



Yosemite Community College District

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TO: Jill Stearns, Angela Fairchilds
FROM: Teresa Scott
CC: Joan Smith, Gary Whitfield, Al Alt, Mary Bylsma, Sarah Schrader
DATE: March 24, 2015
SUBJECT: 2015-2016 Budget Targets

Attached are your 2015-2016 initial target budgets for the Unrestricted General Fund and the 2015-2016 Budget Timeline. YCCD Budget Analyst Mary Bylsma has been working with both colleges to reconcile all permanent employees' salary and benefit budgets. Review carefully all vacant positions remaining in your budgets. As you know, budgeting vacant positions that you do not intend to fill ties up a significant amount of your budget allocation. As we work through the next budget phases, where appropriate, ask Mary Bylsma to remove vacant positions from your position control schedules, which will relieve your budgets of unnecessary restrictions. However, if a vacant position is removed from the position control schedules, and you later decide to fill that position, you will need to reallocate funds to cover those salaries and benefits.

The YCCD Resource Allocation Model has been updated to correlate with the State's SB361 Funding Allocation Model. The college budget targets for 2015-2016 are adjusted to align with SB361. As previously discussed with the Chancellor's Cabinet, implementation will take place over three years for Columbia College as necessary budget reductions are made to equalize the college budget allocations. The 2015-2016 Resource Allocation worksheet and narrative are also attached for your review and information.

In addition to setting the college budget targets to align with SB361, the following adjustments have been made to the 2014-2015 budget allocations to develop the 2015-2016 budget targets:

1. One-time funding in 2014-2015 has been removed from the 2015-2016 budget targets - \$700,000 for MJC and \$650,000 for Columbia College.
2. Prior year encumbrance augmentations have been removed.
3. The budgets are augmented for the cost of step-and-column movement on the 2015-2016 salary schedules.
4. An augmentation to the MJC budget based on the YCCD Resource Allocation model for 13 new faculty positions. Thirteen positions at \$60,000 augmentation results in an augmentation of \$780,000. The balance to fund each of the 13 new positions over the \$60,000 allocation will need to be reallocated from the MJC PTOL budget.

5. Other adjustments include transferring the salary and benefit budget for the Director of Security from MJC to Central Services. One-time funds in the IT budget in the amount of \$350,000 have been removed. An increased allocation to HR for the PEP Fund in the amount of \$30,000 is included.
6. The MJC Business Office operating budget has been moved to MJC from Central Services.
7. An augmentation to the MJC budget for 3% FTES growth in 2015-2016 in the amount of \$437,400 is included based on the YCCD Resource Allocation Model.
8. A budget augmentation for the increased cost associated with PERS and STRS rate increases is included in the 2015-2016 budget targets.
9. Adjustments to MJC and Columbia College to align with SB361 Funding Allocation Model. MJC received an increase of \$965,586 and the Columbia College budget is reduced by \$370,000, the first of three reductions to equalize the college budgets. Over the next two years, the balance of \$740,000 will be reduced from the Columbia College budget unless the college increases its FTES.

The colleges are responsible to plan and budget for part time/overload costs (PTOL). Each college must budget for the cost of fringe benefits as calculated by the District Budget Analyst. MJC's fringe benefit budget must balance to \$13,164,042, and Columbia College's fringe benefit budget must balance to \$3,228,220. These budget line items will be adjusted if vacant positions are removed or new positions are added. Be sure to work closely with Mary Bylsma to make the adjustments appropriately.

These are your preliminary targets for 2015-2016. The state's economy continues to improve and many indicators show that California Community Colleges may be receiving additional funds at the May Revise. Your budgets will be adjusted accordingly when state budget information solidifies.

I know this is a lot of information, so please do not hesitate to let me know if you have questions or need clarification.

Thank you.

