

BUDGET COMMITTEE

MEETING AGENDA

March 4, 2015

3:00 p.m.



Location: Building 4, Conference Rm. #2460

Time: 3:00 p.m. – 4:30 p.m.

Committee Members:

| | | | |
|------------------------------|-------------------|---------------------------------|------------------------|
| Mike Gregoryk, Chair | Gary Nellesen | Fernando Aguayo (Student) | Bill Scroggins (Guest) |
| Richard McGowan, Co-Chair | Martin Ramey | Gisela Carrillo-Lopez (Student) | |
| Irene Malmgren | Rosa Royce | | Kerry Martinez (Notes) |
| Audrey Yamagata-Noji | Johnny Jauregui | | |
| Mark Fernandez | Michael Sanetrick | | |
| | Lance Heard | | |

AGENDA ITEMS:

- 1. Agenda Check**
- 2. Review Budget Committee Meeting Summary of February 4, 2015**
- 3. Review New Resources Allocation Prioritized List**
- 4. Discuss Ongoing One-time Funding to Ongoing**
- 5. Discuss New Resources Allocation Process – Document Required for Funding (Report from Sub-Committee)**
- 6. Review AP6250 Budget Management and BP6200 Budget Preparation**

**Mt. San Antonio College
Budget Committee
Summary of February 4, 2015**

| Committee Members: | | |
|--|--|-------------------------|
| <input checked="" type="checkbox"/> Mike Gregoryk, Chair <input checked="" type="checkbox"/> Richard McGowan, Co-Chair <input checked="" type="checkbox"/> Irene Malmgren <input checked="" type="checkbox"/> Grace Hanson for Audrey Yamagata-Noji | <input type="checkbox"/> Martin Ramey <input checked="" type="checkbox"/> Mark Fernandez <input checked="" type="checkbox"/> Rosa Royce <input type="checkbox"/> Lance Heard | |
| <input checked="" type="checkbox"/> Gisela Carrillo Lopez (Student) <input checked="" type="checkbox"/> Fernando Aguayo (Student) <input checked="" type="checkbox"/> Johnny Jauregui <input checked="" type="checkbox"/> Gary Nellesen | <input checked="" type="checkbox"/> Michael Sanetrick <input type="checkbox"/> Bill Scroggins (Guest) <input checked="" type="checkbox"/> Kerry Martinez (Notes) | |
| ITEM | DISCUSSION/COMMENTS | ACTION/OUTCOME |
| 1. Agenda Check | Richard McGowan requested an addition to the Agenda; 4(a) - Discussion - Ongoing One-time Funding to Ongoing. | Approved, as presented. |
| 2. Review Budget Committee Meeting Summary of December 3, 2014 | The Budget Committee Meeting Summary of December 3, 2014, was approved, as presented. | Approved, as presented. |
| 3. Review Board Presentation - Budget Issues and Impacts: Ongoing and One-time | Mike Gregoryk reviewed with the Budget Committee members the Board presentation that he will be presenting at the Board of Trustees meeting on February 7, 2015. Mike stated he tried to recognize in this report some revenues and expenditures that Mt. SAC has either made or are going to make in the future. He also wanted to show this presentation to the Budget Committee to update them on what's going on statewide and what the impact will be on Mt. SAC before he takes this information to the Board of Trustees. Mike reviewed with the Budget Committee members the 2013-14 and 2014-15 Growth numbers, 2015-16 Potential Revenue Available for Compensation, Governor's January 2015-16 State Budget Proposal and the Effects for Mt. SAC - Ongoing, 2015-16 One-time Funding, Governor's January 2015-16 State Budget Proposal - Categorical Funds, Other Budget Issues; OPEB Trust, STRS Increases 10.73 - 19.10% in 2021(employer share), PERS Increases 12.60 - 20.4% in 2021 (employer share), Reclassification, Proposition 30 (Temporary), One-time Revenues Available for 2014-15, and Rosa Royce reviewed with the Budget Committee members the New Resources | |

