IVC Budget Principles, Guidelines, and Priorities

BUDGET PRINCIPLES

1. **Supports mission and strategic goals:** student success, excellence in education, develop resources and increase institutional effectiveness

2. **Transparency:** as evidenced by college community access to policies related to budgeting process and budgets via website

3. **Broad participation:** as evidenced by representation from all segments of the shared governance campus community

4. **Balanced:** as evidenced by draft and final budgets

5. **Conservative** projections are made for revenues, reserves, and expenses

6. **Complete and thorough:** as evidenced by a final budget that incorporates all departments and services areas

BUDGET OVERARCHING RULES

1. **The District's Revenues** are projected annually based on the enrollment goals set within 2% of the state workload measures.

2. **The District's Expenses** shall be within 1% of total revenue, regardless of funding source, ~~and shall not fall below the percent reserves mandated by the Board of Trustees (6%) and the State (3%).~~

3. **The District shall** comply with the requirements and guidelines of California Title 5, Division 6, Chapter 9, Subchapter 4 'Budgets and Reports'

4. Expense allocation will be based on program objectives stated in Program Review

BUDGET DEVELOPMENT GUIDELINES AND PRIORITIES

1. **Contractual obligations and fixed costs are budgeted first**. These will be reviewed annually by the assigned committee

   a. Fixed costs include:
      i. Utilities, rent, and leases
      ii. General maintenance and environmental services supplies
      iii. Maintenance agreements such as Copier machines
      iv. Electronic/technological data bases and software maintenance fees
      v. Athletic Association Fees – compliance issue for all sports
      vi. Memberships – specify mandated, recommended by regulating entity (optional memberships are not fixed)
      vii. Medical directorships – compliance issue for some health programs
      viii. Simulation maintenance / warranty fees
      ix. Taxes and other mandated fees
      x. Ordinary maintenance repairs and grounds
      xi. Security
   b. Contractual obligations include:

i. All regular salaries and benefits (under and not under collective bargaining units).

ii. Contracted services such as cafeteria, architect, etc.

iii. Debt payments

2. **Year-end balances** are <u>not</u> budgeted for ongoing expenses and will be used to increase reserves until reserve balance of 16.6% is obtained

3. **One-time revenues** will be allocated to one-time expenses and ongoing expenses shall be funded from on-going revenues.

4. **New positions** must be fully funded: salary, benefits, and support expenses. Categorical positions may have case by case exception.

5. **Protect budget integrity and minimize departmental District budget transfers** by budgeting funds where they are expected to be spent. Internal budget transfers assist in maintaining alignment with strategic goals, but must be approved at the vice-president level.

6. **External borrowing may add costs and potential conflicts** between scheduling of repayment and deferred apportionment.

7. **Future risk and cost increases are mitigated** by finding external solutions for high-risk administrative services

8. **Categorical or restricted programs** are aligned with strategic goals and to the degree possible, support on-going District expenditures – make maximum use of pro-offered "flexibility with categorical funds". Indirect costs should be charged as appropriate.

9. **Categorical funding** should be sought when possible, if fits with the strategic goals of the college.

10. **Cash short-falls** are accommodated by developing <u>and</u> implementing a disciplined spending plan tied to cash-flow projections with centralized spending controls

11. **Cost saving suggestions** shall be developed and distributed annually when starting the budget process.

12. **California budget will dictate** assumptions for apportionment, growth goals, categorical changes, etc.

13. **California economic status will dictate** assumptions related to increasing costs for utilities, postage, supply and demand, tax revenues, etc.

14. **The Cost of Living Adjustment (COLA)** will be based on the Governor's proposed budget

15. **The lottery revenue will be calculated** at the rate projected annually by the California Community Colleges Chancellor's Office.

16. **Departments will not be penalized** for implementing cost efficiencies in one fiscal year in the subsequent year.

ANNUAL BUDGET ADMINISTRATIVE ACTIVITIES

1. Division deans, administrators, budget managers, and their administrative assistant/secretaries will attend annual budget training sessions as scheduled prior to September 15th. <mark>??</mark>

2. Division deans, administrators, and budget managers will ensure all budgets are completed by December 1st. <mark>Check date</mark>

3. Division deans, administrators, and budget managers must meet with CEO/CIO/CSSO to review budget and any new accounts or deletions or combinations of the existing accounts.

