

AP 6200 Budget Development

Reference:

Education Code Section 70902(b)(5); Title 5, 58300 et seq.; ACCJC Accreditation Standard III.D

PAC-B

PAC-B as described in the Decision Making Guide has responsibility for developing the process to review, recommend, and present to the CEO.

Budget Calendar:

The Budget Calendar includes submission dates for budget requests, consultation with PAC-B (President's Advisory Council – Budget), as well as dates for the presentation of the Tentative and Adopted budgets, including a public hearing on the budget before final adoption. The District will adopt a Tentative Budget on or before July 1st. The District will adopt a Final Budget on or before September 15th. A public hearing on the budget shall be held on or before September 15th. Two copies of the Adopted Budget are submitted annually to the State Chancellor's Office as part of the submission of the Annual Financial and Budget Report known as the CCFS311-A. This submission must be completed on or before September 30th.

Budget Parameters:

The Budget Parameters provide guidelines to assist in the process of developing the annual budget in support of the District's Mission, Strategic Goals, Planning documents, and Instructional and Non-Instructional Program Reviews. The Parameters are reviewed annually by Executive Cabinet and PAC-B (President's Advisory Council on Budget). The Budget Parameters are posted on the PAC-B website and are also attached to the annual Board Agenda item approving the Parameters, usually submitted in December or January for the following fiscal year.

Program Review:

Business Services uses data submitted through the College of the Canyons Program Planning and Review system to inform the Budget Development process for the District's Tentative and Adopted budgets. Academic or Administrative Program Reviews for all campus areas are submitted through the Program Review system. Each Program Review includes a budget section where the Academic or Administrative area submits requests for discretionary budget reallocations, forced costs, augmentations, and equipment. All requests must be linked to a planning goal identified in that area's Program Review. Program review documents are used as a resource to inform district planning.

Budget Development Process:

The Budget Development process has been established electronically so that budget requests can be made in alignment with Program Review and District Strategic goals. The parameters for this process and timeline are established through PAC-B by updating the Budget Parameters and Budget Calendar each year that are then approved by the District Board of Trustees by December of the fiscal year.

Budget Development Criteria:

Funding Formula Targets: The District will establish SCFF metric targets based on local and State data for FTES, Supplemental and Success metrics.

Budgeted Revenues: The Budget will include revenue projections based on Funding Formula targets. Budgeted Revenues will be based on reasonable and conservative estimates.

Budgeted Expenses: The Budget will include expenses based on the prior year Adopted Budget, adjusted for Priorities that support Strategic Goals, including Expense Augmentations and/or Equipment Augmentations when submitted through Program Review, tied to Planning Documents, and approved by Executive Cabinet

Forced Costs: The Budget will include the required costs, or Forced Costs, including, but not limited to, those costs associated with critical operations (C) external applicable laws, regulations, state mandates, negotiated agreements, contracts, risk management, health/safety and emergency preparedness and response (X) as well as expenses in support of enrollment management (E), program viability (V) and the institutionalization of expenses (I) previously covered by restricted expenses. Costs in these categories may be added to the budget during the fiscal year by District Administration, as necessary, to address unforeseen circumstances. These costs will be prioritized based on available funding.

Salary and Benefits – 85% of Total Budget: The District's Unrestricted General fund salaries and benefits should not exceed 85% of the total budgeted expenses.

Balanced Budget: The District will not budget more in expenses than it receives in revenue. Budget year Revenues should equal or exceed Budget year Expenses to avoid a "structural deficit" that can deplete the District's Fund Balance or savings account.

Designated Contingency (Reserve): The Budget may establish a reserve for anticipated State Revenue shortfalls to help manage reductions or to fund one-time or long-term commitments for debt or future liabilities as well as provide for flexibility to take advantage of opportunities.