TMS/cs

Attachments

2015-2016 Budget Planning Timeline

January 2015

- **January 2*** – Controller works with IT to create new FileSuite in Colleague (Datatel)
- **February 2*** – Budget Analyst sends salary and fringe benefit data to Budget Managers via Excel spreadsheet
- **March 2*** – VP's of Administrative Services & Central Services Budget Managers return final changes to salary and fringe benefit data to Budget Analyst
- **March 9** – Executive Vice Chancellor distributes budget targets
- **April 1** – Senior Accountant imports salary and fringe benefit data into Datatel
- **April 13** – VP's of Administrative Services & Central Services Budget Managers submit budgets for operational/discretionary expenses (e.g., supplies, services, equipment) to Senior Accountant
- **April 20** – Senior Accountant imports operational/discretionary expenses into Colleague (Datatel)
- **May 26** – Deadline for Board Agenda items
- **June 10** – June Board Meeting – TENTATIVE BUDGET
- **September 9** – September Board Meeting – FINAL BUDGET

** Dates do not change from year to year*

Yosemite Community College District
 General Fund Unrestricted Budget
 TARGET BUDGET 2015-2016

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	2014-2015 Final Budget Allocation (as of 9/10/2014)	ONE YEAR ONLY 2014-2015 AUGMENTATION (1)	2014-2015 ENCUMBRANCE BUDGET ADJUSTMENTS (2)	2015-2016 Adjusted Beginning Budget Allocation	2015-2016 Step/Column Cost Augmentation (3)	2015-2016 New Faculty Positions (4)	2015-2016 Other Adjustments (5)	2015-2016 MJC Business Office Operations (6)	2015-2016 FTES Growth Augmentation 3% mjc 0 cc (7)	2015-2016 PERS & STRS RATE Increase (8)	2015-2016 SB361 ADJUSTMENT (9)	2015-2016 PRLIMINARY TARGET BUDGET (10)	2014-2015 ENCUMBRANCE CARRYOVER (11)	2015-2016 ADJUSTMENTS (11)	2015-2016 FINAL BUDGET
MODESTO															
Certificated	27,747,688	-	-	27,747,688	164,000	390,000	-	-	437,400	-	-	28,739,088	-	-	28,739,088
Classified	7,066,065	-	-	7,066,065	92,000	-	(93,036)	386,618	-	-	-	7,451,647	-	-	7,451,647
LTAC	-	-	-	-	43,000	-	(40,684)	96,072	-	-	-	98,388	-	-	98,388
Fringe Benefits	11,923,419	-	-	11,923,419	48,000	390,000	-	266,385	-	428,312	107,926	13,164,042	-	-	13,164,042
Supplies	134,874	-	(2,246)	132,628	-	-	-	-	-	-	-	132,628	-	-	132,628