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| | <p>Allocation Process. It was noted that some of the bullet points in this process need to be revised and worded differently to capture the true tasks of the Budget Committee. The Budget Sub-committee will meet on February 11th and make revisions as needed.</p> |
| <p>4. Review Revised New Resource Allocation Form</p> <p>4.a. Discuss Ongoing One-time Funding to Ongoing</p> | <p>Rosa reviewed a New Resource Allocation form that she brought for review and approval by the Budget Committee members. She said she would like to have this form completed for the requests that will be approved for funding. There was a discussion regarding the need for the completion of this form since the information asked for in this form is already on each division's prioritized New Resources Allocation Requests spreadsheet and their PIE document. Rosa said she would like to be able to attach the PIE section that justifies the request, for accreditation purposes. Mike noted the justification is already noted on the prioritized list of requests and there is no need for the PIE document since the spreadsheet notes where it can be found in PIE. Irene noted that the accreditation team will not be looking for paper they will want to be given direction on where they can go to find the information online. Rosa stated after it is determined what requests will be funded, Fiscal Services will need back-up documentation such as quotes, and the name of the department contact person. Mike stated if the current spreadsheet has the account number, and links the College goal and the Department goal, there is no need for this form. Mike suggested that the contact person be added to the column on the current spreadsheet titled Department Org. Mike also suggested making a notation on the top of the spreadsheet that says "Attach Required Quotes for Funding" and adding a column for President's Cabinet's use that says "Approved for Funding." It was agreed that the Budget Committee and Budget Sub-Committee will review this process further in upcoming meetings.</p> <p>Richard McGowan stated he would like to discuss 4.a. at the next Budget Committee meeting. The Sub-Committee meeting was moved to February 11th and Budget Committee will meet on February 18th.</p> |
| <p>5. Review AP6250 Budget Management and BP6200 Budget Preparation</p> | <p>The committee members will review these documents and discuss them at the next Budget Committee meeting before they go to President's Advisory Council.</p> |

FUTURE AGENDA ITEMS:

- Discuss Ongoing One-time Funding to Ongoing
- Discuss New Resources Allocation Process - Documents Required for Funding
- Review AP6250 Budget Management and BP 6200 Budget Preparation
- Continue Review of the Budget Review and Development Process

FUTURE MEETING DATES:

- February 11, 2015 (Sub-Committee)
- February 18, 2015
- March 4, 2015

Chapter 6 - Business and Fiscal Affairs

AP 6250 Budget Management

References:

Title 5 Sections 58307 and 58308

Title 5 requires that budget management conforms to the following minimum standards:

- Total amounts budgeted as the proposed expenditure for each major classification of expenditures shall be the maximum expended for that classification for the academic year, except as specifically authorized by the Board of Trustees.
- Transfers may be made from the reserve for contingencies to any expenditure classification by written resolution of the Board of Trustees, and must be approved by a two-thirds vote of the members of the Board of Trustees.
- Transfers may be made between expenditure classifications by written resolution of the Board of Trustees, and may be approved by a majority of the members of the Board of Trustees.
- Excess funds must be added to the general reserve of the College, and are not available for appropriation except by resolution of the Board of Trustees setting forth the need according to major classification.

Appropriation Transfer Procedures

- A. **General Information:** It is recognized that from time to time after the adoption of the annual budget that the reallocation of certain funds within the budget may become necessary or desirable for efficient operation of the College. Every attempt should be made to hold such transfers to a minimum through good advance planning during budget preparation.
- B. **Procedures:** Whenever a reallocation of funds within the budget is made, it is extremely important that proper procedures are followed to meet legal requirements and maintain proper budgetary controls. The following procedures are designed to meet these objectives and to clarify and standardize the method of requesting and implementing appropriation transfers within the budget:
1. The Budget Control Officer requesting the transfer should obtain a copy of "Request for Appropriation Transfer" Form from Fiscal Services. This request must be submitted prior to the use of the funds (purchase requisition, travel and conference expense, mileage expense, time sheets, revolving cash reimbursement, etc.).
 2. Complete the form as per specified instructions.
 3. The form should include a signature of the "requestor" and should include approval signatures as follows:

- a. Transfers made between expenditure classifications up to ~~\$1,000~~ **\$4,999** should be approved by the appropriate manager. Transfer made between expenditure classifications **equal to or** over ~~\$1,000~~ **\$5,000** must be approved by the Vice President of the area or the College President/CEO.
 - b. Transfers from regular salary accounts (accounts used to charge permanent employees) regardless of the amount must be approved by the College President/CEO or Vice President of the area requesting the transfer and the Chief Fiscal Officer or designee.
 - c. Transfers from the Faculty Hourly Accounts (Unrestricted General Fund) regardless of the amount must be approved by the Chief Instructional Officer and the Chief Fiscal Officer.
 - d. All transfers from the Fund Balance (Reserves), Unrestricted General Fund must be approved by the Vice President of Administrative Services.**
4. After the form is completed with the appropriate approvals, the request should be forwarded **routed** to the Fiscal Services Department.
 5. The Fiscal Services Department will submit the "Request for Appropriation Transfer" to the Board of Trustees as pursuant to the California Code of Regulations, Title 5 Section 58307.

Budget Revision Procedures

- A. **General Information:** The College is continuously looking for opportunities to increase its revenues obtaining categorical programs (grants, entitlements, donations, and other financial assistance) and contracts. This is an ongoing process throughout the year; therefore, there is a need to recognize the receipt of these funds after the adoption of the final budget.
- B. **Procedures:** When a written notification (award letter, contract, agreement, etc.) is received regarding a change (increase or decrease) of funding, it is extremely important that proper procedures are followed to meet legal requirements and maintain proper budgetary controls. The following procedures are designed to meet these objectives and standardize the method of requesting and implementing budget revisions within the budget:
 1. The Program Manager should obtain a ~~copy of the~~ "Request for Budget Revision" Form from Fiscal Services. This request must be submitted prior to the use of the funds (purchase requisition, travel and conference expense, mileage expense, time sheets, revolving cash reimbursement, etc.).
 2. Fiscal Services will assign an appropriate account number for all new programs as needed.
 3. Complete the form as per specified instructions.

- ~~4. The form should include a signature of the “requestor” and must be approved by the appropriate manager and Vice President of the area or the College President/CEO.~~
- 4. The form should include a signature of the “requestor” and should include approval signatures as follows:**
- a. Budget Revisions up to \$4,999 should be approved by the appropriate manager. Budget Revisions equal to or over \$5,000 must be approved by the College President/CEO or the Vice President of the area requesting the budget revision and the Chief Fiscal Officer.**
 - b. Budget Revisions that include regular salary accounts (accounts used to charge permanent employees) regardless of the amount must be approved by the College President/CEO or the Vice President of the area requesting the transfer and the Chief Fiscal Officer or designee.**
 - c. All Budget Revisions that increase or decrease the Fund Balance (Reserves), Unrestricted General Fund must be approved by the Vice President of Administrative Services and the Chief Fiscal Officer.**
5. After the form is completed with the appropriate approvals, the request should be forwarded **routed** to Fiscal Services.
6. Fiscal Services will submit the “Request for Budget Revision” to the Board of Trustees as pursuant to the California Code of Regulations, Title 5 Section 58308.

Chapter 6 – Business and Fiscal Affairs

BP 6250 Budget Management

References:

Title 5 Sections 58307 and 58308; BP 6200

The budget shall be managed in accordance with Title 5 and the California Community College Budget and Accounting Manual. Budget revisions shall be made only in accordance with these policies and as provided by law.

The District's unrestricted general reserves shall be no less than 10%. (A prudent reserve is defined by the California Community College Chancellor's Office as 5%.)

Revenues accruing to the College in excess of amounts budgeted shall be added to the College's reserve for contingencies. They are available for appropriation only upon a resolution of the Board of Trustees that sets forth the need according to major budget classifications in accordance with applicable law.

Board of Trustees approval is required for changes between major expenditure classifications. Transfers from the reserve for contingencies to any expenditure classification must be approved by a two-thirds vote of the members of the Board of Trustees. Transfers between expenditure classifications must be approved by a majority vote of the members of the Board of Trustees.

