SOCCCD
FY 2014-2015 Basic Aid Allocation Recommendations

Board of Trustees Meeting

May 19, 2014
What is Basic Aid and how is it calculated?

• Each of the 72 CCDs receive all of their respective student enrollment fees and property taxes,

• Each of the 72 CCDs revenue entitlement is calculated according to SB 361 formula to obtain the districts’ revenue limit.

• After the 361 formula calculation is determined:
  o If the revenues received from property taxes and student enrollment fees are less than their revenue entitlement (SB 361) then the difference is made up by state appropriation to bring the district up to the revenue limit.
  o If the revenues received from student enrollment fees and property taxes are equal to or greater than the revenue entitlement under SB 361 funding then that district is considered “basic aid”.

• The increment above the revenue limit is the “basic aid” amount.
What is Basic Aid and how is it calculated?

- Districts can become “basic aid” via a combination of increased assessed valuation and new homes (property tax revenue increases) and decreases in enrollment.

- Basic aid is not a funding source, there is no income category called basic aid. It’s a name for the excess property tax and enrollment fee revenues above the revenue limit.

- Other preferred terms are really “self-sufficiency” or “locally funded” or “community-based”.

- There are now 6 community college districts that are considered basic aid: Marin, SOCCCD, Mira Costa, San Jose, San Mateo, and West Valley Mission.

- It’s important to note that at SOCCCD, the DRAC model is calculated first, dollars are taken off the top for operations, then the remaining funds are allocated for “basic aid” projects.
BECOMING A BASIC-AID DISTRICT
Mira Costa & South Orange

POSITIVE

Increase in assessed valuation plus number new houses

Enrollment remains flat

PROPERTY TAX REVENUE

$39 million & $57 million

NEW DOLLARS

REVENUE FORMULA BASED ON FTES

Is not a Basic-Aid District

FORMULA ENTITLEMENT

Questions?
Thanks for letting us serve you!
Happy New Year!
BECOMING A BASIC-AID DISTRICT
College of Marin

NEGATIVE

Property Taxes remains flat

Decrease in Enrollment

Is not a Basic-Aid District

FORMULA ENTITLEMENT

$15 million

PROPERTY TAX REVENUE

NO NEW DOLLARS

REVENUE FORMULA BASED ON FTES
In February, 2011, both IVC and SC were placed on warning by ACCJC, with 6 recommendations, several involving the need for comprehensive district-wide planning that drives resource allocation.

Accreditation Recommendation #2:
“The teams recommend that the district and the colleges develop and implement a resource allocation model driven by planning that includes all district funds and is open, transparent, inclusive, and that is widely disseminated and reviewed/evaluated periodically for effectiveness.”
How did the Basic Aid allocation process come about?

- The Accreditation Recommendation #2 Committee was formed to address the issue.

- Based on general consensus of the input across the district, the committee determined that the issues were not with the DRAC model, which folks felt worked rather well.

- However, there were district-wide concerns with the lack of a credible process for making recommendations for basic aid resources, that those allocations were not based on planning, nor communicated in an open, timely, or transparent manner.

- The committee recommended that a policy and administrative regulation for basic aid allocation be developed based on planning and that the process be participative, transparent, and open.
  - BP 3110 (approved 8-29-11)
  - AR 3110 (approved 2-27-12)
Only one-time projects are to be funded by basic aid monies, to protect the district and colleges and to be fiscally conservative.

In accordance with the vision, mission, strategic directions and planning documents of the District and colleges, the Board of Trustees will allocate basic aid funds for the following purposes:

1. Capital construction, major renovation, large infrastructure projects, and site development. These projects will follow district and college strategic plans, Education and Facilities Master Plan, 20-year Facility, Renovation and Scheduled Maintenance Plan and Five Year Construction Plan.

2. Retirees benefit trust fund and other long term obligations.

3. Trustee elections, legislative advocacy, major legal fees and judgments.
Only one-time projects are to be funded by basic aid monies, to protect the district and colleges and to be fiscally conservative.

