

## North Orange County Community College District Budget Allocation Model

### Budget Principles

- Incremental approach to budgeting
- Budget centers include Cypress College, Fullerton College, School of Continuing Education, Information Services and District Offices
- Balances on-going revenue and on-going expenditures
- Maintenance of 5% reserve for economic uncertainty – the 5% is calculated by taking the Reserve for Economic Uncertainty and dividing it by Unrestricted General Fund Expenditures including debt service, transfers and payments to students

### Budget Categories

- Personnel – Permanent positions
- Operating allocation – Discretionary funding
- Extended day budgets
- Partnership for Excellence Funding
- Districtwide Expenses
- Self-Supported Programs/Contracts/Grants/Restricted Programs/Other Funds
- Carryover funds

### Personnel

- Permanent positions are compared between years
- Permanent changes are costed out and adjustments are made to operational allocation – “Buying and Selling Positions”
  - Permanent changes to percentage employed/changes in the number of months
  - Reclassifications
  - New and deleted positions
- Full-time faculty (FTF) is increased as our full-time faculty obligation increases
  - Allocation (FTF) between Cypress and Fullerton follows Board Policy 3004 and is determined by the Vice Chancellor of Human Resources, in consultation with the College Presidents
  - Vacant faculty positions are budgeted at C-8 on the salary schedule plus benefits
  - Extended day budgets are decreased for each position added at the base rate of \$25,259 – this amount is adjusted to account for any on-going changes to the part-time salary schedule
- Salary and benefit increases for permanent positions are covered by the District
- Budget is provided for all permanent positions including vacant positions

### Operational Allocations

- Operational allocation (formally called Cash Allocation) is the operational budgets used by the Budget Centers
  - Hourly budgets, overtime and vacation payoffs

- Supplies
- Services/operating expenses/utilities
- Capital outlay/Equipment
- Allocation is adjusted for permanent changes to positions
- Periodic increases have been made for COLA - Simpson model
  - One time basis until DPC determines there are adequate resources
  - Once DPC determines there are adequate resources the amount of increase is determined and added to the base
- Operational Allocation has incurred major reductions during budget reductions

#### Extended Day Budgets

- Extended day budgets are reduced for additions for growth of full-time faculty
- Primary source of control over FTES
  - For growth, budget is added to extended day budgets
    - Base rate of \$1,043 per credit FTES – this amount is adjusted for changes to the part-time salary schedule
    - \$696 per noncredit FTES – this amount is adjusted for changes to the part-time salary schedule
  - In periods of decline, extended day budgets are reduced
- In years where FTES targets are changed disproportionately between campuses/centers, extended day budgets will be adjusted based on actual changes to the FTES targets
- Once extended day budgets are allocated, if a campus fails to meet its target for two consecutive years, then that campus will have its FTES target and extended day budget permanently adjusted for the shortfall, and other campuses may have their allocations increased to backfill for the shortfall
- Extended day budgets have been increased to account for salary increases
- In the mid 1990s extended day budgets were augmented due to efficiency issues, the original plan called for reductions in proportion to increases in efficiency
- District augments the extended day budgets for sabbatical replacements and backfill for load banking

#### Partnership for Excellence Funding

- Original allocation was split by FTES production after DPC approved an allocation of \$350,000 that was to be used for marketing and for three positions
- A number of positions are funded using PFE funds – salary and benefit increases are covered with PFE funds
- PFE funding was reduced proportionately when funding was reduced at the state level

#### Districtwide Expenses

- Districtwide expenses impact the entire District – Examples include:
  - Insurance cost
  - Retiree benefits
  - Scheduled maintenance match
  - Attorney and Audit fees

- Interest Expenses, election expenses, hospitality, AQMD, waste disposal, sewer fees, 1098T reporting and projected energy cost increases
- Districtwide budget is increased to cover expected cost increases

#### Self-Supported Programs/Contracts/Grants/Restricted Programs/Other Funds

- Generally revenue and expenditure budgets are equal – balanced budgets, with the exception being when carryover balances exist
- Budget center specific – each budget center has its own programs
- Self supported programs include operations that generate revenue such as the District Production Center charges, Human Resources fingerprinting, and campus fees for such things as materials, lab, transcript and audit fees
- Contracts include SCE's contract education program – revenue is received for teaching courses
- Grants include federal, state and local funding that must be spent for a specific purpose, examples include Matriculation, DSP&S and EOPS funding
- Grants and funding received at the District level, where appropriate, will be allocated based on FTES targets, i.e., restricted lottery and instructional equipment unless an alternative allocation model is approved
- Restricted programs include parking and health services. The fees collected must be spent on the program
- Other Funds include Child Development and Auxiliary Funds

#### Carryover Funds

- Board Policy Contingency – BP6002 requires that unrestricted general reserves shall be no less than 5% of unrestricted general fund expenditures including debt service, transfers and payments to students
- Board Discretionary Funds represent uncommitted resources that can be used for one-time expenses
- Budget Center Carryovers are funds that have already been allocated to budget centers but were conserved by individual departments during the course of the year

# Budget Allocation Models from Surrounding Districts

Presented to DPC

May 8, 2006

Coast CCD

# Budget Centers

- Orange Coast College
- Golden West College
- Coastline College
- District-wide
- District Office
- DIS/Telephone

# Estimated Income

- Estimate Revenues for Program Based Funds (PFE, Equalization, Lottery, Interest, etc. plus District-wide ending balance)
- Contingency is deducted (normally 5%; increased to 6% for 05/06)
- Remaining balance represents available budget

# Allocations from Available Budget

- District-wide expenses
- Fixed Costs for salaries – amount established in 1990 as actual faculty (contract & adjunct) salaries then since increased annually by the cost of all salary and health benefit increases
- Campus basic allocations (\$3.5 million to Orange Coast and Golden West and \$3 million to Coastline)
- Fixed Costs for District Office and DIS/Telephone

# FTES Calculations/Distribution

- Use prior year allocation plus changes
- Additional PFE funds were added in 05/06
- Use prior year actual FTES for Distribution
- Calculation is based on Total Available for Distribution divided by Total FTES. Result is amount multiplied by College Actual FTES.

# Carryover

- Dedicated revenues go back to the institution that earned the revenue.

# Rancho Santiago CCD

# Budget Centers

- Santa Ana College
  - Santiago Canyon
  - District Operations
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- Non-credit is combined within the credit operations. There is not a history of over expenditures within each Budget Center.

# Estimated Income

- Estimate Ongoing Revenues of Apportionment, Non-resident Tuition, Lottery, Interest and Other Income
- Add prior year carryovers
- 5% Reserve is set aside and Apprenticeship funds are removed from available resources
- Remaining available resources represent Discretionary Expenditures.

# Discretionary Expenditures

- 16.48% goes to District operations
- Remaining balance is allocated based on FTES targets
- Extended Day Budgets are paid out of Discretionary Funds

# Positions

- Do not have a position control system in place
- Budget is based on monthly payroll cost which is rolled into the budget. Do not budget for vacant positions.
- New position requests come from each Budget Center. The Chancellor, along with his cabinet, determine which new positions are budgeted.

