC, CC, PC, and the DO operations
- Strategic initiative funds and the criteria/process will be established prior to the end of spring semester of each year and those funds will be available for initiatives to be implemented in the subsequent fall semester. Initiatives will be vetted at the colleges and receive full college support before being proposed to the district.
- Allocated funding should be relatively autonomous within the parameters and budget of the initiative proposal and the understanding that a complete evaluation of the initiative will be completed.

B. Model Evaluation Process

The new KCCD Allocation Model needs to be evaluated annually in the spirit of Continuous Quality Management, and as recommended by ASCCC in Faculty Roles in Planning and Budgeting, and as required by the new accreditation Standards 3.d.3

The institution systematically assesses the effective use of financial resources and uses the results of the evaluation as the basis for improvement.

Also in response to the district-wide accreditation recommendation below – regular effective annual evaluation leading to improvement and responsiveness is essential.

In order to meet the standard, the team recommends that the colleges, working with appropriate districtwide leadership and in consideration of the special conditions of the individual colleges within the district, complete the development, implementation, and assessment of the budget allocation model (Standards III.D.1.a-d, and III.D.3). [This is a districtwide recommendation.]

The following evaluation tool was developed to apply to the new KCCD allocation model which will be evaluated annually using the following priorities and values, then specific criteria, and finally actual benchmarks.

Guiding Principles

- Planning should drive budgeting, never the reverse;
- Planning should always be for the first-rate, even in the face of second- or third-rate budget allocations;
- Planning, coupled with a critical assessment of successes and failures, is a means of taking conscious control of the process of serving students, and enables the emergence and elaboration of best practices;
- Planning, in an academic context, should be a bottom-up process, that trusts to the expertise of faculty to determine what is needed to serve students most effectively;
- Budget requests should be evaluated in accordance with explicit, detailed criteria that have been agreed to in advance by the affected constituencies;
- Among the criteria for evaluating requests, the requesting department's priority ranking of the activity for which the request is being made should be given special, positive, consideration;
- The evaluation of budget requests must be perceived as fair and impartial in order to encourage the expression of real needs in the planning process;
- The bulk of the work of planning and budgeting should be done by small, efficient subcommittees. One or two larger "shared governance committees" (either a single planning and budget committee, or two committees, one for planning and one for budgeting) should exist only at the top of the process, and should perform the function of synthesizing the input from the smaller subcommittees;
- The workload of planning and budgeting should be distributed among all committees and subcommittees such that each group has a manageable share of the total work to be done;
- Proposed changes to the institutional master plan should be the result of observing trends and problems reflected in the annual plans of departments;
- The allocation models used in the distribution of general funds and in the funding of augmentation requests should be specified in the written budget processes developed by the governing board in collegial consultation with the academic senate. Variations on the adopted models, when introduced, should be the product of collegial consultation between the academic senate and the board;
- Standards for establishing base budgets of departments should be specified in written budget policy, and should be employed in periodic reviews of base budgets;
- Final recommendations of the planning and budget committee(s) should be reviewed by the academic senate, as well as by other campus constituencies;
- If the academic senate finds that existing planning and budget processes are not issuing in recommendations that result in serving students with an education of the highest possible quality, the academic senate should initiate appropriate changes to existing planning and budget processes;
- Written policy should specify that revision of the planning and budget processes can be initiated by either the governing board or the academic senate;
- Written policy should specify that the college president shall bring back to the planning and budget committee(s) for further discussion any recommendations the president does not intend to pursue;
- Academic senates in multi-college districts should specify in written policy that the district budget allocation formula shall be equitable with respect to each college in the district;
- Multi-college districts should take a "students first" approach to budgeting, such that, when revenues are less than anticipated, the class schedules of the colleges are the last to suffer cuts;

- Centralized services offered by district offices in multi-college districts should be subject to regular review and evaluation by the colleges;
- District-level planning committees should be constrained to initiate only such projects as are of service to, and are desired by, all of the colleges in the district.
- District master plans in multi-college districts should be composed of the master plans of the individual colleges, plus the products of district-level planning;
- Are college wide priorities and programs (such as general education as well as new programs) are addressed in the planning and budget processes?