4. Division deans, administrators, and budget managers must meet with CBO and CEO/CIO/CSSO, prior to finalization of the official budget, to identify problem areas and to design improved processes for managing dollars. Adjustments may be made, **but** the bottom line figure must remain.

PRIORITIZATION

1. **Each item should be sufficiently explained** or those reviewing may consider asking the requestor to provide further information

2. <mark>**Ranking of Prioritization**</mark> shall be as follows unless a valid exception is provided <mark>discuss prioritization criteria</mark>

#	BUDGET AND PLANNING PRIORITIZATION CRITERIA GUIDE	EMP Goal
1	Safety, health, and regulatory compliance	3.1
2	Critical to an approved program or service – may include capitalized equipment / technology. Support multiple programs or services	3.5
3	Confirmed cost or energy savings and/or increased efficiencies. High benefit::cost ratio. Would failure to do this now, cost more money later? Consider initial, operational, and maintenance costs.	3.4
4	Growth/expansion potential or new program, facility, or service. Quantify long-term and short term FTES potential.	3.3
5	Recommendations from the Program Review process for approved course, program, or service. Program maintenance	3.2 & 3.3
6	Grant funded (or other than district funded)	3.3
7	Desired for optimizing existing program or service, modernization of existing facility, or related capitalized equipment including technology	3.6 & 3.7
8	Correct an injustice. Details required	3.7

3. **Additional Priority Considerations**

a. 1000 Category (instructional salaries) – this is a negotiable item, but large increases or decreases in full-time and variations in the part-time and overload could have a statement from HR to help determine status

b. 2000 Category (non-instructional salaries) – this is a negotiable item, but large increases or decreases could have a global comment from HR to help determine status

c. 3000 Category (benefits) – these are negotiable items, but large increases or decreases could have a global comment from the HR to help determine status

d. 4000 Category (supplies): ranking as above

e. 5000 Category (travel, consultant, memberships, advertising, postage): ranking as above and consider the following.

   a. Mandated travel/conference specific to a position, program or service; i.e. accreditation. However, how many are mandated to attend?

   b. Mandated versus opportunity for professional development specific to a position, program or service. Academic senate president conferences versus continuing education on a specific topic. How many are mandated to attend?

   c. 'Training' costs that may or may not be completed locally. Detail is required.

f. 6000 Category (capital and site improvements): Is it funded by other than District and is it recommended or desirable. Project information sheets may be requested and requestor should prepare a presentation with pictures, graphs, figures, etc.

g. Technology – Info Systems: Will it increase creative or expressive instruction and/or functionality of software? Will it increase dissemination of information or knowledge throughout the campus? Is it (should it) be restrictive or collaborative? Does it improve security of information or data integrity

4. **Scoring Criteria**
   a. Criteria with definitions shall be developed and reviewed annually, yet should have consistency over time. Projects competing for the same funding should be judged by the same standards.

   b. Shall be used by the committee to score project requests. Scoring is done by committee individually for each project, yet persuasion is allowed and changing individual scores is acceptable

   c. A co-chair leads the committee in generating consensus score for the project under review. Once projected master scores are tallied, all projects are placed on a ranking sheet, sorted by funding source and total score.

