

**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 and facilities master plans. 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 V Administrative Regulations. Periodic fiscal reports on the status of the budget shall be made during the fiscal year to the Board of Trustees.

**A. Organization of the Budget**

1. The budget shall be organized in accordance with the Budget and Accounting Manual 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 future growth in enrollments or anticipated new sources of funding. Whenever appropriate revenue projections shall be based on the prior year’s actual. 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 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 budget process shall strive to establish a General Reserve in an amount equal to five percent (5%) of total Unrestricted General Fund appropriations.
  - f. 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 Controller under the direction of the Vice President of Administrative Services. 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.

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- 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 Controller shall develop annual revenue projections based on the criteria noted above and present these projections to the Budget Committee.
- d. The Controller 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 shall identify, using the appropriate form, costs which cannot be funded with the allocation provided that they wish considered for funding. Department Requests for Additional funding are justified by referencing a strategic master plan annual goal and will indicate if the request is supported by a program review. These requests will be submitted to sub-committees formed by Program Review and Strategic Master Planning. The Program Review sub-committee will check to see if the program review report supports the request and the Strategic Master Planning sub-committee will validate that the request will help meet one of the annual College goals. Both departments will record their comments on the request which is then forwarded to the appropriate Governance Committee for review and prioritization.
    - a) The following governance committees will be responsible for reviewing requests from departments within their organization: Academic Affairs, Administrative Affairs, Campus Computer Coordinating Committee and Student Affairs. The President's Office, 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 "Must Do". "Must Do" requests are those requests that are required by law, bargaining unit, contractual, health and safety or a college commitment.

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- b) The Academic Senate, President's Cabinet, Associated Students and Master Plan Committee may submit requests for funding directly to the Budget Committee for review and consideration.
  - c) 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) or they are received from the Academic Senate, President's Cabinet or Master Plan Committee. Requests from a Governance Committee 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 comprised of the Budget Committee, Executive Committee, and Cabinet, shall meet as necessary to review the prioritized funding requests received by the Budget Committee and develop a priority list for funding augmentations. The Expanded Budget Committee may be open to additional participants but funding decisions shall only be made by authorized members of the Budget Committee, Executive Committee and Cabinet. This list shall provide the priority for funding additional costs should additional revenue be received during the budget 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. Individuals who are represented on more than one of the participating groups will receive only one vote. The representative of the Master Plan Committee and the Program Review Committee shall be allowed to vote on priorities.
  - 3) The Budget Committee shall forward the recommendation of the Expanded Budget Committee to the President who has ultimate responsibility for the budget which is to be presented to the Board for adoptions.

**C. Management of the Budget**

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

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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 programs as DSPS, EOPS, Matriculation, Instructional Equipment and Library funds, and scheduled maintenance. But 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.

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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.
- Accreditation Standard III.D (2014)

See Board Policy 6200

Adopted: 12/14/98

Revised: 11/9/99, 6/20/06, 10/14/08, 06/16/09