



Agenda Item Details

Meeting	Mar 08, 2022 - Board of Trustees Meeting
Category	15. Action: Business and Administrative Services
Subject	15.01 Action to Approve Acceptance of FY 2022-23 Budget Criteria and Assumptions.
Type	Action
Recommended Action	The Chancellor recommends approval.

Presenter

David El Fattal

Background

The District is required to have its 2022-23 annual budget adopted by the Board of Trustees and submitted to the California Community Colleges (CCC) Chancellor's Office by September 15, 2022. This is preceded by adoption of the 2022-23 tentative budget by the Board of Trustees and the related budget submission to the CCC Chancellor's Office by June 15, 2022. Each annual budget is developed through a collaborative districtwide process that includes input from institutional stakeholders including, but not limited to, the District Council on Administrative Services, the Chancellor's Consultation Council, Chancellor's Cabinet, the Board of Trustees, and each college through individualized institutional processes.

An essential activity in the development of the annual District budget is the adoption of a set of Budget Criteria and Assumptions. The criteria and assumptions provide the foundation for projecting revenue, distributing resources and strategically guiding the budget development process throughout various phases until the final Adoption Budget is presented for approval to the Board of Trustees in September.

Initial budget assumptions are preliminary in nature and are based upon the best and most current information available from both internal and external sources including the CCC Chancellor's Office Budget Workshops. The District updates its assumptions, budget and projections throughout the year whenever significant and reliable information becomes available. Budget revisions and assumptions are regularly presented to the Board of Trustees throughout the year as new information becomes available from the District and colleges as well as during the State's budget development process.

In addition to the General Fund, the District must adopt balanced budgets for the auxiliary/proprietary funds, which are to remain self-supporting and solvent.

Analysis

The Governor's 2022-23 proposed budget is based on a General Fund surplus of \$45.7 billion, and assumes continued economic growth in the state. The proposed budget relies heavily on one time funding in order to help ensure the long term stability of the state budget.

The state budget was developed using the best available revenue estimates, however the estimates used were developed prior to the Omicron surge. The Governor anticipates that there will be changes to the state budget between the January proposal and the May Revise.

Proposed funding for rates in the Student Centered Funding Formula for 2022-23 would remain the same as 2021-22, plus a 5.33% COLA.

Other significant assumptions include:

- An increase in health and welfare costs for active employees of 9.6%
- A decrease in district funding for retiree health benefits of \$1.9 million. The cost of retiree health benefits will remain flat. Costs above \$8 million will be paid using the available fund balance in the Retiree Health Benefits Fund.
- An increase in the STRS rate from 16.92% to 19.10%.
- An increase in the PERS rate from 22.91% to 26.10%.
- An increase in District Wide Services funding for Police Services of \$1.1 million.

The 2022-23 Budget Criteria and Assumptions were reviewed by the District Council on Administrative Services (DCAS) at its February 17, 2022 meeting.

Impact of Approval

Development of the 2022-23 Tentative Budget will continue according to schedule.

Impact of Non-Approval

Development of the 2022-23 Tentative Budget may be delayed.

Fiscal Impact

None

Further Information

David El Fattal

[FY23 Budget Assumptions.pdf \(137 KB\)](#)



Agenda Item Details

Meeting	Mar 08, 2022 - Board of Trustees Meeting
Category	15. Action: Business and Administrative Services
Subject	15.02 Action to Approve FY2022-23 Ventura County Community College Districtwide Resource Budget Allocation Model.
Type	Action
Recommended Action	The Chancellor recommends approval.

Presenter

David El Fattal

Background/Analysis

The Districtwide Resource Budget Allocation Model (Allocation Model) represents the methodology for distribution of Unrestricted General Fund revenues to the District's various operating units. The Allocation Model is complex enough to reflect the needs of a multi-college district and the unique characteristics of the colleges, yet simple enough to be readily understood, easily maintained, and transparent. The Model considers how the District is funded by the State and contains factors to help ensure accountability, predictability, and equity. Further, the elements of the Allocation Model are based on both resources and expenditures.

