

South Orange County Community College District

RESOURCE ALLOCATION DEFINITION OF TERMS

(To accompany the flow chart outlining the Resource Allocation Process)

- **Administrative Unit Reviews** are conducted to examine the effectiveness of an administrative unit. Beginning this year, they will be conducted at both District Services and the colleges.
- **Basic Aid** occurs when the local property tax revenue in a community college district exceeds the total funding that the state would have provided, as calculated by SB361 apportionment. Apportionment is the method by which the CCC system office distributes federal, state and local monies to community college districts according to a specified formula. Under Basic Aid, there's no need to factor in any state aid because the property taxes and student fees surpass the minimum funding level established by the state. K-12 school districts also can be basic aid districts.
- **Capital Construction** is referring to large scale building construction projects. They include specific construction projects such as site development, utilities, roads, buildings, and equipment projects. Capital projects may also be thought of in terms of 'facilities systems'.
- **DRAC** is the SOCCCD's District Resource Allocation Council, which is a district-wide participatory governance council, approved by the Board of Trustees charged with recommendations for the income allocation model on which the budget is based. It is charged with development and oversight of the allocation process for Unrestricted General Funds and it makes recommendations to the Chancellor.
- **DRAC Model** is an allocation model for the district. It distributes available general fund unrestricted resources (according to the state funding formula) and other funding such as enrollment fees, non-resident fees, local income, miscellaneous income, and ending balances. It is distributed to five areas: 1) Saddleback College, 2) Irvine Valley College, 3) Contingency Reserve, 4) General Expenditures, and District Services. The intention of the model is to guarantee the colleges a predictable, fair, and equitable distribution of revenues.
- **Education and Facilities Master Plan (EFMP)** is a year-long endeavor updated every five years. Information is captured from a variety of sources, both internal and external, to facilitate data driven decision making. Meetings were hosted with participatory governance groups and community involvement. The results connect capital expenditures directly to planning efforts. The District-wide Long Term Plan (2011-2031 EFMP) which include the college plans are in a 5 volume comprehensive document. The product is a long-term plan for continuous quality improvements focusing on strategies for academic excellence and facilities improvements.
- **Ending Balances** are one-time remaining funds that are unspent at the end of the fiscal year that are available to be rolled over into the new fiscal year within the fund. They should only be available for one-time purposes. If negative ending balances should occur, they are deducted from the budget for the respective entity in the next year's budget process.
- **Enrollment Fees** are charged to a student for instructional services provided to that student.

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- **Federal, State, Categorical, and Grant Funds** include restricted revenues received from a government or a private or non-profit organization to be used or expended for a specified purpose.
- **General Funds** are used to account for the ordinary operational expenses of the district. These funds are available for any legally authorized purpose not specified for payment by other funds.
- **Local Income** is income derived from non-state and non-federal sources, such as material fees, facility rental, and application fees.
- **Local Restricted Funds** are funds that are non-state and non-federal, but have restrictions or limitations based on their use by the funding source or funding agency. Examples are community education, parking income, and child development funds.
- **Long Term Obligations** are amounts that an entity may be legally required to pay out of its resources over a longer period of time in the future. Included are not only actual liabilities, but also un-liquidated encumbrances. An example of a Long Term Obligation that community colleges typically have is the future retiree benefit liability obligation, due to GASB 43 and 45. Other examples could include Certificates of Participation (COPs) and debt.
- **Miscellaneous Income** is income that is outside of the SB 361 formula. Examples are unrestricted lottery, interest, mandated costs, and enrollment fee administration.
- **Non Resident Fees** are charged to a student for instructional services provided to a student who resides outside of California. Revenues are retained by the colleges in addition to revenues received through the DRAC model.
- **Other State Adjustments** include state funds such as the excess funds provided to basic aid districts distributed by the State chancellor's office when Partnership for Excellence (PFE) was folded into SB 361 for other districts. These monies are not legislatively guaranteed.
- **Program Reviews** are a process to examine the effectiveness of an academic program. The process typically provides feedback (a) to the academic unit primarily responsible for the program, (b) to the appropriate academic administrators, and (c) to external units in the form of confirmation of the existence of a review process and in the form of summaries of the outcomes.
- **Property Taxes** are compulsory charges levied within boundaries by a governmental unit against the property of persons, natural or corporate, to finance services performed for the common benefit.
- **Reserve** is an amount set aside to provide for estimated future expenditures or losses for working capital, or for other specified purposes. The Budget Guidelines approved by the Board of Trustees require a general fund reserve for economic uncertainties shall be no less than 7.5% of the projected unrestricted revenue.

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- **Restricted Funds** are used to account for resources available for the operation and support of educational programs specifically restricted by law, regulations, donors, or other outside agencies. Examples of Restricted Funds at SOCCCD are EOPS, DSPS, and grants.
- **Scheduled Maintenance** The state refers to scheduled maintenance as state funds that were formerly provided for major repairs of buildings and equipment and had required a local match. For the last few years, state scheduled maintenance funds have not been allocated to community colleges. At the district, the working definition for schedule maintenance includes scheduled maintenance or repair of major building systems at the end of their life cycle that require planning, allocation of a significant amount of time and funds, and a high degree of coordination.
- **State Capital Project Match** are match funds provided by the California Community College Chancellor's Office for district capital construction projects that meet their criteria for receiving a match of dollars from the state. These matching funds are matched by the local district.
- **Strategic Plans** refer to the Strategic Plans at both the colleges and the SOCCCD District-Wide Strategic Plan being developed based on several planning documents at both the colleges and district-wide.
- **Unrestricted Funds** are funds that do not have limitations on their use or disposition by their funding source (i.e., do not have specific restrictions placed upon them). These funds can be used for general purpose operating expenses and support of educational programs of the district.
- **5 Year Construction Plan** uses the project lists developed during the Education and Facilities Master Planning process. The college presidents work every year with their campuses to update the college list of project priorities. The separate campus priority lists are merged into one district-wide project priority list vetted through SOCCCD Chancellor's Executive team and approved by the Board of Trustees for submittal to the State Chancellor's office. This Five Year Construction Plan is the basis for the State Chancellors Office determination of which projects they will consider for funding. All Initial Project Proposals and Final Project Proposal submittals must be drawn from this list.
- **20 Year Facility, Renovation, & Scheduled Maintenance Plan** is a plan developed by the Capital Improvement Committee to create a 20 year projection of district-wide facility needs including projected cost and revenue. Facility needs are defined as new facilities, renovation of existing facilities, scheduled maintenance and maintenance backlog. This plan was developed objectively by applying uniform data driven criteria to assess facility needs district-wide. This plan is reviewed annually by the committee.'