

MT. SAN ANTONIO COLLEGE

2015-16 ADOPTED BUDGET

September 9, 2015

2015-16 FUNDING FOR MT. SAC UNRESTRICTED GENERAL FUND EXCELLENT NEWS!

Item	Statewide Budget Allocation	Mt. SAC Budget Allocation
COLA (1.02%)	\$61 Million	\$1,473,656
Growth/Workload Restoration (3.00%)	\$156.5 Million	\$5,061,412
Increase for Full-time Faculty Hiring	\$62.3 Million	\$1,623,706
Increase in Base Allocation Funding	\$266.7 Million	\$6,226,920
Career Development Preparation Program (CDCP) Rate Equalization	\$49 Million	\$5,557,176
Prior Mandate Obligations (One-Time)	\$ 632 Million	\$17,309,011

2015-16 STATE BUDGET AND MT. SAC CATEGORICAL PROGRAMS/GRANTS

Item	Statewide Budget Allocation	Mt. SAC Budget Allocation
Student Success and Support Program	\$100 Million	\$1.7 Million (Very Preliminary)
Student Equity	\$85 Million	\$2.0 Million (Very Preliminary)
Extended Opportunity Programs and Services	\$33.7 Million	\$335,000 (Very Preliminary)
Scheduled Maintenance and Instructional Equipment	\$148 Million	\$4,053,292
Basic Skills and Student Outcomes Transformation Program	\$60 Million	\$750,000 (Grant per AB 770 Formula)
COLA for Categorical Programs (DSPS, EOPS, CalWORKS, Child Care Tax Bailout)	\$2.5 Million	\$49,500
Proposition 39 Energy Projects	\$38.7 Million	\$894,792

**CHANGES TO THE FUND BALANCE
FROM 2014-15 ADOPTED BUDGET TO 2014-15 ACTUAL
ENDING BALANCE**

	<u>In Millions</u>
Fund Balance per 2014-15 Adopted	\$16.3
Plus: Unbudgeted Revenues	
- 2014-15 Growth	\$ 6.8
- 2012-13 and 2013-14 Apportionment Recoveries	\$ 1.6
- 2014-15 State-Mandated Reimbursement	\$ 1.3
- Miscellaneous Revenues	\$ 0.8
Plus: Savings in Expenditures	
- Mainly Permanent/Hourly Faculty, Classified Permanent Positions and Institutional Budgets	\$ 3.7
- Revenue-Generated Accounts	\$ 4.0
Ending Balance as of June 30, 2015	\$34.5

CHANGES TO THE FUND BALANCE USE OF 2014-15 ACTUAL ENDING BALANCE

In Millions

Ending Fund Balance as of June 30, 2015, or Beginning	\$ 34.5
Fund Balance July 1, 2015	\$ 34.5
Less: Designated for One-Time Expenditures	
- 2014-15 Purchases in Progress and Carryovers	(\$ 2.2)
- 2014-15 New Resources Allocation Phases 1 and 2	(\$ 3.3)
- 2015-16 One-Time Expenditures	<u>(\$ 0.6) (\$ 6.1)</u>
- Revenue-Generated Accounts	(\$ 4.0)
- 2015-16 Ongoing Deficit	(\$ 0.7)
Projected Ending Balance as of June 30, 2016 (12.05%)	\$23.7

**2015-16 ADOPTED BUDGET
UNRESTRICTED GENERAL FUND
ONGOING REVENUE BUDGET ASSUMPTIONS**

Base Ongoing Revenue Budget (2014-15)	\$143,368,261
2013-14 and 2014-15 COLA – Adjustments	(1,379)
2015-16 COLA at 1.02%	1,473,656
2012-13 and 2013-14 Growth/Restoration - Adjustments	(179,372)
2014-15 Growth/Restoration - at Cap 2.75% and Over Cap	6,817,701
2015-16 Increase to Base Allocation	6,226,920
2015-16 CDCP Equalization	5,557,176
2015-16 Full-Time Faculty Hiring (Obligations Increase of 14.76)	1,623,706
Lottery – Increase of 1,052 FTES, Increase in Rate from \$128 to \$140	513,208
Interest – Increase as a Result of Decrease in Apportionment Deferrals	50,000
Nonresident Tuition - Based on 2014-15 Actual Revenue	530,000
Other Miscellaneous Revenue – Administrative Allowance, BOG Fee Waiver, Mandated Cost Block Grant, Parking Citations	126,085
Total Ongoing Revenue Budget	\$166,105,962

