

6200

Administrative Regulation

THE DISTRICT'S BUDGET

The district budget reflects the annual allocation of financial and human resources to implement the district's educational, facilities, technology, and other strategic plans. Since the institution's mission and goals are the foundation for financial planning, fiscal resources are used effectively to develop, maintain, and enhance educational services and operational functions. Funds are allocated to achieve the institution's goals for student learning. The budget is developed in a collaborative manner through the district's governance process involving faculty, staff, students and administrators. Ultimate responsibility for the budget and accountability for outcomes rest with the Superintendent/President. The budget is to be developed annually and presented to the Board of Trustees for adoption in accordance with the California Education Code and Title 5 of the California Code of Regulations. Periodic fiscal reports on the status of the budget shall be made during the fiscal year to the Board of Trustees.

The budgeting process will include or address the following:

- A statement of philosophy that includes that budget planning supports institutional goals and is linked to other institutional planning efforts.
- A budget calendar that includes presentation of the tentative and final budgets. The tentative budget shall be presented no later than July 1 [Title 5 Section 58305 subdivision (a)], and the final budget no later than September 15 [Title 5 Section 58305 subdivision (c)]. A public hearing on the budget shall be held on or before September 15 [Title 5 Section 58301].
- A copy of the adopted annual financial and budget report to be submitted to the California Community College Chancellor's Office on or before October 10 [Title 5 Section 58305 subdivision (d)].
- Budget development processes, including consultation with appropriate groups.
- Criteria and institutional guidelines for the financial planning and budgeting.
- Submission of appropriate forms (311's) to the California Community College Chancellor's Office.
- Filing of copies of the annual financial and budget report with the appropriate county officers for information and review [Title 5 Section 58305 subdivision (d)].

A. Organization of the Budget

1. The budget shall be organized in accordance with the Budget and Accounting Manual (BAM) of the California Community Colleges. The accounting structure of the budget shall be identified in the annual budget document.
2. The budget shall be organized into the following funds:
 - a. **Unrestricted General Fund** - This fund shall account for the basic operating costs of the district and shall include all costs not assigned to any other fund. Fund balances are not restricted.
 - b. **Restricted General Fund** - This fund shall account for all costs that are restricted as a result of the source of revenue funding that cost, or that the Board of Trustees has designated as a cost with restricted purposes. Fund balances are restricted and may carry over from one fiscal year to the next.
 - c. **Student Financial Aid Fund** - This fund shall account for all federal and state financial aid programs.
 - d. **Capital Projects Fund** - This fund shall account for all costs associated with capital construction, renovations, deferred maintenance, and long term capital improvements including technology, telecommunications, and infrastructure.
 - e. **Self Insurance Fund** - This fund shall account for all costs associated with the district's self insurance programs.
 - f. **Cafeteria Fund** - This fund shall account for all costs associated with the district's food services program.
 - g. **Professional Development Center Fund** - This fund shall account for all costs associated with the district's Professional Development Center.
 - h. **Bond Fund(s)** – This fund shall account for all costs associated with the issuance and use of proceeds from General Obligation bonds.
3. The budget shall further be organized in a manner to identify specific programs, activities (as identified in the State's Taxonomy of Programs (TOPS) manual), and objects for which the Board of Trustees has indicated an interest in identifying costs.

B. Development of the Budget

1. **Budget Principles** - The budget shall be developed using the following principles:
 - a. All known or anticipated revenues and costs shall be identified during the development process.
 - b. Revenue projections shall be based on the most current information available. Revenue projections shall take a conservative approach to income which is tied to the current funding formula, the SCFF (Student Centered Funding Formula). This formula is based on FTES, Supplemental (Pell, AB540, College Promise), and Success (transfer, degrees, certificates, living wage, etc.) metrics. Other anticipated new sources of funding will also be considered. Revenue projections shall be based on the

most current data, applicable to the SCFF. Expenditure appropriations shall be based on anticipated actual costs including all employee step and column increases. New employee costs must reflect the related benefit costs and should take into consideration any anticipated savings (e.g. adjunct salary costs offset when a new regular faculty position is created). New equipment costs need to consider related installation and maintenance costs.