In addition to the above guiding principles, the following specific criteria need to be addressed.

Criteria

- Small college factor review- is the base amount adequate
- Strategic Initiative
- 50% law
- 75:25 ratio
- Full time faculty obligation
- Over cap funding process
- Inability for the district to carry-over funds – is this fair and working
- Stabilization mechanism
- Basic skills over cap funding
- Non-credit funding
- College carry-over
- Mechanism for adding COLA
- Review of the District Office, District wide and Regulatory costs
- District Charge Back mechanism
- Enrollment Management committee outcomes
- Stabilization beyond one year
- Payback to district reserves if utilized by an entity
- Budget reporting process
- A comparison of outcomes of budgeted amounts versus actuals

And finally the following evidence will be used with reference to benchmarks in order to assure that the guiding principles, specific concerns and actual budget amounts are somewhat comparable to like colleges and districts. In other words, an assessment of ourselves with ourselves is not adequate. While finding comparable institutions is difficult, due to unique qualities and factors, this is true in every evaluative process. Benchmarks are simply used to ask better questions.

Benchmarks

- District Operations costs compared to other similar district's operations costs
- Productivity compared between colleges
- District Operations costs compared to other similar district's operations costs
- Productivity compared with other similar colleges
- Overall funding for each campus compared to overall funding for similar campuses
- Overall administrative costs for the district compared with overall administrative costs for similar districts

- Overall Faculty costs for the district
- 75:25 comparisons for each college with a base amount represented by this year
- 50% law calculations for each college with a base comparison represented by this year
- Full time faculty obligation numbers compared with that of other similar districts
- Full time faculty obligation numbers for each college (as we are presently) compared with that of other similarly sized colleges

C. District Wide Enrollment Management Committee

The Vice Chancellor of Instruction work with campus representatives to develop an Enrollment Management Committee (EMC). This mirrors KCCCD Strategic Plan Initiative C1 & D8. This committee would have the following charge:

- The district wide enrollment management committee will be established each year by the participatory governance committee.
- This committee is responsible for analyzing critical data as pertains to district policy initiatives, FTES, and labor issues.
- District-wide Enrollment management committee will monitor growth to maximize growth to CAP for each campus.
- EMC should look at the district-wide CAP not on each campus alone.
- This committee would make recommendation concerning funding of over cap FTES.

D. District wide Budget Committee/Chancellors Cabinet

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 supports KCCCD Strategic Planning Initiative C3 & C4.

The proposed charge for the committee would be as follows

- 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 benchmarks.
- 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
- 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

E. Other Recommendations

- The district office and BC will breakdown the Weill budget costs between BC and District Office operations. Currently they are not delineated between either operation.

District operation budget transfers between major cost centers will be limited to things directly associated/within that cost center. For example budget line breakage i.e. for District-wide cost-- Trustee election costs would not be transferred to a “Regulatory” or “District Office” budget line item.

Greg Chamberlain

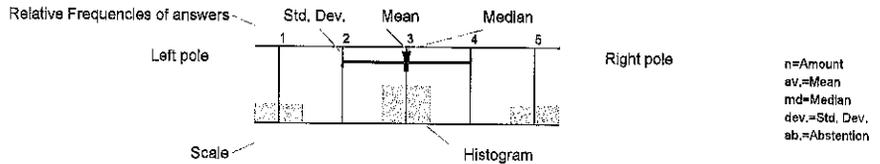
KCCD-BAM 200830 ()
No. of responses = 47



Survey Results

Legend

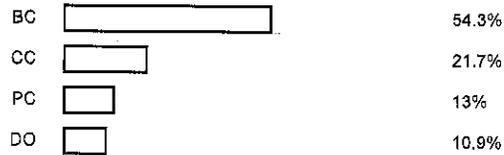
Question text



The KCCD Budget Allocation Model (BAM) is the mechanism used to distribute general unrestricted revenue to the colleges within the Kern Community College District. This is not to be confused with your college budget development process. Evaluating this allocation model is an important step to ensure its ongoing effectiveness. You have be...