**2015-16 ADOPTED BUDGET
UNRESTRICTED GENERAL FUND
ONGOING EXPENDITURE BUDGET ASSUMPTIONS**

Base Ongoing Expenditure Budget	\$148,804,389
Salary Schedule Progression	1,582,754
Personnel and Benefit Changes (Positions Hired at a Lower Step)	(718,996)
2014-15 H&W Increase - \$366 Funded with 2013-14 Over Cap Growth	307,098
2015-16 Salary (5.02%), Health and Welfare and Other - Collective Bargaining Agreements (Pending Board of Trustees Approval)	7,870,620
- Faculty \$5,424,861	
- Managers \$595,776	
- Confidentials and Supervisors \$144,622	
- CSEA 262 \$1,367,716	
- CSEA 651 \$337,645	
STRS - Rate Increase from 8.88% to 10.73%	1,215,900
PERS - Rate Increase from 11.771% to 11.847%	24,791
New Positions (Management and Classified)	1,921,626
Sub-Total Ongoing Expenditure Budget	\$161,008,182

**2015-16 ADOPTED BUDGET
UNRESTRICTED GENERAL FUND
ONGOING EXPENDITURE BUDGET ASSUMPTIONS**

Sub-Total Ongoing Expenditure Budget	\$161,008,182
Reclassification	712,465
- Managers \$245,809	
- Confidentials \$29,178	
- CSEA 262 \$397,081	
- CSEA 651 \$40,397	
New Faculty Positions (Three New Positions)	304,450
2015-16 Full-Time Faculty Hiring (Placeholder)	1,319,256
Class Schedule Increase (Increase of 1,594 FTES to earn the 2014-15 Growth)	1,730,243
Budget Increases	75,968
Operating Expenses (Previously Funded with One-Time 2014-15 Anticipated Growth)	106,170
2015-16 New Resources Allocation	1,582,800
Total Ongoing Expenditure Budget	\$166,839,534

**2015-16 TENTATIVE BUDGET
UNRESTRICTED GENERAL FUND**

Total Ongoing Revenue	\$166,105,962
Total Ongoing Expenditures	(\$166,839,534)
Ongoing Budget Deficit	(\$733,572)

2015-16 ONE-TIME REVENUE BUDGET ASSUMPTIONS UNRESTRICTED GENERAL FUND

Beginning Fund Balance – From Ending Fund Balance 2014-15 Designated for One-Time Expenditures	\$6,148,968
2015-16 Apportionment Deficit – Estimated at 0.40% of the Total Apportionment	(615,201)
2015-16 Growth/Restoration - 3% Statewide, Estimated at \$5,061,412 for Mt. SAC – 3.83% per New Growth Funding Allocation Model	-
2015-16 State-Mandated Reimbursement	17,309,011
Total One-Time Revenue Budget	\$22,842,778

2015-16 ONE-TIME BUDGET EXPENDITURE ASSUMPTIONS

UNRESTRICTED GENERAL FUND

Purchases In Progress and Various Carryovers	\$2,248,910
2014-15 New Resources Allocations Phases 1 and 2 - Carryovers	3,202,297
2015-16 New Resources Allocation	3,426,841
STRS and PERS Trust (Pending Board of Trustees Approval)	2,000,000
Auxiliary Unfunded PERS Liability	104,513
International Students Nonresident Fee	530,000
One-Time Support (CDC) and Immediate Needs Requests -- One-Time	109,941
Positions Funded with One-Time Funds	265,182
Continuing Education Remodeling	300,000
Election Cost for Two Board Members	432,666
2015-16 State-Mandated Reimbursement - Placeholder	8,654,506
Class Schedule Increase – Estimated Increase to Earn the 2015-16 Growth	1,824,519
2015-16 One-Time Savings from Vacant Positions	(256,597)
Total One-Time Expenditure Increases	\$22,842,778