	BUDGET AND PLANNING **SAMPLE** SCORING CRITERIA SHEET (Goals: 1 Student Success, 2 Excellence in Education, 3 Develop Resources & Increase College Effectiveness	EMP Goals	Points*
1	**Funding Source** - Points awarded on the level of outside funding received in relation to the total cost		
a	District		**5**
b	Categorical or other than district funded		**15**
2	**Criticality** -Related to protecting lives, correcting hazardous condition, or legal liability.		
a	Health and public safety related or mandated regulatory compliance.	3.1	**15**
b	Legal liability. If not funded, legal action against college is a risk. Prior binding commitment - created through action of the Board.	3.2 & 3.3	**15**
c	Critical to an approved program or service – may include capitalized equipment / technology. Support multiple programs or services	3.5	**15**
3	**Important to Students and Instruction**		
a	Recommendations from the Program Review process for approved course, program, or service. Program maintenance	3.2 & 3.3	**10**
b	Impacts a special population segment	2.1	**10**
c	Increase success, attainment, completion and transfer rates. Improve response to employer needs and emerging industries in career technical and transfer programs. Improve outreach and alignment of curricula with local high schools	1.1-1.8 2.2 & 2.3	**5**
d	Provide a welcoming environment. Provide an environment that supports professional development.	2.4 & 3.7	**5**
e	Continue comprehensive plan to assess SLOs	1.8	**5**
4	**Important to Operations -** Unlike criticality - intended to award points for projects that increase operational efficiencies, but are not absolutely necessary		
a	Confirmed cost or energy savings and/or increased efficiencies. High benefit::cost ratio. Would failure to do this now, cost more money later? Consider initial, operational, and maintenance costs.	3.2, 3.3, & 3.4	**10**
b	Increases utility or functionality of software. Improve security of information , data integrity, dissemination of information, or creative/instructional knowledge	**3.5**	**10**
c	Growth/expansion potential or new program, facility, or service. Quantify long-term and short term FTES potential	3.2 & 3.3	**10**
d	Desired for optimizing existing program or service, modernization of existing facility, or related capitalized equipment including technology. Positively impacts levels of service or satisfies currently unmet need.	3.6 & 3.7	**5**
5	**Other Considerations** - Wildcard category for assigning points to projects that present unique opportunities or extenuating circumstances		
a	Correct an injustice. Details required	2.4	**5**
b	Other – details and situational specific	n/a	**5**

Priorities and point values to be determined by the committee annually

Definitions

1. <u>Direct costs</u>   expenses that can be identified specifically with a particular project relatively easily with a high degree of accuracy. There may be some fixed and some variable costs under direct costs.

2. <u>Indirect costs</u> expenses that are incurred for common or joint objectives - costs that cannot be specifically attributed to an individual project. (A.K.A. Overhead or Facilities and Administrative costs).
   a. There may be some <u>fixed</u> and some <u>variable</u> costs
   b. Examples include capital expenses associated with laboratory/classroom space, utilities, accounting, human resources, purchasing, security, custodial services, building and grounds maintenance, hazardous material handling, etc.

3. <u>Fixed costs</u>   expenses that are not dependent on the activities of the business such as rent, taxes, insurances, maintenance contracts, or mandated memberships. Some salaried positions such as CEO, CIO, CBO, CSSO could be labeled as fixed

4. <u>Variable costs</u>   expenses that change in proportion to the activity of a business such as the cost of labor, monthly utilities, paper, ordinary repairs, care of grounds, security, earthquake and disaster preparedness, and hazardous waste disposal

5. <u>Equipment:</u>   an item that is non-expendable, tangible, has a useful life of more than one year, and an acquisition cost which equals or exceeds $500

6. <u>Capital equipment</u>: net invoice price of the equipment equals $5,000 or more, including the cost of any modifications, attachments, accessories, installation, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired and has a useful life of more than one year.

7. <u>Special purpose equipment:</u> used <u>only</u> for research, medical, scientific, or other technical activities

8. <u>General purpose equipment:</u> <u>not</u> limited to research, medical, scientific or other technical activities. Examples include office equipment and furnishings, air conditioning equipment, reproduction and printing equipment, motor vehicles, and automatic data processing equipment.

Resources:

U.S. Office of Management and Budget (OMB) Circular A-21: Principles for Determining Costs Applicable to Grants, Contracts and Other Agreements with Educational Institutions (http://www.whitehouse.gov/OMB/circulars/a021/a021.html)

Pennsylvania State University. Primer on Indirect Costs.
http://www.research.psu.edu/osp/PSU/Proposal/indirect.htm#source

Dellow, D. & Losinger, R. (2004). A Management Tool for Reallocating College Resources. <u>Community College Journal of Research and Practice</u>, 28:677-688.