In accordance with the vision, mission, strategic directions and planning documents of the District and colleges, the Board of Trustees will allocate basic aid funds for the following purposes:

4. Major technology initiatives as identified in the District and College Technology Plans.

5. Small renovation projects, including maintenance equipment and fifty percent matching funds for scheduled maintenance as identified in the 20-year Facility, Renovation and Scheduled Maintenance Plan. The other fifty percent will be funded by the site requesting the funds, whether district office or college.
Basic Aid Allocation Recommendation Committee (BAARC) Flow Chart*

This is an interactive process with participatory governance involvement. BAARC will provide information to and gather widespread input from the college presidents and other campus and district services leadership groups before recommendations are made to the Chancellor. Recommendations and draft work from the committee will be posted on SharePoint for transparency.

*For more details, refer to AR 3110.
Please refer to the SOCCCD District-wide Integrated Budget Planning Resource Guide for definitions of the terms used in this chart.
Basic Aid Process

• **BP and AR 3110** were established to ensure basic aid funding recommendations followed a transparent, participatory, and inclusive process and that planning drives all basic aid funding recommendations.

• **Basic Aid Allocation Recommendation Council (BAARC)**, is the district-wide participatory committee responsible for making recommendations to the Chancellor.

• **BAARC** received recommendations from district-wide planning committees (CIC and DTC) which were based on the EFMP, strategic plans, Information Technology Plan and other planning documents.
How has the new BP and AR 3110 process been working?

- In May 2012, $74,337,592 was recommended and approved to be funded for capital and technology related projects, which represented two years of basic aid funding (excess property tax revenue).

- In June 2013, $52,853,446 was allocated for basic aid projects.

- The feedback regarding the processes for the first two years was extremely positive; there seems to be general consensus that the process has been working well and as intended.
BAARC:

- Met this spring semester to review district-wide & college plans and funding priorities for basic aid funding
- Finalized recommendations to Chancellor on April 21, 2014
- Chancellor and college presidents support BAARC recommendations as presented this evening
- BP and AR 3110 was strictly followed; the process went well
- BAARC discussions were collegial; input was broad-based
- Final recommendations were reflective of the mindful discussion & integrated planning efforts
Allocations-Based on Conservative Estimates:

Total estimated Property Taxes for Basic Aid $38,707,314
Less 20% Contingency for Unrealized Tax Collections ($7,741,463)
Plus Prior Year Contingency and Unallocated Funds $16,374,365
Amount Available for Allocation $47,340,216
### Allocations (Please refer to the following pages in board item 4.2)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Long Term Obligations (bottom of p. 3)</td>
<td>$575,000</td>
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<tr>
<td>Capital Projects (p. 4-5, descriptions are on page 10-12)</td>
<td>$22,452,795</td>
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<tr>
<td>Capital Projects Construction Defects/Code Requirements (p. 7)</td>
<td>$750,000</td>
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<tr>
<td>Planning, Technical, Specialty, and Legal Consultants to support Capital Programs (p. 6)</td>
<td>$3,445,000</td>
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<tr>
<td>Scheduled Maintenance Projects (Basic Aid Portion) (p. 9)</td>
<td>$493,350</td>
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<tr>
<td>Small and Major Renovation Projects (p. 8)</td>
<td>$2,710,000</td>
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<tr>
<td>District-Wide Technology Projects (p. 13-69 including descriptions)</td>
<td>$16,328,187</td>
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<tr>
<td>ATEP Operations (p. 70-72)</td>
<td>$509,058</td>
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<td><strong>Total Allocations</strong></td>
<td><strong>$47,263,390</strong></td>
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<table>
<thead>
<tr>
<th>Description</th>
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<tr>
<td>Remaining Balance to remain in basic aid fund</td>
<td>$76,826</td>
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<tr>
<td>Contingency for Unrealized Tax Collections (20%)</td>
<td>$7,741,463</td>
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</table>
This item 4.2 is presented for information and discussion for the Board of Trustees

We want your questions and input this evening

After this evening, the next steps are that the basic aid projects get incorporated into the FY 2014-2015 Tentative Budget

The FY 2014-2015 Tentative Budget comes to the board of trustees at the June Board meeting each year, for review and approval
Thank you to CIC, DTC, BAARC members and all other participants!

Questions and Discussion