



3200 - Budget Planning

Policy

The approved comprehensive annual plans for programs, staff, facilities and finance, all correlated and interdependent, shall be the basis for performance of College and District functions and services, and shall be reflected in the annual budget.

A budget calendar will serve as a guide for the Board and the administration so that the budget may be developed in an orderly manner. The College Presidents will provide an opportunity for consultation with classified and certificated employees in budget development.

Reference: *Education Code Section 70902(b)(5); Title 5, Section 58300 et seq.*

Adopted June 28, 2004

Procedure

I. Background

- A. The Yosemite Community College District serves the students of Modesto Junior College and Columbia College.
- B. The Chancellor’s Cabinet is comprised of the following:
 1. Chancellor
 2. Executive Vice Chancellor
 3. Vice Chancellor, Human Resources
 4. Assistant Chancellor, Information Technology
 5. Modesto Junior College President
 6. Columbia College President
- C. The District uses an 85% MJC / 15% Columbia College split for allocations that are distributed to the Colleges only, and not to Central Services. The 15% that Columbia College receives recognizes the small college factor and economies of scale even though Columbia College produces only 13% of the total FTES.

II. Overview

- A. The Educational Master Plan (EMP) and Program Review are the foundations for planning. Districtwide internal planning strategies are organized under the Vision 2010 statements. The District Council annually reviews, guides, and approves all District planning activities.
- B. District-wide budgets are prepared and completed using two separate scenarios. First, “Scenario A” budgets assume a “status quo” budget. This budget assumes that budgets will not change significantly from one year to the next. These budgets include salary and benefit data compiled by Central Services and distributed to the units. Salary and benefit costs are approximately 85% of most unit budgets.
- C. The budgets are reviewed for accuracy and entered into the District account system long before actual budget allocations for the succeeding year are known and are used primarily as

placeholders early in the process (typically in the month of February). Next, the requests for additional funding (Scenario B) are prepared and submitted by the units for review of their unit manager. Requests for additional funding are submitted to the governing bodies (College Councils and Chancellor's Cabinet) to identify resources needed should additional monies become available. The objective or need, the justification, the probable funding source and the type of expenditure (one-time, ongoing, staff, other purposes, etc.) are included in each "Request for Additional Funding." These requests are also prioritized by each unit, submitted as part of the unit's master plan and then considered for prioritization again by the institutions' governing bodies. All three sites participate in a similar budget and request process.

III. Allocation Formulas

- A. Various sources of revenue are allocated to the District annually from the State Budget process. Budget allocations to the Colleges and to Central Services are generally based on established formulas. Following are the allocation formulas for:
 1. Enrollment Growth Full-Time Equivalent Students (FTES)
 2. COLA
 3. Partnership for Excellence (PFE)
 4. Block Grants - Scheduled Maintenance, Instructional Equipment, Library Materials
 5. Equalization
 6. Full-Time Obligation (FTO)
 7. Other
 8. Enrollment Growth Full-Time Equivalent Students (FTES)
- B. A Statewide FTES growth formula is used to determine annual growth rates for each community college district in California. The State growth rate formula includes adult population change, high school graduation rates, and underserved areas within each district. Since the components of the formula are fluid and change annually, so do the calculated growth rates computed by the State Chancellor's Office.
- C. When YCCD receives the calculated growth rate from the State Chancellor's Office, discussions begin with Chancellor's Cabinet to identify each College's potential for growth. Since the growth rate is a Districtwide rate, the College Presidents have flexibility in determining between the two colleges what a reasonable amount of growth will be for each College. There is no set ratio for growth between the two Colleges. The College Presidents through their College committees and deliberations determine the potential for growth and bring their College's FTES growth proposals back to the Chancellor's Cabinet.
- D. As an example, assume a District growth rate of 3% with MJC generating 87% of total District FTES and Columbia generating 13% of total FTES. MJC may determine that their growth potential is 2.5%, leaving over 6% available for Columbia College since Columbia's FTES base is so much lower than MJC's. Most often the two Colleges will commit to the District's growth rate, and each plans to grow at an even rate, but not always. The District's growth rate for fiscal year 2001-2002 was 2.28%. That year, MJC planned to grow 2%, and Columbia planned to grow 4%.