**UNRESTRICTED GENERAL FUND
REVENUE-GENERATED ACCOUNTS
REVENUE AND EXPENDITURE ASSUMPTIONS**

Beginning Fund Balance	\$3,920,241
Revenue Budgets - Matching Revenue and Expenditure Accounts	3,037,747
Total Revenue Budget	\$6,957,988
2014-15 Carryover – Revenue-Generated Accounts Fund Balance	\$3,920,241
Expenditure Budgets - Matching Revenue and Expenditure Accounts	3,037,747
Total Expenditure Budget	\$6,957,988
Total Revenue-Generated Accounts Increases/(Decreases)	-

**2015-16 TENTATIVE BUDGET
UNRESTRICTED GENERAL
FUND BALANCE**

Unassigned Fund Balance – 10% Board Policy	10.00%	\$19,664,030
Unassigned Fund Balance	2.05%	4,040,039
Total Fund Balance	12.05%	\$23,704,069

Note: As approved by the Board of Trustees on May 27, 2015, the Unrestricted General Fund includes an ongoing payment to the OPEB Trust of \$2,500,000. The retirees' health premiums are estimated at \$4.5 million and will be funded from the interest earned from the OPEB Trust.

Other Budget Issues

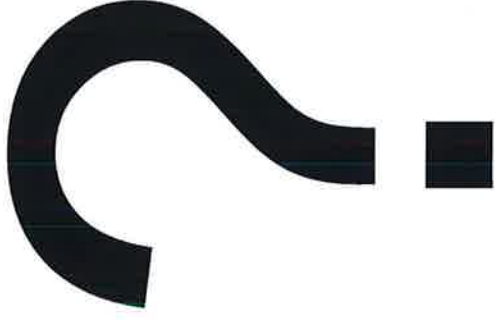
- OPEB Trust
 - OPEB Contribution of \$2.5 Million and Retirees' Health Premiums of \$4.5 Million
- STRS Increases
 - “Employer Share” Rate will Increase from 8.88% to 10.73% in 2015-16, and will be at 19.10% in 2020-21
- PERS Increases
 - “Employer Share” Rate will Increase from 11.771% to 11.847 % in 2015-16, and will be at 20.40% in 2020-21
- Proposition 30 is Temporary (Estimated \$24.5Million for Mt. SAC in 2015-16)
 - Sales Tax Increase Terminates at the End of 2016
 - Income Tax Increase Terminates at the End of 2018

WHAT'S NEXT?

- Hire Full-Time Faculty to meet FON Obligation
- Carefully Plan the Use of the One-Time Funds
While Ensuring the College is in Compliance with the 50% Law
- Determine Best Use of Student Success and Support, Student Equity, and EOPS Categorical Funds
- Continue with Collaboration and Teamwork to Earn the 3.83% Growth for 2015-16
- Set Up the STRS and PERS Trust