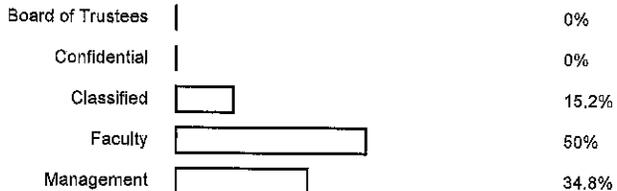
1.1) Location

n=46

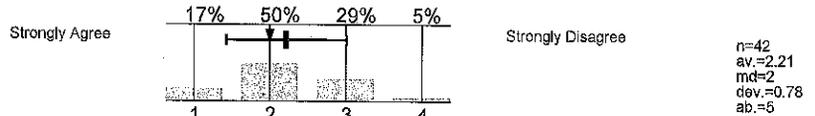


1.2) Employee Group

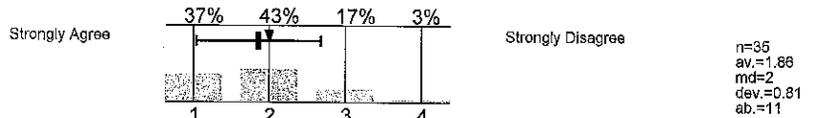
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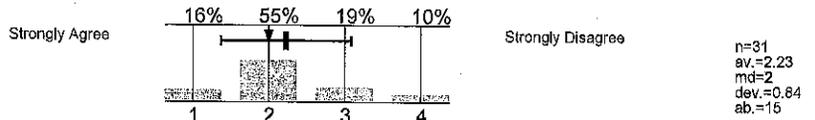
1.3) I understand the District-wide Budget Allocation Model.



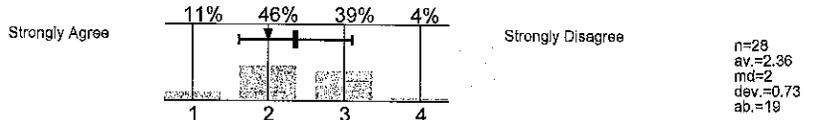
1.5) Allocating resources using a combination of base funding and per FTES funding is equitable.



1.7) The Budget Allocation Model adequately supports FTES growth.

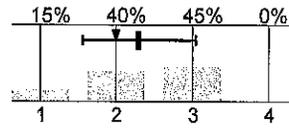


1.9) The Budget Allocation Model adequately addresses changes in revenue.



1.11) The Budget Allocation Model adequately addresses credit vs. non credit FTES funding.

Strongly Agree

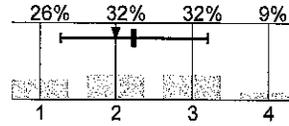


Strongly Disagree

n=20
av.=2.3
md=2
dev.=0.73
sb.=26

1.13) Adequate budget allocation information is available to me.

