

As requested by District Council, the FRC BAM Language Subcommittee met on 10/13/17 for fact-finding and analysis to determine any additional information to be presented and discussed further by FRC. Members present included Arleen Satele, Michael Collins, Steven Deeley, Adam O'Connor, Jim Kennedy, Jose Vargas and Thao Nguyen.

The members had re-reviewed the BAM ahead of the meeting and discussed the following pertinent excerpts from BAM:

Page 1 – A revenue allocation model allocates revenues (state and local) generated in a budget year to the college campuses in the district based on the state funding model that allocates state apportionment revenues to districts.

Page 2 - It is the intent of the Revenue Allocation Model to allocate the majority of funds to the colleges in order to provide those educational services.

Page 3 - It was also agreed by BAMIT that any unforeseen issue that would arise should be brought back to FRC for review and recommendation.

Page 3 - The SB 361 funding model essentially allocates revenues to the colleges in the same manner as received by the District from the State of California. This method allocates all earned revenues to the colleges.

Page 4 - The revenue allocations will be regularly reviewed by FRC. In reviewing the allocation of general funds, FRC should take into consideration all revenues, including restricted revenues, available to each of the Budget Centers less any apportionment deficits, property tax shortfalls or uncollected student fees or shortfalls. If necessary, FRC will recommend adjustments to District Council for submission to the Chancellor.

Page 4 - The Board of Trustees will establish a reserve through board policy, state guidelines and budget assumptions.

Page 4 - The Chancellor reserves the right to adjust allocations as necessary.

Page 5 - Colleges will be responsible for funding the current programs and services that they operate as part of their budget plans. There are some basic guidelines the colleges must follow:

- Allocating resources to achieve the state funded level of FTES is a primary objective for all colleges.

Page 5 - The Chancellor and Board of Trustees reserve the right to modify the budget as deemed necessary.

Page 5 - It is very likely each fiscal year that the District's revenues from state apportionment could be adjusted after the close of the fiscal year in the fall, but most likely at the P1 recalculation, which occurs eight months after the close of the fiscal year. This budget model therefore will be fluid, with changes made throughout the fiscal year (P-1, P-2, P-annual) as necessary.

Page 6 - This model should also include a stability mechanism. In a year in which a college earns less FTES than its base, the base FTES will remain intact following the state method for stabilization. That college is in funding stability for one year, but has up to three years in which to earn back to its base FTES. The funding for this stability will be from available district Budget Stabilization Funds. If this fund has been exhausted, the Chancellor will determine the source of funding. If the college does not earn back to its base during this period, then the new lower FTES base will be established.

Page 6 - In addition, the Chancellor reserves the right to make changes to the base FTES as deemed necessary in the best interest of the district as a whole.

Page 8 - A college seeking the opportunity for growth funding will utilize its own carryover funds to offer a schedule to achieve the desired growth. Once the growth has been confirmed as earned and funded by the state and distributed to the district, the appropriate allocation will be made to the college(s) generating the funded growth back through the model. Growth/Restoration Funds will be allocated to the colleges when they are actually earned.

The group noted that although some language could be construed as being in conflict (i.e. language that indicates only “earned” revenues can be distributed in the model), there is very specific language that states that the model also includes a stability mechanism that is funded from the Budget Stabilization Fund. The group reiterated its overall belief in the model and that we need to be consistent in following the model.

The group agreed that during its annual review of the BAM language, stabilization is certainly one of the areas that needs to be considered. Any change to the language, however, would affect the future. This is our sixth year under this model and things have changed over the years.

The group also reviewed several year two restoration scenarios appended below. Suggestions were made for additional scenarios to be reviewed at FRC. Along with the upcoming language review for any potential changes for the future application, the group would suggest we also look at the effects of restoration in years two and three.

The subcommittee recommends FRC consider upholding its original recommendation to District Council.

FTES - SCENARIOS

YEAR 1									
15/16 Recal %									
	Base FTES	% split		16-17 Annual FTES	% split	NEW \$	BASE \$	Stabilization	SB361
SAC	20,330.32	70.34%	-6.00%	19,110.50	69.47%	94,656,568	100,802,971	(6,146,403)	(924,280)
SCC	8,571.31	29.66%	-2.00%	8,399.89	30.53%	41,347,893	42,470,063	(1,122,170)	(457,385)
TOTAL	28,901.63	100.00%	-4.81%	27,510.39	100.00%	136,004,462	143,273,034	(7,268,573)	(1,381,665)

YEAR 2									
	16/17 BASE FTES	% split	Scenario 1	17-18 NEW FTES	% split	NEW \$	BASE \$	Stabilization	SB361
SAC	19,110.50	69.47%	-1.00%	18,919.40	69.68%	94,942,209	95,911,490	(969,281)	(4,954,985)
SCC	8,399.89	30.53%	-2.00%	8,231.89	30.32%	41,043,953	41,896,068	(852,115)	(2,595,515)
TOTAL	27,510.39	100.00%	-1.31%	27,151.29	100.00%	135,986,163	137,807,558	(1,821,395)	(7,550,500)