- c. Great care shall be exercised in creating any ongoing cost with revenue that is not continuous. A plan should be developed identifying how such a cost will be funded when a limited revenue source is ended.
 - d. A Reserve for Contingency shall be budgeted each year in an amount up to one percent (1%) of total Unrestricted General Fund appropriations.
 - e. The District shall strive to establish a a minimum five percent (5%) unappropriated cash reserve (Cash Reserve) of prior year actual expenditures within the Unrestricted General Fund
 - f. In future years, this Reserve for Contingency shall strive to increase ongoing funds until such time as a Reserve for Contingency of 1% of prior year expenditures is achieved.
 - g. The District shall strive over time to establish and maintain a goal of an Unrestricted General Fund Reserve of 16.7%, or approximately two months of total general fund operating expenditures.
 - h. With the submission of each year's Final Budget, the Board will be provided with the plan and timeline for establishing the 16.7% General Fund Reserve goal as well as an explanation of any anticipated expenditures that may impact achievement of this goal.
 - i. A good faith effort shall be made to allocated funds to support the district's collective bargaining activities.
2. Budget Development Process - The budget development process is the responsibility of the Vice President of Administrative Services, or designee. The Budget Committee, a governance committee, is responsible for advising the administration on the budget process and budget priorities.
- a. A budget calendar shall be developed each year.
 - b. Human Resources shall develop projected salaries for every regular employee. TOPS managers are to review and correct these projections to reflect the anticipated costs for the coming fiscal year and the appropriate accounts to be charged.
 - c. The Vice-President of Administrative Services, or designee shall develop annual revenue projections based on the criteria noted above and present these projections to the Budget Committee.
 - d. The Vice-President of Administrative Services, or designee shall present to the Budget Committee each year a list of those costs that are to be considered outside the budget allocation process as a result of their unique nature (Exempt Costs). Such costs would include employee benefits, insurance, utilities, categorical matching funds, etc. The Budget Committee may recommend costs to be included or deleted and the level of funding.
 - e. Allocation of remaining funds:

- 1) Functional units must identify those costs which cannot be funded with the allocation provided and all appropriate forms must document those budget items they wish to be considered for funding.” 1) Through the program review resource request process, functional units may request funding for items that are beyond their established budget. Requests for anything other than permanent personnel are prioritized quantitatively based upon the degree to which each request supports the Annual Goals established by the Strategic Planning Committee and the Instructional Priorities of the Academic Affairs Committee.
 - a) The following committees will be responsible for reviewing requests from departments within their organization: Academic Affairs, Administrative Affairs, and Student Affairs, and President’s Office. The Foundation, and Human Resources shall submit their requests to the Administrative Affairs Committee. Each of these Committees shall develop and submit a list of funding requests in priority order to the Budget Committee for review and consideration. The Budget Committee will review the requests and identify those requests that are “Required -Must Do”. “Required - Must Do” requests are those requests that are required by law, bargaining unit, contractual, health and safety or a college commitment.
 - b) Costs that arise after the initial requests are received may be considered if they are sent to the Budget Committee by one of the appropriate governance committees (as defined above) should include the priority of the new cost vis-à-vis the priority list previously submitted. Requests will only be considered if based on information received after the initial requests are submitted or in the case of an emergency.
- 2) An Expanded Budget Committee consisting of the Budget Committee, Executive Committee, and Cabinet, shall meet as necessary to review and discuss the prioritized funding requests received by the Budget Committee. However, the Expanded Budget Committee will not alter the prioritization order of resource requests. The Expanded Budget Committee meetings will be open meetings as its purpose is to ensure transparency in the prioritization process. The Expanded Budget Committee should meet prior to the adoption of the Final Budget or, if this proves impractical, as soon as possible thereafter.
- 3) Program Review will be completed by **October 15** and budget resource requests will be forwarded to the respective committees for prioritization **in March**. Prioritized requests will be forwarded to the Executive Team by **end of March/early April**, who will report out to College Executive Committee by **April**. Then the final recommendations will be shared with the Budget Committee by **May**.
- 4) The Budget Committee shall forward prioritized resource requests to the President who has ultimate responsibility for the budget which is to be presented to the Board for adoptions. The funded budget requests