Strongly Agree

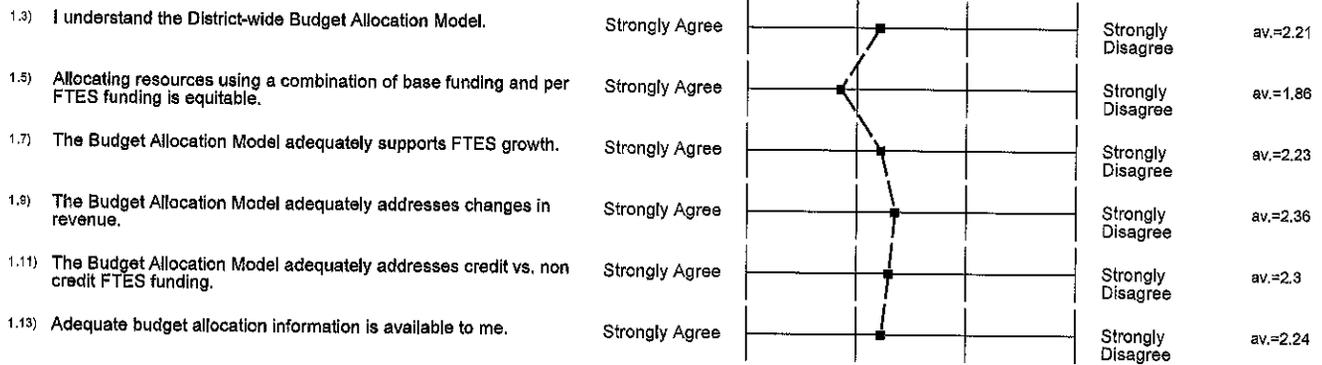


Strongly Disagree

n=34
av.=2.24
md=2
dev.=0.96
sb.=12

Profile

Subunit: District - General Surveys
 Name of the instructor: Greg Chamberlain
 Name of the course: KCCD-BAM 200830
 (Name of the survey)



Comments Report

1.4) additional feedback

- I have only 5 weeks on the job so I'm not familiar with the budget allocation model. (1 Count)
- Need further information on this. (1 Count)
- For the most part, that is. See below. (1 Count)
- I personally have little, if any, experience dealing with budgets. I only heard a presentation made on the BAM when it was first in development. (1 Count)
- I was on the committee that developed the budget allocation model so I do feel I understand it:) (1 Count)
- It's been a while since I've gone over this model... I'm familiar with it but would require a review if I needed to use it. (1 Count)
- My understanding is that faculty members do not trust BAM since they lack faith in the district's leadership. Why trust a budget model from an organization that won't treat its employees (faculty and staff) fairly? The lack of contracts for both groups says it all. We have millions in reserves (as well as a healthy insurance reserve) and yet the district wants to make employees pay for health benefits and won't agree to raises. I'm not sure what the district's goal is, but it appears it wants to alienate all of its supporters. We soon will head back into the days of unfair labor practices, picketing, and shouting matches at Board of Trustee meetings. (1 Count)
- I have heard of the model, but I don't know the specific equations for allocation. (1 Count)
- There are parts that seem to have changed since the model was developed (1 Count)
- do not work with budgets so do not know effects, etc. (1 Count)
- I've heard about it, but not much understanding. Not sure how the info is distributed to staff? (1 Count)

1.6) Additional Feedback

- Supports the small colleges and rewards size at the same time. (1 Count)
- This seems to make sense, though, again, I have little background working with budgets. (1 Count)
- See above (1 Count)
- I can see how there could be exceptions to this situation. Some courses can be very expensive to run and have few FTES available. (1 Count)
- BC often "carries" the other 2 colleges in the district. Moreover, I believe that too much money is absorbed by the district. I wish the facilities at Bakersfield College were updated and revamped as often or as nicely as those at the district. Compare the restrooms, the furniture, the cleanliness, etc., etc., etc. The district is staffed adequately whereas the college has absorbed many cuts, particularly in the classified staff. (1 Count)
- CTE programs by nature will cost more than a GE classes that may have 100+ students. Because of that, FTES is not equitable. (1 Count)
- once again, have heard of the BAM, but do not fully understand it's impact on FTES (1 Count)
- Only if all of the colleges are receiving the same amount per FTES in terms of the courses that are offered at two colleges for longer periods and our college have less time because the state mandated that we follow the concept paper. (1 Count)

1.8) Additional Feedback

- When enrollment increases, student services staff (counselors, financial aid, admissions) should be increased. (1 Count)
- I agree, albeit after the fact. (1 Count)
- Though the colleges need more control over faculty hires. (1 Count)
- It can be beneficial for FTES growth. I want to make sure that we don't forget about the students that are not in the popular majors (Chemistry, Japanese...) (1 Count)
- I'm not sure the BAM is to blame for this; the state funding for growth with the growth cap is absurd. (1 Count)
- It would be nice to see some benefit of FTES growth in the year it is generated. (1 Count)
- Not enough understanding to fairly rate (1 Count)
- PC has a difficult time in this area due not having a sufficient adjunct pool. Therefore, PC has had a large amount of full-time faculty positions. The college either has to support the salaries of these positions, leaving less funding for anything else, or not be able to replace them and lose FTES. The only way that we can maintain the base is to Grow, employee salaries go up every year, utilities, fuel for college vehicles, and overall expenses and if we don't grow we can't even afford the base. (1 Count)

