Funding Principles

1. Budget Allocation model must be understandable, fair and predictable.
2. All revenue earned by colleges shall be distributed to colleges less assessments as noted in Principle # 3 below.
3. Colleges are assessed for necessary district=-wide, contingency reserve, and district office functions and services costs that are recognized as appropriate. <u>Assessments shall be based on $/FTES for credit, non-credit, and enhanced non-credit FTES (including all resident and nonresident FTES).</u>
4. Budget Allocation Model must address the economy-of-scale issues for small and large colleges. Adequate and sufficient to sustain operations
5. Budget Allocation Model should lead colleges to maximize revenues through enrollment and management and provide incentives for colleges to improve student access and excellence.
6. Balances are retained by colleges and district office locations

Budget Allocation Model

- Using SB 361 funding formula to distribute state general revenue to colleges
- Each college receives a basic allocation based on college size and funding for credit FTES, noncredit FTES, enhanced noncredit FTES with state funded rates
- Small colleges receive supplemental basic allocation of $500,000 to its basic allocation in 2006-07 year, adjusted by COLA in future years
- Colleges are assessed for contingency reserve (at 3.5%), district-wide and district office services based on $/FTES
- Balances are retained by colleges and district office.