Questions



For a copy of this presentation, please email royce@mtsac.edu

**Mt. San Antonio College
Budget Committee
Summary of May 6, 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 checked="" type="checkbox"/> Lance Heard <input type="checkbox"/> Lisa Romo	
	<input checked="" type="checkbox"/> Gisela Carrillo Lopez (Student) <input checked="" type="checkbox"/> Fernando Aguayo (Student) <input checked="" type="checkbox"/> Justin Ott <input checked="" type="checkbox"/> Gary Nellesen	
	<input checked="" type="checkbox"/> Michael Sanetrick <input type="checkbox"/> Bill Scroggins (Guest) <input checked="" type="checkbox"/> Kerry Martinez <input checked="" type="checkbox"/> Jill Dolan (Guest) <input checked="" type="checkbox"/> Uyen Mai (Guest) <input checked="" type="checkbox"/> Dan Smith	
ITEM	DISCUSSION/COMMENTS	ACTION/OUTCOME
1. Agenda Check		Approved, as presented.
2. Review Budget Committee Meeting Summary of April 15, 2105	The Budget Committee Meeting Summary of April 15, 2015, was approved, as presented.	Approved, as presented.
3. Discussion with Uyen Mai and Jill Dolan – How to Improve Communication About Budget Issues to the Campus and Community	<p>Uyen Mai and Jill Dolan introduced themselves to the Budget Committee. Richard McGowan stated that the goal of the Budget Committee is to reach out to the campus community by using both internal and external communication. The website is a viable way to communicate to the outside community. Questions were raised on whether or not the campus community knows how to obtain the Budget Committee Minutes using the website, and do they truly understand the Budget Committee's role.</p> <p>Jill suggested a budget page be included on the Budget Committee's web page that will provide information to the public. It can be a way to reach the community during critical times, and perhaps the Budget Committee should revisit the technique of "blast information."</p> <p>Lance Heard stated that it is important to have two-way communication. He has heard people voice their concerns on whether or not the budget process is fair and if the allocation of funds is accurate. He asked Budget Committee</p>	

members for suggestions on how to address misperceptions and enable everyone to participate in the process. Lance gave an example; year-after-year the budgets are cut, but at the fiscal year-end there is money left over which causes confusion. He indicated by participating in the Budget Committee, he is now able to fully comprehend this issue. It is important to use layman's terms and not accounting language when communicating with the campus community and the public.

Planning for Institutional Effectiveness (PIE) is a process in place that works and helps us as an organization identify crucial spending areas and budget needs.

Jill raised the question on where the campus community and public will get their information and what is the best approach, i.e. Announce-C, website, handouts.

Richard McGowan indicated the President's Weekly announcements are well-read overall. It is easy to comprehend, and overall very effective.

Uyen asked the Budget Committee what is the type of participation that they are looking for.

Some members mentioned the following questions:

- Where are the cuts?
- How are funds being allocated?
- Why some projects are approved and not others?
- How are budgets monitored?

Mark Fernandez clarified that the role of the Budget Committee is to look at the processes and not to actually determine where the budget is spent or cut. Perhaps providing information in a similar format as the President's Announcements, but sent on a quarterly basis, would be effective.

Richard added there is much confusion out there and this would be a viable

	<p> tool to address key issues during specific times. A link to detailed budget information could be provided as well. </p> <p> Uyen asked why we are trying to reach participants on campus. She suggested looking at the audience's point of view, determining what is needed from the audience and what method will be used to reach them. She suggested notifying the campus when it is essential for them to participate. Marketing can look at the Budget Committee calendar to determine when participation is required. Other Budget Committee members suggested identifying key budget dates and who to contact if there are any questions. </p> <p> The Budget Committee discussed whether or not the campus community knows if the budget is fair and what the definition of fair is; perception versus reality. Defining what is fair may not need to go out to the entire campus. Internally, Budget Committee members should gather information, report information to their constituents, receive feedback, and close the loop by reporting back to their constituents the final outcome and confirm that the budget process was followed. It is important to inform the campus of the impact of budget spending, whether or not the objective was met, and how students were impacted. </p> <p> The Budget Committee members agreed that the next step should be to review the meeting notes of May 6, 2015, to make sure they are headed in the right direction, identify concerns and look for solutions to them, look at ways to address the concerns, and identify what is needed from their audience, if anything at all. </p> <p> Narrative will be added to budget documents. Again, focusing on layman's language, not accounting terms. </p>
<p> 4. Review and Discuss New Resource Allocation Requests - Funded </p>	<p> The Budget Committee members reviewed the spreadsheet titled "New Resources Allocation Requests – One-time April 2015. This spreadsheet shows the items that will be funded from the Unrestricted General One-Time Funds. Mike Gregoryk noted that there is a lot of time spent preparing PIE. </p>