MOVED FROM BP 6200

To assure ongoing fiscal health and stability, every effort shall be made to maintain the total Unrestricted General Fund Balance at not less than 10% of expenditures. If the General Fund Balance becomes less than 10%, the College will present a plan within 120 days to restore the deficit or shortage within two fiscal years.

MOVED FROM BP 6200

In times of fiscal uncertainty, the Board of Trustees may, by resolution, waive the clause in this policy of maintaining a ten percent Unrestricted General Fund Balance. Upon recommendation of the College President/CEO, reserves may be utilized to the extent necessary down to a level of five percent of the expenditures of the Unrestricted General Fund. The reduced Unrestricted General Fund Balance must remain at a level no lower than five percent. It is intended that this exception be considered temporary in nature and restoration as stated in the above bulleted clause be implemented.

MOVED FROM BP 6200

If revenues exceed expenditures in any given fiscal year, the College may allocate surplus funds to institutional priorities as determined through the annual planning and budgeting process. Restoration of reserves to the ten percent level, as stated in the above bulleted clause, shall be given priority.

Approved: July 28, 2004

Revised:

Chapter 6 – Business and Fiscal Affairs

BP 6200 Budget Preparation

References:

Education Code Section 70902(b)(5); Title 5 Sections 58300 et seq.; BP 6250

Each year, the CEO shall present to the Board of Trustees a budget, prepared in accordance with Title 5 and the California Community Colleges Budget and Accounting Manual. The schedule for presentation and review of budget proposals shall comply with State law and regulations and provide adequate time for appropriate review.

Budget development shall meet the following criteria:

- The General Fund Budget shall support the College's Mission, Master Plan, Educational Plan, goals, and priorities. It shall also support existing educational programs and services;
- The annual budget shall be developed in sufficient detail to give a clear indication of the major items of revenues and expenditures, including the College's goals, plans, and purposes for expenditures;
- Assumptions upon which the budget is based are presented to the Board of Trustees for review;
- On or before the first day of July each year, the Board of Trustees shall adopt a tentative budget;
- The College shall make the proposed budget available for public inspection at least three days prior to the public hearing, at which any resident in the district may appear and object to the proposed budget or any item in the budget;
- The Board of Trustees shall hold a public hearing on the proposed budget for the ensuing fiscal year in a College facility or some other place conveniently accessible to the residents of the district;
- On or before the 15th day of September, the Board of Trustees shall adopt a final budget;
- Changes in the assumptions upon which the budget was based shall be reported to the Board of Trustees in a timely manner;
- Budget projections address long-term goals and commitments;
- Annual fiscal year revenue and expenditure estimates shall be developed conservatively with the goal of projecting a balanced budget with preference for adopting a surplus, that is, an excess of revenue over expenditures;
- Recognizing that expenditures fluctuate and that income is not fully ascertained until the following fiscal year, it is the College's goal to manage this dynamic process to assure that actual total income for the year exceeds total expenditures;

- ~~To assure ongoing fiscal health and stability, every effort shall be made to maintain the total Unrestricted General Fund Balance at not less than 10% of expenditures. If the General Fund Balance becomes less than 10%, the College will present a plan within 120 days to restore the deficit or shortage within two fiscal years.~~
- ~~In times of fiscal uncertainty, the Board of Trustees may, by resolution, waive the clause in this policy of maintaining a ten percent Unrestricted General Fund Balance. Upon recommendation of the College President/CEO, reserves may be utilized to the extent necessary down to a level of five percent of the expenditures of the Unrestricted General Fund. The reduced Unrestricted General Fund Balance must remain at a level no lower than five percent. It is intended that this exception be considered temporary in nature and restoration as stated in the above bulleted clause be implemented;~~
- ~~If revenues exceed expenditures in any given fiscal year, the College may allocate surplus funds to institutional priorities as determined through the annual planning and budgeting process. Restoration of reserves to the ten percent level, as stated in the above bulleted clause, shall be given priority; and~~
- Adoption of the final budget by the Board of Trustees acknowledges the College's Mission, goals, plans, and priorities. Budget adoption by the Board of Trustees constitutes legal authority for the receipt and disbursement of funds and the implementation of the budget.

Adopted: July 28, 2004