will be presented no later than Institute Day and prior to Board approval of the Final Budget in September.

C. Management of the Budget

Management of the budget is subject to the provisions of the Education Code and Title **5** Regulations. The college policy will comply with all code and regulation requirements.

1. Definition - Budget management is defined as:
 - a. Actions to increase district revenues and appropriate funds subsequent to the adoption of the Annual Budget.
 - b. Transfers of funds from the Contingency Reserve.
 - c. Transfers of funds between Funds.
 - d. Transfers of funds between Major Objects of Expenditure.
 - e. Transfers of funds within Major Objects of Expenditure.
 - f. Transfers of funds between TOPS codes.
2. Increasing District Revenues - District revenues may be increased during a fiscal year for a variety of reasons, but the primary reason is to accept grants or other specially funded monies. The annual budget development process will develop budgets for those specially funded programs that are ongoing or part of the state's apportionment process. These would include such Restricted Fund programs as DSPS, EOPS, SEA (Student Equity and Achievement), Instructional Equipment/Scheduled Maintenance Block Grant, Lottery, etc.. Many specially funded programs are the result of grant applications and awards are not made until after the start of the fiscal year. On occasion, the college will also receive augmentations to programs that were part of the annual budget.
3. Transfer of funds between Funds - A transfer of funds may be made between Funds (i.e. the General Fund) with the approval of the majority of the Board of Trustees present at a Board Meeting.
4. Transfer of funds from the Contingency Reserve - The District maintains several contingency reserve accounts. These reserves represent unallocated funds and are either being held as a contingency against unanticipated expenses or for distribution at a future date when specific appropriations for a plan event (such as cost of living salary adjustments) are necessary. Transfer of these funds require the approval of two-thirds of the Board of Trustees present at a Board Meeting.
5. Transfer of funds between Major Objects of Expenditure - A transfer of funds may be made between major objects of expenditure (i.e. 1000 - Academic Salaries) with the approval of the majority of the Board of Trustees present at a Board Meeting.
6. Transfer of funds within Major Objects of Expenditure - A transfer of funds between object codes within a major object of expenditure can be made by the TOPS manager.

7. Transfer of funds between TOPS - A transfer of funds between TOPS codes (i.e. 0400 Biological Sciences) can be made by the approval authority who has responsibility for the TOPS between which funds are being transferred. For example, a division chair may move funds between two or more TOPS for which he/she has responsibility. Transfers are subject to Board of Trustees approval as defined above.
8. Budget Committee - The Governance Policy gives the Budget Committee responsibility for 'monitoring the ongoing implementation of the annual college budget.' It is appropriate, therefore, for the Budget Committee to monitor the acceptance of new income and budget transfers. To keep the level of Budget Committee participation at a reasonable level of oversight, all new income and budget transfers that are reported to the Board of Trustees will be reviewed by the Budget Committee. In the event of an emergency requiring Board action prior to review by the Budget Committee, the Budget Committee shall be informed of the transfer or augmentation at the next scheduled committee meeting.

The Budget Committee may request a presentation on new grants and categorical funds from the responsible administrator prior to Board of Trustee acceptance.

References:

- Education Code Section 70902(b)(5)
- Title 5 Sections 58300 et seq.
- ACCJC Accreditation Standards 1.4, 3.4, & 3.5 (2023)

See Board Policy 6200

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