	<p>which helps administration prioritize. It is reviewed by President's Cabinet and all questions are addressed so funds are spent wisely. Mike asked members to review the handout and contact Kerry Martinez with any questions.</p> <p>What was left off this list is also important. Instruction and Student Services have other sources of funding. What this means is that these teams are able to fund some of their New Resources Allocation requests with outside funds that are not included in this total.</p> <p>Mike addressed the sources of funding and wants to make sure people understand that there are other sources of funding. For example, Facilities will fund some of the smaller capital projects with bond money.</p> <p>Mark suggested the Budget Committee bring back a past discussion regarding interviewing the Vice Presidents to discuss the New Resources Allocation Process and how effective it was for them. The Budget Committee agreed to put this subject on the Agenda for the Budget Committee meeting on May 20, 2015.</p>
<p>5. Review and Discuss Final Draft of the Immediate Need Rate Driven Increase Request for the Budget Development Guide</p>	<p>Mark indicated there were several conversations in the sub-committee meetings regarding revising the Immediate Need Request in the budget process guidelines. Questions were presented at last meeting. Mark reviewed and developed a draft description of what a Rate-Driven Increase Request is. The Budget Committee reviewed and discussed. Some punctuation and grammar corrections were noted for Kerry to correct. It was mentioned that the definition is too wordy, and needs to be brief. The idea of providing examples in the definition is good.</p> <p>The Classification Study will dictate a retroactive payment that will come out of one-time funds for the 2014-15 fiscal year. This will be an on-going cost in 2015-16 that will require Board approval.</p> <p>Mark presented his draft definition of a Rate-Driven Increase and stated that this subject was harder to define. Mike pointed out that the biggest problem</p>

	<p>is that everyone believes their issue is rate-driven. If it is a contractual issue that we have no control over, is it a Rate-Driven Increase.</p> <p>Lance suggested that the purchase of supplies or items is not part of a rate-driven contract, and that we need to expand on this much more and be clear. The depth of misunderstanding needs to be cleared.</p> <p>Rosa Royce pointed out the increase of an hourly rate is not rate driven and a lot of requests come through as such.</p> <p>Dan Smith questioned if the language covers software maintenance agreement increases. The Budget Committee agreed it does since it is contractual.</p> <p>Irene Malmgren questioned software licensing agreements. The Budget Committee agreed it is a contract and is rate-driven. These types of examples need to be listed.</p> <p>The Budget Committee agreed, as a whole, the need to provide more examples of what is and is not rate driven.</p> <p>Mark indicated that the instructions need to be revised to read "Budget Managers should complete the Rate-Driven Request Form," and provide examples to keep the format the same as the Immediate Need Request.</p> <p>Irene pointed out that the links to these forms need to be placed on the appropriate pages.</p> <p>Rosa pointed out that some of contracts that are driven by an hourly rate (ie. legal contracts include hourly rates per job title, such as Attorney, Assistant, etc.) are challenging. It is very hard to project what the rate-driven increase will be since it depends on the hours used each year. Mike pointed out that this becomes more of a budget issue than a rate-driven issue and Gary in Facilities has the best example with legal; it depends if we are in litigation or</p>
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	<p>not (ie. parking structure legal issue). He asked that this be used as an example.</p> <p>It was suggested that when this is drafted, it would be a good idea to get feedback from employees that do not serve on Budget Committee. The Budget Committee agreed to do so for both.</p> <p>Rosa, Mark, and Dan will meet as a sub-committee and draft the revised documents.</p>
<p>6. Review and Discuss 2014-15 Budget Comparison History – Scenarios A & B</p>	<p>Rosa presented two scenarios regarding the Budget and Actuals Comparison History for the Unrestricted General Fund. Scenario A lists the structural deficit for 2014-15 as \$10,651,336. Scenario B lists the structural deficit for 2014-15 as \$6,248,217. The difference is how the OPEB Trust is being presented in the Adopted Budget. Currently the OPEB Trust is being presented as ongoing, which is inflating the structural deficit.</p> <p>Mike explained how the payments for retiree health premiums are made from the OPEB Trust. To date; the payments have been made using the interest earned on the OPEB Trust. Mike stated he and Rosa met with auditors who confirmed they do not have to be presented in the budget as ongoing. The District isn't paying for it; the OPEB Trust is paying it. He stated the College wants to present the budget for these health premiums as one-time to begin to show a more accurate structural deficit. A Board Action item will need to be done stating that the District will make a \$2.5 million payment to the OPEB Trust. Also, indicate if for some reason there is not enough interest earned from the OPEB Trust to cover the annual cost of the retiree's health premiums; the difference will be covered by the Unrestricted General Fund. Mike stated that the one thing the College does not want to do is dip into the principal of the OPEB Trust. The OPEB is irrevocable and the money is protected.</p> <p>The Budget Committee agreed that structural deficit versus deficit is a term that needs to be defined.</p>

