



Monday, April 30, 2012
Griffin Gate, B&C
3:30 – 4:30 p.m.

Special Informational Meeting
Rocky Young Discussion
Income Allocation Formula

Meeting Summary

Present: Irene Bauza, Barbara Blanchard, Janet Castanos, Carrie Clay, Sunny Cooke, Sheridan Dewolf, Tim Flood, Diane Glow, Michael Golden, Sue Gonda, Oralee Holder, Kerry Kilber, Jeff Lehman, Patti Morrison, Jane Nolan, Alba Orr, Shirley Pereira, Cheryl-Anne Phillips, Michael Reese, Mary Rider, Adelle Schmitt, Jim Spillers, Debbie Yaddow

Guests: Tim Cliffe, Judd Curran, Jim Mahler, Cindy Miles, Scott Therkaslen, Renee Tuller, Jenny VandenEyden,

Recorder: Patty Sparks

Meeting Convened: 3:30 p.m.

Introductions:

Sunny welcomed Rocky Young (Rocky) and explained the charge of the Planning & Resources Council. She introduced Rocky to the Council and gave a brief bio of his accomplishments. The Council then introduced themselves to Rocky by stating their name, how long at the college and their position.

Rocky explained that he is here today to speak to staff regarding the current Income Allocation Formula. He wanted to distinguish that every college in California is underfunded and suffering during this financial budget crisis. There is difficulty statewide for colleges to fulfill their core missions. What we are talking about today is the distribution of funds between District Services and the two colleges. He is asking what different groups feel are the problems with the way the current income allocation works or does not work.

Issues:

- One aspect of the model is that each college is funded by a target FTES, but there is no correction if the target is not met.
- There is currently a blended rate for FTES. The way the State funds community colleges is one rate for credit FTES and lower rate for non-credit FTES. In the current model there is no distinction – the credit FTES and non-credit FTES are combined and then divided to estimate a dollar amount per FTES.

- There is a concern that Grossmont College is paying for portions of District Service expenses. The model is built to aggregate all District Service expenses through a percentage of the FTES. Some of the expenses such as utilities and maintenance costs are being endured by Grossmont College alone.
- The idea that FTES targets, not just in the short term but in the long term, ought to be developed by both colleges on a data driven basis. There is a feeling that these numbers are being derived not by careful analysis but by best guess. Rocky explained that typically the Education Master Plan drives the Facilities Master Plan and both of those plans in turn should drive the FTES projections for each institution.
- The current allocation model is built with the assumption of growth. The State of California has not provided growth in a number of years.
- There is a question of centralization versus decentralization. Multi college districts are based on the assumption that there is a strategic advantage to having colleges aggregated together. The other side is if you over centralize then the colleges are not receiving the services they need because they become too centralized. There is a question about doing a thoughtful analysis on how those services are currently aggregated and whether they are being done efficiently.
- There is belief that there are things in the current model that are liked and want to be preserved, such as keeping beginning balances and dedicated income excluded from the model.
- The idea that it would be helpful if whatever model is adopted - it be easy to understand.
- If a new Allocation Model is adopted and it causes significant change - it should be implemented over time.
- In the current Allocation Model, multiple criteria must be met to not fund the economy of scale. This decision is made in the spring however if later the criteria is met, there is no correction.

Questions from the Council:

Do other multi-college districts apply the economy of scale as we do?

Rocky responded that in fairness to the current model the hope initially was when this formula was created it would have been phased out by 06/07. The problem is the cessation of funded growth by the State of California.

Rocky further explained that SB361 is the current funding model for community colleges in the State of California. The State created what they call foundation funds which means they have a foundation amount for single college districts (varies by size of the college) and a foundation amount for multi-college districts based again on the size. He reported that the State decided that colleges need a certain amount of money to handle their basic functions. Grossmont receives, even though it is twice the size of Cuyamaca, approximately \$500,000 more than Cuyamaca. This is because the State assumes that Grossmont College has achieved its growth.

Cuyamaca has a lot of buildings and fewer students. It appears that they “move” students around and questioned whether it would be better to consolidate between the two colleges?

Rocky stated that he cannot comment on that particular issue, but did reply that voters passed a bond to build those new buildings at Cuyamaca – if you close those buildings to consolidate it would not be the kind of information the public would want to hear (bad public relations). In addition, the information regarding student usage could be exaggerated. Some buildings may have less activity during certain times of the day.

Who asked for the Income Allocation Formula to be reviewed?

Chancellor Miles responded that this was an issue she promised to address when she came to the District. It would have been done sooner but we needed to stabilize leadership at Cuyamaca.

Do we currently have data to develop growth projections?

Rocky stated that the world is a very different place than five years ago - data from five years ago is very different from data today. There are many variables to consider in today’s climate, such as unemployment rates in surrounding areas, what CTE demands for training employees in local industries, high school graduation rates, with so many local colleges in close proximity - what is the actual in- flow and out-flow? In the end we have to try to interweave variables and follow unmet demands. In addition, the CSU and UC tuition rates and freshman enrollments have changed drastically which impacts demands. Chancellor Miles also stated that immigrants and veterans returning to school are impacting the colleges.

Were you asked to provide data/impacts of going from a two college district to a one college district?

Rocky responded that that task was not included in his contract and the length of the contract is five days. He is employed to spend time with each college and make a recommendation on conceptual framework for an allocation model.

Further Rocky stated that going from a two college to a one college district would have a financial impact. He stated that the first impact would be a decrease in State funding. That doesn’t mean you shouldn’t do it.

Is there a timeline for implementing the new allocation formula?

Rocky stated that you need to first agree on principals, then get to more specifics, then assimilations. If it causes significant changes at either of the colleges then implementation would need to be discussed. There is a Task Force identified to deal with these issues who will ultimately make recommendations to Chancellor’s Cabinet.

What is the ultimate goal for this process?

Chancellor Miles stated we are doing this to have a better allocation model developed.

Conclusion:

Rocky stated that there is no way to create a win/win situation. The same conversations regarding income allocation happening here are happening in the legislature. Realistically there is not enough money for either college. If the State keeps going this way, the question will be how do we survive as institutions if the State continues to decrease funding? As hard as the situation is at hand, it could be much more difficult.

The Council thanked Rocky for his input.

Meeting adjourned at 4:30 p.m.