1.10) Additional Feedback

- This model fails to address shortfalls as well as it should. (1 Count)
- Not clear to me. (1 Count)
- My understanding is that when revenue goes down, the model doesn't "know what to do". (1 Count)
- Need to use previous year's revenue for tentative budget revenue in next, proximate year (1 Count)
- The confusion here is that the district charges the colleges back for all of their expenses and has the ability to hire the positions needed while the colleges do not. So what happens when there is a change of revenue? Who is asked to take the reductions? (1 Count)

1.12) Additional Feedback

- Needs more development if we are to encourage this type of growth. (1 Count)
- I'm not sure how non-credit units are "configured" into the model. (1 Count)
- If it does, do not know (1 Count)
- Not sure (1 Count)

1.14) Additional Feedback

- I would like to understand the District Office, District Wide, and Regulatory Charge Back Allocations better. I know they are necessary and must be considered, but how are these numbers calculated? (1 Count)
- This information is regularly provided at College Council meetings. (1 Count)
- I know our chapter VP serves on the BAM committee - so I guess I can get access if I needed to. (1 Count)

- I don't know. I have not looked for the information. (1 Count)
- communication is spotty and hasn't addressed changed processes (1 Count)
- I'm not sure I would understand the information; however, it is accessible. (1 Count)
- The question was asked why the original members of the BAM team weren't sent this initial survey, since this is the group that reviewed, studied, and researched this model/ (1 Count)
- Not sure where to obtain it. (1 Count)

1.15) What other issues are important to consider when evaluating the Budget Allocation Model?

- It will never be adequate in California, but is it fair? I think it is. (1 Count)
- Though the colleges need more control over faculty hires. This was one of the key elements of the BAM, each college was to have control over their money and expenditures. But we ended up having very little control over recent hiring-faculty, distance ed director. (1 Count)
- The model fails to address unequal burden for compliance issues such as the full-time faculty obligation, 50% law, and similar such requirements. A better model would recognize the impact that meeting those requirements has on each campus. (1 Count)
- How is this model functioning under the current budget issues affecting the state of CA? (1 Count)
- are allocations to the District Office equitable? During lean budget years, is the burden shared equally by District and college budgets? (1 Count)
- The model has been influenced by campus and district politics to the point where it is not an effective tool. (1 Count)
- The unfair impact of the District's overhead to each campus budget. (1 Count)
- Population growth, needs of the communities we serve, relations with our feeder schools, advertising, size of service area, rural vs metro environment, minimum staffing levels, (1 Count)
- Trust and integrity. What good is a budget model if those using it can't be trusted by faculty or staff? (1 Count)
- communication on a regular basis communication whenever there is a process change evaluation as an ongoing process (1 Count)
- The district does not generate FTES. KCCD is barely in compliance with the 50% law (In fact, right now, I believe it's out of compliance.), and the level of funding for district activities is one of the major problems. As BC absorbs more and more staff cuts, the district does not appear to. When I go to the district office and see the facilities, staffing, and supplies, my blood boils. Many of the faculty offices and class rooms and student areas at BC are outdated and in sad disrepair. Non-functioning toilets, filthy bathrooms, broken furniture, stained carpet, and the list could go on. Many departments lack any clerical support; our custodial staff can't keep up with the work on this decaying campus. Why is that acceptable for the college that generates the funds for the district (and to a degree, the other two colleges) yet not for the district. Something is very awry in the priorities. (1 Count)
- having more in depth workshops to fully train staff in all areas of the BAM and it's impact in all areas of funding such as FTES, Revenue etc. (1 Count)
- The model needs to address overcap concerns. Also, we should proactively plan for the effect of Delano becoming an independent campus and the new centers planned for BC. The mechanism for vetting and getting consensus on DO expenses needs to be improved. (1 Count)

1.16) Any other information you would like to share regarding the Budget Allocation Model.