The Allocation Model addresses the distribution of resources, and is not prescriptive in how funds are to be spent at the various locations (colleges and district office). The District acknowledges differences between its colleges and recognizes the need to direct resources based on plans and objectives to meet the needs of each college's diverse populations and constituencies. The colleges have separate and specific budget development processes that are unique to each college and are reflective of the organizational culture and priorities. It is at this level that the budget must be aligned with each college's strategic plans and address accreditation requirements.

Annually, the Allocation Model is reviewed by the District Council on Administrative Services (DCAS) and Cabinet. As necessary, modifications and/or revisions to the Allocation Model, when appropriate, are recommended to the Board for consideration as deemed appropriate for the maintenance of the model's equity and integrity.

The California Community Colleges Chancellor's Office implemented the Student Centered Funding Formula (SCFF) beginning with the 2018-19 fiscal year. Shortly after the implementation, the District proceeded with consideration to modify the existing Budget Allocation Model to reflect the components contained in the SCFF. Over the last approximately three years, DCAS has spent substantial time discussing and studying various allocation model scenarios and the resulting impacts to the District and its colleges, while concurrently evaluating the existing model. Further, DCAS members have spent significant time discussing and advocating for equality and equity in the proposed Model. In culmination of comprehensive analysis and discussions, DCAS recommended and the board approved, that the model be updated to more closely align the District's allocation model with the SCFF beginning with the 2021-22 budget. The key components of the proposed model are described below.

Revenue:

The Allocation Model is designed for the distribution of all General Fund unrestricted revenue, unless identified to be distributed in a different fashion (such as to fund structural deficits). At this time, only state apportionment, unrestricted lottery, a portion of non-resident tuition, full time faculty hiring funds and items related to part-time comp and benefits are included in the Allocation Model. Revenue will be projected at the District's calculated stability funding level for the budgeted year, less a deficit factor.

Districtwide Support:

Resources are allocated to a set of services and expenditure elements which are recognized as best administered in a centralized fashion. These are pooled resources, referred to as Districtwide Services (DWS), to support expenditures required to meet general districtwide obligations which support the district as a whole and cannot be conveniently or economically assigned to the other operating locations through a cost center. These expenditures include property and liability insurance, legal expenses, governing board expenses, financial and compliance audits, central technology hardware, software and management services, and other activities. These common costs benefit all operating units, but are not the direct result of any individual unit. There are no proposed changes to this portion of the model.

Utilities:

The district accounts for utilities in a central location, so as to mitigate the significant differences in utilization due to building size, construction, age, and climatic conditions affected by college locations. Expenditures represent the districtwide costs for electricity, water, gas, and land line telephone. There are no proposed changes to this portion of the model.

District Administrative Center:

The district recognizes that it is fiscally prudent to provide certain services centrally through the operation of a district office (District Administrative Center – DAC). These services primarily represent those functions that can be most effectively and efficiently administered in a centralized fashion. Typical of such functions are the Chancellor's office, human resources, information technology oversight, payroll, purchasing, accounts payable, and so-forth.

The previous three categories (Districtwide Services, Utilities, DAC) reduce the revenue available for distribution to the colleges. The remaining revenue available for distribution is allocated in the subsequent categories.

Class Schedule Delivery Allocation:

The Allocation Model is designed to provide fair and equitable allocations to the colleges by acknowledging areas of differences or unique characteristics between the colleges, as well as similarities. The differences, unique characteristics, and similarities considered include, but are not limited to, areas such as classroom capacity, program mix, full time equivalent students (FTES), and ratio of full time to part time faculty. These elements are considered in one or more of the components of the Allocation Model to ensure an equitable allocation process. There are no proposed changes to this portion of the model.

The Class Schedule Delivery Allocation totaled approximately 48.2% of the revenue available for distribution in the 2021-22 Adoption Budget. The remaining revenue amount available for distribution and are allocated in the following manner: Base Allocation 70%, Supplemental Allocation 20%, and Student Success Allocation 10%.