- E. The growth allocation formula was developed jointly between College administration and District administration and is reviewed on an annual basis with the Chancellor’s Cabinet. The growth allocation formula assumes an average hourly part-time faculty pay rate, hours per week a class meets, the number of students served, and FTES earned. As salary schedules are adjusted, the variable that changes most frequently in the formula is the average hourly rate assumption. The formula includes an amount for supplies and infrastructure support costs.

IV. COLA

- A. The annual COLA or cost of living adjustment is determined by the State Budget. The District does not allocate COLA based on a formula. The District bargaining units through the collective bargaining process bargain for some or all of the COLA. The Leadership Team representatives meet and confer with District administrators to determine how COLA may be used toward salary enhancements or other needs for District managers.
- B. COLA dollars that are not obligated via negotiations to salary schedule enhancements are identified to cover Districtwide increased costs, including but not limited to health benefits, statutory benefits, energy, legal, and other. COLA is used to cover the escalating benefit cost increases, energy increases, and technology infrastructure costs and administrative software.
- C. Remaining funds are allocated to the Colleges and Central Services using a ratio of the unit’s budget to the total General Fund Budget less utility budgets.
- D. On an annual basis when COLA is greater than the Districtwide costs described above, the balance is allocated based on the following formula:

1. MJC	58%
2. CC	15%
3. Central Services	27%

V. Partnership for Excellence Funding

- A. The District does not have a defined formula for distribution of Partnership for Excellence (PFE) funds. The initial allocation to the Colleges was based on prioritized needs compiled by the two Colleges to meet the accountability outcomes required by the Partnership for Excellence regulations. The Colleges discussed their PFE needs with the Chancellor’s Cabinet. The two College Presidents presented priorities for the PFE funding, and decisions based on those priorities ultimately defined the allocation.

VI. Block Grant Funding

- A. Scheduled Maintenance, Instructional Equipment, Library Materials
- B. Historically, the allocation method for Block Grant Funding has been flexible with some money earmarked for Districtwide prioritized scheduled maintenance projects and some money going to the Colleges for instructional equipment and library material purchases.
- C. Since the passage of Measure E, General Obligation Bond, Block Grant Funding is allocated in its entirety to the two Colleges based on an 85% MJC/15% CC split.
- D. Scheduled maintenance projects are funded using Measure E, General Obligation Bond, revenue.

VII. Equalization Funding

A. The formula most often used for Equalization Funding is the allocation split described in the COLA discussion when excess COLA remains to be distributed to the Colleges and Central Services.

1. MJC	58%
2. CC	15%
3. Central Services	27%

B. When the State cut PFE dollars, the District first covered the shortfall that the Colleges would have incurred from the PFE funding cut with Equalization Funding. Due to a Districtwide deficit, the remaining Equalization Funding was not allocated to any of the sites, but rather helped offset a several million dollar General Fund deficit.

VII. Full-Time Faculty Obligation

A. The Full-Time Faculty Obligation (FTO) either increases or decreases annually by the same percentage of District funded credit FTES. The state calculates the number of new full-time faculty the District must hire by a certain date. The state calculated number is discussed with the Chancellor's Cabinet. The two College Presidents determine how many new full-time faculty they need. There is not a formula to allocate new faculty hires to MJC and to Columbia College. Similar to FTES growth, the FTO is an aggregate District number and may be split anyway the Colleges decide. The District does not make this decision, but rather defers it to the Colleges. The District does ensure that the required total number of new faculty hires takes place between the two Colleges to avoid a financial penalty for not adhering to the regulations.

B. College budgets are augmented for new faculty hires required by an increase in the FTO based on a formula that is reviewed annually.

C. Other Allocation Formulas

D. When new sources of revenue become available that are not tied to an established allocation formula, discussions regarding allocation begin with the Chancellor's Cabinet. The College Presidents continue the discussion with the College communities and make allocation recommendations back to the Chancellor's Cabinet.

VIII. Summary

A. Budget allocation and priority discussions begin with the Chancellor's Cabinet and the President's Councils. Proposed budget targets are discussed with the Chancellor's Cabinet and District Council. Priorities are set and as State Budget information becomes available budget allocation decisions are made.

Reference: *Education Code Section 70902(b)(5); Title 5, Section 58300 et seq.*

Procedure Last Revised 04/11/07