

Resource Allocation Formula Details CSEA

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Agenda

- ▶ Purpose
- ▶ Benefits of RAF
- ▶ COLA
- ▶ Components of RAF
- ▶ How the RAF functions
- ▶ Distribution
- ▶ What the RAF would look like for CSEA
- ▶ Conclusion / Next Steps

Purpose

- ▶ *Resource Allocation Formula (RAF) Purpose:*
 - Clearly defined method for the allocation of new resources to employee units
 - Cover the increased operating cost of the District
 - Fund priorities established by the District

RAF Model

- ▶ *Other Districts use model very successfully*
 - Some have been in place for over 10 years
- ▶ *Districts include*
 - San Diego Community College District
 - Los Rios Community College District
 - Kern Community College District

RAF General

- ▶ Provides for salary and benefit increases for employees
- ▶ Provides a method to maintain a competitive position in the market and support the recruitment and retention of employees
- ▶ Provides resources to cover the inflationary costs related to services and operating expenses

Benefits Of RAF

- ▶ Predetermined method of distributing resources
- ▶ Fair distribution amongst all groups
- ▶ Bargaining Groups can determine on their own how to allocate resources
- ▶ Minimize any financial disputes between the district and bargaining groups

Cost of Living Adjustment (COLA)

▶ *Definition:*

- Cost of maintaining a certain standard of living
- Adjustment made to counteract the effects of inflation.
- COLA is typically tied to the Consumer Price Index (CPI)
- State of California determines each year

COLA Continued

- ▶ *Each Year the State of California will decide if there is funding for a COLA*
 - In Bad years could potentially be a negative COLA
- ▶ *Intent of COLA is to address ALL increased cost*
 - Including utilities, health benefits, step and column, longevity and other operational cost increases

COLA Continued

For instance:

2013/2014

COLA - 1.57%

\$1,335,713

2013/2014 Cost Increases

Step & Column Increases

\$887,803

Health, Dental, Vision Increases

\$409,345

Utilities Increases

\$564,912

Other Operational Increases

\$200,000

Total Cost Increases

\$2,062,060

RAF – How it works

- ▶ All employees governed by RAF – including all bargaining groups, meet and confer, Chancellor, and Governing Board
- ▶ New money is split 85% / 15%
 - COLA
 - Restoration
 - Growth
- ▶ Units receive 85% of Continuous Revenue
- ▶ Bargaining Units decide where to allocate funds

RAF – How it works

- ▶ *District receives 15% for increase cost*
 - District is dedicating 50% for salary improvements (SET)
- ▶ *Things covered by District portion (Remaining 50%)*
 - Utility Increases
 - Operational Increases

RAF – How it works

- ▶ *Show Model*

Distribution

- ▶ RAF money is distributed based on total cost of all compensation (Salary and Benefits)
- ▶ Each bargaining group will be allocated funding based on their portion of total compensation cost.

Distribution (Based on 12/13 Actuals)

- | | |
|------------------------|--------|
| ▶ AFT | 61.35% |
| ▶ CSEA | 26.23% |
| ▶ Admin Association | 7.95% |
| ▶ Confidential Admin | 2.11% |
| ▶ Confidential Staff | .63% |
| ▶ Chancellor's Cabinet | 1.68% |
| ▶ Governing Board | .06% |
- ❖ Equivalent increase would be .86% increase on the salary schedule (For each person in every unit)

Revenue Reductions

- ▶ State may reduce continuous revenue
- ▶ District will exhaust all possible avenues, similar to what was done in the past
- ▶ Each unit will present a plan for reductions within 90 days
- ▶ District and Union will negotiate impacts and effects

One time Offer

- ▶ For 2013/2014 only
- ▶ District is willing to give its 15% to the Bargaining Units
- ▶ Only for groups that sign up for RAF in 2013
- ▶ Can only be used for one-time money (not ongoing cost such as placement on the salary schedule)

2013/2014 Adoption Budget

RAF Calculations

85% Continuous Revenue \$552,764
(After Cost such as Step and Column)

15% One Time Money \$466,731
(Before Cost such as Utilities and Operational)

What Would RAF Look like for CSEA?

▶ 2013/2014

- *Continuous Revenue portion (85%)* \$144,967
 - Can be used for any continuous/ongoing cost such as increase to the salary schedule or longevity
 - An example might be .86% on the salary schedule
- *One-time Deal with the District (15%)* \$122,404
 - If RAF is agreed to in 2013
 - This amount cannot be used continuous/on going costs
 - An example might be a stipend of \$300 for CSEA members

Note

- ▶ Bargaining units have discretion over how to spend their resources, however we must comply with all State and Federal Laws and Board Policies

RAF Conclusion

- ▶ District feels it is in everyone's best interest to proceed with a RAF model
- ▶ Bargaining Units will have their own discretion on how to spend funds
- ▶ No more “My YEAR” concept
- ▶ Fair and equitable across the entire district
- ▶ Help relieve any financial tensions in bargaining
- ▶ Faster decision making on allocations, less of a need for retro

RAF Conclusion

- ▶ *3 Year Commitment*
 - Can review after 3 years to negotiate any changes or modification
- ▶ *Has worked extremely well in districts that have implemented RAFs*

Next Steps

- ▶ Discuss with your Bargaining Unit
- ▶ Ask questions
- ▶ Solicit feedback (San Diego Community College)
- ▶ Vote will be forthcoming within the next couple of months

Questions?

- ▶ General Questions for Tim
- ▶ Time will be allowed for Bargaining Unit specific questions without the District present