YEAR 2									
	16/17 BASE FTES	% split	Scenario 2	17-18 NEW FTES	% split	NEW \$	BASE \$	Restoration	SB361
SAC	19,110.50	69.47%	4.00%	19,874.92	70.08%	99,788,714	95,911,490	3,877,224	(1,494,984)
SCC	8,399.89	30.53%	1.00%	8,483.89	29.92%	42,322,125	41,896,068	426,057	(1,752,234)
TOTAL	27,510.39	100.00%	3.08%	28,358.81	100.00%	142,110,839	137,807,558	4,303,281	(3,247,218)

YEAR 2									
	16/17 BASE FTES	% split	Scenario 3	17-18 NEW FTES	% split	NEW \$	BASE \$	Restoration	SB361
SAC	19,110.50	69.47%	2.00%	19,492.71	69.26%	97,850,102	95,911,490	1,938,612	(3,209,652)
SCC	8,399.89	30.53%	3.00%	8,651.89	30.74%	43,174,240	41,896,068	1,278,172	(1,124,062)
TOTAL	27,510.39	100.00%	2.31%	28,144.60	100.00%	141,024,342	137,807,558	3,216,784	(4,333,714)

YEAR 2									
	16/17 BASE FTES	% split	Scenario 4	17-18 NEW FTES	% split	NEW \$	BASE \$	Restoration	SB361
SAC	19,110.50	69.47%	4.00%	19,874.92	70.71%	99,788,714	95,911,490	3,877,224	(1,661,162)
SCC	8,399.89	30.53%	-2.00%	8,231.89	29.29%	41,043,953	41,896,068	(852,115)	(2,864,228)
TOTAL	27,510.39	100.00%	2.17%	28,106.81	100.00%	140,832,667	137,807,558	3,025,109	(4,525,390)

YEAR 2									
	16/17 BASE FTES	% split	Scenario 5	17-18 NEW FTES	% split	NEW \$	BASE \$	Stabilization	SB361
SAC	19,110.50	69.47%	-5.00%	18,154.98	68.15%	91,064,986	95,911,490	(4,846,504)	(6,678,251)
SCC	8,399.89	30.53%	1.00%	8,483.89	31.85%	42,322,125	41,896,068	426,057	(872,248)
TOTAL	27,510.39	100.00%	-3.17%	26,638.86	100.00%	133,387,111	137,807,558	(4,420,447)	(7,550,499)

YEAR 2									
	16/17 BASE FTES	% split	Scenario 6	17-18 NEW FTES	% split	NEW \$	BASE \$	Restoration	SB361
SAC	19,110.50	69.47%	3.00%	19,683.82	69.47%	98,819,433	95,911,490	2,907,943	(2,298,012)
SCC	8,399.89	30.53%	3.00%	8,651.89	30.53%	43,174,240	41,896,068	1,278,172	(1,066,372)
TOTAL	27,510.39	100.00%	3.00%	28,335.70	100.00%	141,993,673	137,807,558	4,186,115	(3,364,384)

YEAR 2									
	16/17 BASE FTES	% split	Scenario 7	17-18 NEW FTES	% split	NEW \$	BASE \$	Restoration	SB361
SAC	19,110.50	69.47%	6.38%	20,329.75	70.34%	102,095,662	95,911,490	6,184,172	736,543
SCC	8,399.89	30.53%	2.04%	8,571.25	29.66%	42,765,225	41,896,068	869,157	(1,233,713)
TOTAL	27,510.39	100.00%	5.05%	28,901.00	100.00%	144,860,887	137,807,558	7,053,329	(497,170)

YEAR 2									
	16/17 BASE FTES	% split	Scenario 8	17-18 NEW FTES	% split	NEW \$	BASE \$	Restoration	SB361
SAC	19,110.50	69.47%	5.41%	20,144.38	69.47%	101,155,435	95,911,490	5,243,945	31,366
SCC	8,399.89	30.53%	5.41%	8,854.32	30.53%	44,201,008	41,896,068	2,304,940	(32,990)
TOTAL	27,510.39	100.00%	5.41%	28,998.70	100.00%	145,356,443	137,807,558	7,548,885	(1,624)

YEAR 2									
	16/17 BASE FTES	% split	Scenario 9	17-18 NEW FTES	% split	NEW \$	BASE \$	Restoration	SB361
SAC	19,110.50	69.47%	6.55%	20,362.24	70.21%	102,260,444	95,911,490	6,348,954	935,256
SCC	8,399.89	30.53%	2.84%	8,638.45	29.79%	43,106,055	41,896,068	1,209,987	(926,787)
TOTAL	27,510.39	100.00%	5.42%	29,000.68	100.00%	145,366,499	137,807,558	7,558,941	8,469