Other Operating	791,766	-	(4,389)	787,377	-	-	-	233,512	-	-	-	1,020,889	-	-	1,020,889
Capital	203,194	-	(26,530)	176,664	-	-	-	-	-	-	-	176,664	-	-	176,664
Other Outgo	951,247	(700,000)	-	251,247	-	-	-	-	-	-	857,660	1,108,907	-	-	1,108,907
	48,818,253	(700,000)	(33,165)	48,085,088	347,000	780,000	(133,720)	982,587	437,400	428,312	965,586	51,892,253	-	-	51,892,253
COLUMBIA															
Certificated	6,263,650	-	-	6,263,650	36,000	-	-	-	-	-	-	6,299,650	-	-	6,299,650
Classified	2,302,349	-	-	2,302,349	21,000	-	-	-	-	-	-	2,323,349	-	-	2,323,349
LTAC	10,176	-	-	10,176	32,000	-	-	-	-	-	-	42,176	-	-	42,176
Fringe Benefits	2,911,669	-	-	2,911,669	13,000	-	-	-	-	98,136	205,415	3,228,220	-	-	3,228,220
Supplies	109,942	-	(2,950)	106,992	-	-	-	-	-	-	-	106,992	-	-	106,992
Other Operating	520,260	-	-	520,260	-	-	-	-	-	-	-	520,260	-	-	520,260
Capital	135,537	-	(55,846)	79,691	-	-	-	-	-	-	-	79,691	-	-	79,691
Other Outgo	1,140,635	(650,000)	-	490,635	-	-	-	-	-	-	(575,415)	(84,780)	-	-	(84,780)
	13,394,218	(650,000)	(58,796)	12,685,422	102,000	-	-	-	-	98,136	(370,000)	12,515,558	-	-	12,515,558
CENTRAL SERVICES															
Certificated	779,793	-	-	779,793	800	-	-	-	-	-	-	780,593	-	-	780,593
Classified	11,589,505	-	-	11,589,505	74,000	-	-	(386,618)	-	-	-	11,276,887	-	-	11,276,887
LTAC	229,908	-	-	229,908	87,000	-	93,036	(96,072)	-	-	-	313,872	-	-	313,872
Fringe Benefits - Central Svs	6,497,708	-	-	6,497,708	31,000	-	40,684	(266,385)	-	100,335	-	6,403,342	-	-	6,403,342
Retirees	1,135,204	-	-	1,135,204	-	-	-	-	-	-	-	1,135,204	-	-	1,135,204
Unallocated	380,423	-	-	380,423	-	-	-	-	-	-	-	380,423	-	-	380,423
Supplies	1,378,361	-	(50,203)	1,328,158	-	-	-	-	-	-	-	1,328,158	-	-	1,328,158
Other Operating	6,886,576	-	(18,568)	6,868,008	-	-	-	(233,512)	-	-	-	6,634,496	-	-	6,634,496
Capital	1,201,118	-	(460,222)	740,896	-	-	(350,000)	-	-	-	-	390,896	-	-	390,896
Other Outgo	(1,026,060)	-	-	(1,026,060)	-	-	30,000	-	-	-	-	(996,060)	-	-	(996,060)
	29,052,536	-	(528,993)	28,523,543	192,800	-	(186,280)	(982,587)	-	100,335	-	27,647,811	-	-	27,647,811
Transfers/Contingency															
Health Fund Transfer	6,500	-	-	6,500	-	-	-	-	-	-	-	6,500	-	-	6,500
Transfers/Savings	6,500	-	-	6,500	-	-	-	-	-	-	-	6,500	-	-	6,500
	91,271,507	(1,350,000)	(620,954)	89,300,553	641,800	780,000	(320,000)	-	437,400	626,783	595,586	92,062,122	-	-	92,062,122