- The District should receive money AFTER the colleges since the District does not generate FTES. (1 Count)

- Lots of hard work went into developing this model. I still believe the district office should hve a fund balance because it works to make spenders more frugal, like a savings account. (1 Count)
- The budgeting process and the allocation model should be done in an open forum where ALL stake holders could participae and understand the process. This would make things easier to swallow during tight budget years. (1 Count)
- This model is much better than the model used in prior years. For example, it's more straight forward and easier to follow. However, understanding the calculations behind some of the numbers would help me to grasp the whole process more clearly. (1 Count)
- It would be helpful to have a presentation to revisit this model, how it was intended to function, and its effectiveness to date. (1 Count)
- I have never had the opportunity to learn about the Budget Allocation Model. (1 Count)
- See above. (1 Count)
- The district office seems to continually grow as the college's are having to make cut-backs. The district should share more in the hard times. (1 Count)

Kern Community College District

FINANCE 101

Kern Community College District

FINANCE 101

Why are we doing this Finance 101 session?

- Chancellor asked Consultation Council for an evaluation of the new model
- As one of its evaluation tools, Evaluation Team conducted a survey to learn how well the new model was understood

Kern Community College District

FINANCE 101

- Evaluation strongly indicated significant confusion and lack of understanding
- Employee training on the model was necessary

Kern Community College District

Un-restricted (GU001) Fund

Allocation Model

- Starts with Allocation of funds from State based on Adopted Budget

Kern Community College District

State Allocation Model

- Base funding – Colleges and Centers
 - (addresses economies of scale issues)
- State Adopted COLA (%)
- State Adopted Funded Growth (%)
 - limited to cap on growth
- Primarily FTES driven model

Kern Community College District

Primary Premises State Allocation Model

- Equalized FTES funding
 - Same funding per FTES for all Districts
- Expanded Non-credit FTES funding
 - Enhanced non-credit FTES recognizing higher cost of these programs

Kern Community College District

Primary Premises

State Allocation Model

- Includes Mechanism for allocating revenue declines
 - First year of FTES decline no loss in allocation
 - Subsequent two years to recover FTES and have priority restoration funding

Kern Community College District

Primary Premises State Allocation Model

- Computational deficit for overall revenue changes reductions equally among Districts
- Property tax shortfall

Kern Community College District

Primary Premises

State Allocation Model

- Review of State Chancellor's Office
Apportionment Reports

Kern Community College District

KCCCD Model

- District Allocation Model similar to State Model
- Allocates all unrestricted Revenues to Colleges except locally generated fees, etc. which stay at the Colleges where they are generated
 - Foreign and out-of-state tuition
 - Lab fees

Kern Community College District

KCCCD Model

- Allocates growth a year in arrears to ensure funding attainment prior to allocation on actual basis. This is a built-in safeguard to avoid budgeting revenues that have not been generated.
- Incorporate charge back mechanism for District operational costs

Kern Community College District

KCCD Model

- Incorporate mechanisms for funding District-wide initiatives
 - Envisioning education success project—BC
 - Improving on-line student retention—BC
 - Fast Track—PC
- Incorporates mechanism for dealing with declines in revenue internal and State generated

Kern Community College District

KCCCD Model

- Incorporate mechanism for Board of Trustees to manage funding District-wide reserves

Kern Community College District

KCCCD Model

Review District Allocation Model

Final 2007-08 Allocation

Kern Community College District

Date	FTES Report (CCFS 320)	State Apportionments	KCCD Allocations Issued	KCCD Budget Development
January	1st Period			Preliminary State Budget Issued
February		1st Period & Prior Year Adjustments		College & District Budget Development
March			Final Prior Year Carryover and Projected Next Year	
April	2nd Period			
May			Tentative Budget Allocation	State Issues May Revised Budget
June		2nd Period		Tentative Budget Adopted
July	Annual			
August				
September			Adopted Budget Allocation	State Adopts Final Budget
October	Final Adjustments	Recalculation		Final Budget Adopted
November				
December				

Kern Community College District

Any questions?