Base Allocation:

This element of the Allocation Model addresses the differences among the colleges relative to respective enrollment size. Each college will receive a Basic allocation equal to the basic allocation provided as part of the SCFF. This allocation is based on each college's size based on total resident FTES. The remainder of the 70% Base Allocation will be allocated to each college based on its share of the District's total credit FTES for the previous fiscal year. For example, the allocation for the FY 22-23 budget will be based on the Annual 320 report for FY 21-22.

Supplemental Allocation:

This element of the Allocation Model addresses the additional costs associated with serving disadvantaged students. Funding will be allocated based on each college's share of the District's total counts of Pell Grant recipients, AB540 students, and Promise Grant recipients. For allocation purposes, counts will be based on the most recently finalized counts submitted to the Chancellor's office. For example, the allocation for the FY 22-23 budget will be based on the counts from FY 20-21.

Student Success Allocation:

This element of the Allocation Model addresses the funding provided in the SCFF related to student success. Each college will be provided funding based on its share of counts in the success metrics used in the SCFF. These counts will be weighted using the same weighting used by the SCFF. As in the SCFF, additional funding will be provided for success outcomes by Pell Grant recipients and California Promise Grant Recipients. For allocation purposes, counts will be based on the most recently finalized counts submitted to the Chancellor's office. For example, the allocation for the FY 22-23 budget will be based on the counts from FY 20-21.

Transition/Implementation Funding:

Potential adjustments to the Allocation Model can result in a shift of resources between the colleges. The District recognizes the need to provide stability and may choose to phase-in the effects of these adjustments. The changes implemented as a part of the 2021-22 budget will be phased in over 5 years. The first year will provide each college with the same funding that would have been received under the previous model. The changes will then be transitioned over the next four years by calculating each college's allocation under the previous and new allocation models. In the second year (FY22-23), 25% of the difference will be implemented, in the third year (FY23-24) 50% of the difference will be implemented, and in the fourth year (FY24-25) 75% of the difference will be implemented. The model will be fully implemented in the 5th year (FY25-26).

Major Initiatives:

Based on recommendations from DCAS, the major initiatives portion of the allocation model has been updated for the 2022-23 fiscal year. The changes moved this element from the Districtwide support section of the allocation model to a standalone section at the end of the model. The description of this element was also updated to clarify that funding for major initiatives would come from district reserves, and not reduce the revenue allocated to each college through the allocation model.

Impact of Approval

Development of the 2022-23 Tentative Budget will continue according to schedule.

Impact of Non-Approval

Development of the 2022-23 Tentative Budget may be delayed.

Fiscal

N/A

Further Information

David El Fattal

[FY23 Allocation Model.pdf \(210 KB\)](#)



Agenda Item Details

Meeting	Mar 08, 2022 - Board of Trustees Meeting
Category	15. Action: Business and Administrative Services
Subject	15.03 Action to Approve of FY 2022-23 Infrastructure Funding Model
Type	Action
Recommended Action	The Chancellor recommends approval.

Presenter

David El Fattal

Background

In March 2012, the Board approved the implementation of the Infrastructure Funding Model (Infrastructure Model) which allocates variable general fund revenue such as interest income and miscellaneous revenue to address campus infrastructure needs. Annually, the Infrastructure Funding Model is reviewed by the District Council on Administrative Services (DCAS) and Cabinet. Modifications and/or revisions to the Infrastructure Model may be recommended for Board consideration as deemed appropriate for the maintenance of the model's equity and integrity.

Analysis

Since its inception, the rates used in the infrastructure model have not been adjusted. These rates were reviewed and adjusted for the 2022-23 budget year. There are no other substantive changes to the document for 2022-23.

The 2022-23 Infrastructure Funding Model was reviewed by the District Council on Administrative Services (DCAS) at its February 17, 2022 meeting.

Impact of Approval

Development of the 2022-23 Tentative Budget will continue according to schedule.

Impact of Non-Approval

Development of the 2022-23 Tentative Budget may be delayed.

Fiscal Impact

None

Further Information

David El Fattal

[FY23 Infrastructure Funding Model.pdf \(124 KB\)](#)