NOTES:

- Remove one-time college expenditure budget augmentations from 2013-2014.
- Remove 2013-2014 unit budget augmentations for P/Y Encumbrance.
- Augment unit budgets for the cost of step-and-column advancement on the salary schedules for 2015-2016.
- Augment MJC budget for 13 new faculty positions based on YCCD allocation model: \$60,000 per position, \$780,000.
- Transfer Director of Security budget from MJC to Central Services, \$133,720.
Reduce prior year one-time capital augmentation to IT budget for Ellucian conversion, \$350,000.
Augment HR PEP budget \$30,000.
- Transfer MJC Business Services budget from Central Services to MJC under the VP of College Administrative Services.
- Allocate Growth funding to MJC for 3% FTES growth. Note, this is in addition to new faculty positions.
- Augment unit budgets for increase to PERS and STRS rates for 2015-2016.
- Adjust College Target 2015-2016 budgets to SB361 Allocation Formula implementation. Allow Columbia College 3 years to phase in reductions per SB361 Allocation Formula.

RESOURCE ALLOCATION 2015-2016 - SB361

Resource allocation is linked to Districtwide strategic planning with enrollment management driving allocation of operational resources.

The YCCD Resource Allocation Model has been revised to align with SB361, the state’s funding allocation model adopted in 2007 for community colleges. Implementation of the alignment with SB 361 will take place over a three-year period in order to provide time for the colleges to adjust to the equalizing of their college budget allocations. The Resource Allocation Model assures that the colleges receive what they earn after the cost of services provided by the district office. The model allocates resources to the two colleges and allocates resource to the district office, districtwide services, and regulatory costs. The model is adjusted modestly from SB361 to recognize the small college in the Yosemite Community College District, Columbia College. The allocation is based on an 85%/15% split rather than the actual FTES ratio between the colleges of 88%/12% FTES. Modesto Junior College earns approximately 88% of the total FTES and Columbia College earns approximately 12% of the total FTES.

Distributions of new resources are allocated first to nondiscretionary budgets (permanent salaries and benefits, energy, regulatory increases) and then to discretionary budgets (supplies, materials, services, and other operations).

Growth is allocated on the basis of FTES; amounts to the colleges are dependent upon generation of funded FTES based on the YCCD Resource Allocation Model.

Each college has an established FON based on FTES; the FON is adjusted between the colleges in line with increases or decreases in FTES generation. If the District falls below the FON the site responsible for the decline suffers the revenue reduction.

The transition period of three years to implement SB361 will begin with the 2015-2016 budget cycle. The current college budget allocations require that Modesto Junior College receive more funding and Columbia College budget be reduced. The following chart shows the amount increased for Modesto Junior College to reach the allocation per the SB361 allocation model and the reductions to the Columbia College budget over a three-year period to reach the allocation per the SB361 model.

	Modesto Junior College	Columbia College
Year 1	\$965,586	(\$370,000)
Year 2	0	(\$370,000)
Year 3	<u>0</u>	<u>(\$370,000)</u>
	<u>\$965,586</u>	<u>(\$1,110,000)</u>

**YOSEMITE COMMUNITY COLLEGE DISTRICT
RESOURCE ALLOCATION MODEL ANALYSIS
MODEL BASED ON SB361 FUNDING MODEL**

2015-2016

Model Narrative:

Budget allocation model based on SB 361.

District Operating Cost allocated from Revenue Source First. College Basic Allocations from SB361 Formula.

Balance allocated based on the colleges FTES ratio.

Use 85/15 ratio for distribution of remaining funds

			District	Modesto	Columbia
FTES 2013-2014	16,976				
MJC	14,889	88%		85%	15%
Columbia	2,087	12%			
Unrestricted Revenue Estimate 2015-2016	<u>91,383,130</u>				
EXPENDITURES: District 2015-2016 target allocation	<u>(27,654,311)</u>				
Revenue after District Operations Allocation	63,728,819				
MJC Basic Allocation SB 361	(3,935,976)			3,935,976	
CC Basic Allocation SB 361	<u>(3,373,694)</u>				3,373,694
Revenue to allocate based on FTES	<u>56,419,149</u>			<u>47,956,277</u>	<u>8,462,872</u>
Allocation based on SB 361 model and YCCD model should be:			<u>27,654,311</u>	<u>51,892,253</u>	<u>11,836,566</u>
			<u>91,383,130</u>		
Cost Per FTES			\$ 1,629.02	\$ 3,485.27	\$ 5,671.57
FON calculated Fall 2014 Report	274			225	49
FON based on FTES ratio based on allocation model	274			233	41
					85%/15%
2015-2016 General Fund Budget (Target Estimate 3/23/2015)			27,654,311	50,926,667	12,944,354
			-	965,586	(1,107,788)
					(142,202)
Allocation should be per SB361 and District 85%/15% Split			<u>27,654,311</u>	<u>51,892,253</u>	<u>11,836,566</u>
					<u>91,383,130</u>
ALLOCATION IMPLEMENTATION PLAN:					
Year 1 augment MJC for entire shortfall per SB361	2015-2016			965,586	(370,000)
Allow CC three years to reduce to SB361	2016-2017			-	(370,000)
	2017-2018			-	(370,000)
				<u>965,586</u>	<u>(1,110,000)</u>