<p>7. Review Draft Memorandum to Dr. Scroggins and President's Cabinet from Budget Committee Regarding Funding OPEB Trust</p>	<p>Rosa asked the Budget Committee to review a draft memorandum addressed to Dr. Scroggins and the President's Advisory Council (PAC). Mike's previous explanation above regarding the OPEB Trust indicates what the memorandum entails.</p> <p>Richard asked how well the memorandum will be received. Mike confirmed that the President is aware of it and he suggested this subject go to the Board of Trustees to make sure it is very clear.</p>
<p>8. Associated Students – Budget Presentation</p>	<p>Fernando Aguayo indicated that he was asked to present to the Budget Committee how the Associated Students (AS) prepare their budgets; what their process is, and what types of programs they fund.</p> <p>Funding is mainly from student activity fees (\$11), which totals each year approximately \$550,000. From this total, approximately half goes towards funding three positions, included in the PIE Chart distributed to the Budget Committee members.</p> <p>In January, the Director of Student Life sends an email to all of the deans and directors asking if they have a program that could be funded with the AS student activity fee. All requests are completed by mid-February and put together in a Budget Deliberation Packet, which is later reviewed and presented to AS for consideration. Budget deliberation takes place after a 6-week presentation period.</p> <p>Mike mentioned that one of the items that was of great interest is that the AS knows exactly how much they have to spend for the following year since they are a year behind. They are budgeting from last year's collection.</p> <p>It was noted that the following positions, totaling \$259,829 are funded through AS:</p> <ul style="list-style-type: none"> • AS Advisor/Student Activities Coordinator • Assoc. Student Secretary

- Student Life Coordinator

Fernando stated that the AS revenues have been decreasing over the last two years. Primarily because the students are not paying the AS fee, despite the fact that enrollment has increased. AS has been identifying around campus what is being funded by Student Activity Fees to increase awareness to students. There is a concern with the increase in salaries that AS are currently funding.

Fernando noted that the PIE Chart is actually what is spent not what is projected. The programs that request funding are listed in 8 categories as noted on the hand-out.

Mark asked why classified staff salaries are being funded by AS. His concern is that if there is a budget cut to AS, what happens to these salaries? He feels they should be paid by the District. Fernando stated he did request this information from the Director of Student Life, but was not provided an answer at the time. The Director was going to ask Audrey Yamagata-Noji, but no further information has been received at this time. Mike suggested the student groups meet with Audrey and strategize to find the best way to handle this issue. He noted that in the past, there was an issue where the AS was paying for employee retiree health benefits. This has since been moved to the District. The students need to do their own analysis and indicate they have no control of the cost of salaries. Mark stated he has an issue with the job descriptions. It is not appropriate for the Classified Staff to be working for the AS; they should be working for the College.

Gary Nellesen indicated AS would run the risk of funding work not related to AS. It was confirmed although these positions work for AS, they report to the Dean. It was agreed that there needs to be more conversation regarding the staff being funded by AS. Mike suggested that the AS come up with a transition plan for the first year, and Fernando volunteered to go with Audrey to a President's Cabinet meeting.