Kern Community College District

Evaluation Committee Activities

➤ Meeting Dates

December 6, 2007

February 25, 2008

April 30, 2008

May 14, 2008

August 19, 2008

September 30, 2008

Kern Community College District

Evaluation Committee Activities

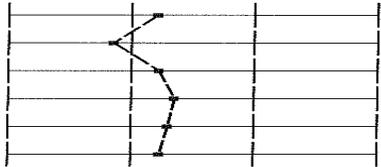
- Overview of Survey and associated results

Kern Community College District

Greg Chamberlain, KCCD-BAM 200830

Profile

Subunit: District - General Surveys
 Name of the instructor: Greg Chamberlain
 Name of the course: KCCD-BAM 200830
 (Name of the survey)

1.3)	I understand the District-wide Budget Allocation Model.	Strongly Agree		Strongly Disagree	av.=2.21
1.6)	Allocating resources using a combination of base funding and per FTES funding is equitable.	Strongly Agree		Strongly Disagree	av.=1.85
1.7)	The Budget Allocation Model adequately supports FTES growth.	Strongly Agree		Strongly Disagree	av.=2.23
1.9)	The Budget Allocation Model adequately addresses changes in revenue.	Strongly Agree		Strongly Disagree	av.=2.36
1.11)	The Budget Allocation Model adequately addresses credit vs. non credit FTES funding.	Strongly Agree		Strongly Disagree	av.=2.3
1.13)	Adequate budget allocation information is available to me.	Strongly Agree		Strongly Disagree	av.=2.24

Kern Community College District

Evaluation Committee Activities

- Breakdown of evaluation criteria
 - Finance 101
 - Expert Input
 - Quantitative Analysis
 - Survey

Kern Community College District

Evaluation Committee Activities

- Finance 101
 - Training session on Allocation Model
- Expert Input
 - Solicit State and District experts on components of Allocation Model

Kern Community College District

Evaluation Committee Activities

- Quantitative Analysis
 - Review quantitative data
 - FTES
 - Allocations (actual vs. projected)
 - Reserves
 - Multi-college Districts
- Survey
 - Initial survey
 - Quiz

Kern Community College District

Next Steps

- Program Activity Analysis
 - Complete first full cycle of the model
 - Continued evaluation of model by Consultation Council
 - Meetings to discuss dealing with overcap

Kern Community College District

Next Steps

- Complete website with key financial reports
 - Annual Report
 - 311A Reports
 - 50% Law Compliance History
 - 311Q Reports
 - Board Finance Reports

Porterville College Feedback on BAM Recommendations

Overall response to BAM II Recommendations

The Porterville College Learning Council remains concerned that one clear inequity in the current model remains unaddressed by the recommendations. Namely, while college allocations are based on FTES, other targets including campus 50% levels and contributions to the district-wide FON are not based on FTES. This inconsistency has disadvantaged Porterville College over many years. We believe that so long as allocations are based on FTES, other targets should also be based on FTES. We are disappointed that the BAMII did not address this inequity and request that the chancellor consider our concern in her review of the BAM II's recommendations.

Porterville College Learning Council recommends that the adopted BAM II report include a calendar that stipulates when progress reports to the Consultation Council will be made.

Recommendation 1—District Office Discretionary Carryover

Porterville College Learning Council is reluctant to support the District Office having a carryover. Since the DO is not funded in the same way as the colleges, it should not be treated the same way as colleges with regard to carryover. If there were a mechanism to determine what a fair allocation to the district was (perhaps a % of overall allocation), then DO carryover could be treated in a similar manner as the colleges.

In considering the DO carryover, we have the following questions:

What % of the allocation goes to the district office and to district-wide expenses, and how does this % compare with other comparable districts (giving due attention to any differences between districts in what is included in these budgets)?

Who will monitor the DO budget, and who determine when the conditions for discretionary carryover have been met?

Recommendation 6—Structural Cost Differences

The Porterville College Learning Council supports the recommendation to hire a consultant to analyze structural cost differences. But, in addition, we would like the recommendation to stipulate the following:

- 1) The consultant spend time with representatives of each campus and that the time given to those consultations should be divided equitably among the campuses.
- 2) The consultant present findings/recommendations to the campuses before they are finalized.
- 3) The final recommendations be shared with the campuses for discussion and response before actions are taken based on the recommendations.

Recommendation 6—Clarification of the charge backs between Regulatory, District wide, and District Office

Regulatory should be kept separate because regulatory is dictated externally.

District wide and district office should be combined—district has control of both of these budgets.