	<p>Gary pointed out that when the new Student Center is complete, there will be a lot of items that will need to be purchased that will benefit the students, but cannot be purchased with bond funds. This would be a great opportunity to use AS funds. Plus AS will have more control of what is purchased. Mark indicated that funds currently being used for salary could be used for funding student trips which are currently being paid for by the District.</p>
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FUTURE AGENDA ITEMS

- **May Revise – 2015-16 Tentative Budget**
- **Review Summary of Budget Committee Meeting of May 6, 2015, to Identify Concerns and Find Solutions Regarding Ways to Improve Communication About Budget Issues to the Campus and Community**
- **Discussion with Dr. Scroggins – Language from Budget Development Process Regarding One-time to Ongoing Funding**
- **Discussion with Dr. Scroggins – Budget Committee Recommendation – Funding Plan of Other Post-employment Benefits Other Than Pension (OPEB) and Change of Financial Presentation**
- **Interview Vice Presidents that serve on the Budget Committee to discuss the New Resources Allocation Process and how effective it was for them.**

FUTURE MEETING DATES

- **May 20, 2015**
- **June 3, 2015**

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;

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.

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.

The following steps will be taken to maintain the District's unrestricted general reserves as no less than 10% of expenditures. (A prudent reserve is defined by the California Community College Chancellor's Office no less than 5%).

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 above 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: Academic Senate May 7, 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:

- ① • 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.
- ② • 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.
- ③ • 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.
- ④ • 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.

Sec 58307
Sec 58307
Sec 58307
Sec 58308

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 and the Chief Fiscal Officer.
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 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 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 routed forwarded 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.



§ 58307. District Budget Limitation on Expenditure.

5 CA ADC § 58307 BARCLAYS OFFICIAL CALIFORNIA CODE OF REGULATIONS (Approx 3 pages)

Barclays Official California Code of Regulations Currentness

Title 5. Education

Division 6. California Community Colleges

Chapter 9. Fiscal Support

Subchapter 4. Budgets and Reports

5 CCR § 58307

§ 58307. District Budget Limitation on Expenditure.

① { The total amount budgeted as the proposed expenditure of the district for each major classification of district expenditures listed in the district budget forms prescribed by the board shall be the maximum amount which may be expended for that classification of expenditures for the school year. Transfers may be made from the reserve for contingencies to any expenditure classification or between expenditure classifications at any time by written resolution of the board of trustees of a district. A resolution providing for the transfer from the reserve for contingencies to any expenditure classification must be

② { approved by a two-thirds vote of the members of the governing board; a resolution providing for the transfer between expenditure classifications must be approved by a majority of the members of the governing board. } ③

Note: Authority cited: Sections 66700 and 70901, Education Code. Reference: Section 70901, Education Code.

HISTORY

1. New section filed 5-15-93; operative 6-4-93 (Register 93, No. 25).

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5 CCR § 58307, 5 CA ADC § 58307





§ 58308. Appropriation of Excess Funds and Limitations.

5 CA ADC § 58308 BARCLAYS OFFICIAL CALIFORNIA CODE OF REGULATIONS (Approx 3 pages)

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§ 58308. Appropriation of Excess Funds and Limitations.

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All income accruing to the district in excess of the amounts required to finance the total proposed expenditures, including transfers to other community college districts and funds, as shown in the budget of the district shall be added to the general reserve of the district, and shall not be available for appropriation by the district for the current fiscal year except by the following procedure. The governing board of the district shall, by formal action of the board, pass a resolution setting forth the need according to major classification of district expenditures to be met from any portion of the general reserve derived from assured income in excess of the total amount anticipated in the budget.

On the first day of July of each year, the general reserve together with unexpected balances of appropriations and income in excess of anticipated income for the preceding fiscal year shall be placed to the credit of the district, and the district shall include all money so credited in the balance as shown in the budget for the ensuing fiscal year.

Note: Authority cited: [Sections 66700 and 70901, Education Code](#). Reference: [Section 70901, Education Code](#).

HISTORY

1. New section filed 5-15-93; operative 6-4-93 (Register 93, No. 25).

This database is current through 8/21/15 Register 2015, No. 34

5 CCR § 58308, 5 CA ADC § 58308