Fund Balance: The Unrestricted Fund balance will meet or exceed the board approved minimum. Each Budget year, in recognition of the State Chancellor's Office recommendation to maintain a minimum 5% Fund Balance and based on the SCCCD Board Policy 6305, a minimum 6% Fund Balance will be established. A larger fund balance will be maintained in anticipation of uncertainty in State funding in order to protect the district against mid-year cuts or other unscheduled revenue shortfalls.

Programming Aligned with FTES Target: The District will budget in accordance with the level of service it plans to provide to students.

Program Viability: The District will provide the resources per the recommendations of the Program Viability Committee to ensure programmatic viability. In the event that an instructional program is identified for possible program , initiation, modification, revitalization, discontinuance, , or related viability considerations , the Academic Senate Program Viability Committee will apply criteria in accordance with BP/AP 4021 and the PAC-B Budget Parameters - Budget Reductions. The Program Viability Committee recommendation will be communicated

to the Academic Senate to communicate to the CEO who will evaluate the recommendation before making a final determination regarding the continued viability of the program.

Other Funding Sources: All funding sources will be considered to support operations.

Budget/Program Review Process:

The Executive Cabinet member over each area will provide a budget overview for their respective departments before proceeding with division/department specific budget requests/reductions and will communicate the decision-making process in the context of District Strategic Goals. Other information will be shared as it is made available by the State regarding the budget impact of external economic factors at the local, state or national level. Information regarding the January Governor's Budget and the Governor's May Revise will be shared with PAC-B and the Budget Managers to assist with the final determinations regarding budget recommendations.

Business Services will send the relevant budget and financial information to Level 1 (Department/Program Budget Managers), Level 2 (Dean/Division/Department Budget Managers) and Level 3 (Executive Cabinet member) to assist with the process of developing budget requests/reductions:

- Historical budget expenditure trends, including unspent budgets.
- Previous budget augmentations and/or budget reductions.
- Relevant data or other information that could assist with the process.

Level 1 Budget Managers will engage program and department stakeholders (full-time faculty, adjunct faculty, classified staff and students) in a collaborative, interactive process to identify budget requests/reductions based on established criteria and with the understanding that each program/department is unique. If necessary, funding will be identified to allow key faculty to participate if the work is to be completed during an off-contract period.

- Budget request/reduction recommendations from Level 1 Budget Managers will be submitted to Level 2 Budget Managers.
- Level 2 Budget Managers will meet with the School/Department to collaboratively review all budget request/reductions at School meetings for transparency and inclusion.
- Level 2 Budget Managers will review request/reductions and discuss any further changes with Level 1 Budget Managers prior to submitting to their Executive Cabinet member.
- Level 1 Budget Managers along with their program and department stakeholders will be notified of any changes made at Level 2.
- The Executive Cabinet member will review and revise budget request/reduction recommendations from the Level 2 Budget Managers. Any revisions by the Executive Cabinet member will be communicated back to Level 2 Budget Managers for dissemination to the Level 1 Budget Managers to discuss with Department/Program stakeholders.

Executive Cabinet will meet and determine if the budget requests/reductions met the targets established.

- If the target was met, Executive Cabinet members will present budget request/reduction solutions to PAC-B for review and feedback.
- If the target was not met, Executive Cabinet will determine the next steps to identify revisions/additional cuts that are needed to meet the target prior to presenting the requests/reduction solutions to PAC-B.
- Any additional changes will be communicated back to Level 2 Budget Managers for dissemination to the Level 1 Budget Managers to discuss with Department/Program stakeholders prior to presenting to PAC-B.
- Executive Cabinet will submit the final list of requests/reductions to Business Services to be implemented.

The Board of Trustees will be presented with recommended final budget requests/reductions as part of the Tentative or Adopted Budgets. If budget reductions are the result of mid-year cuts, the approval will be ratified by the Board of Trustees during the approval of a subsequent budget.

Budget Reduction Process:

In the event of a Revenue shortfall, the Budget Reduction process will be used. Executive Cabinet will identify the reason for the budget reductions, which could include, but not be limited to: State revenue shortfalls, State mid-year cuts, Community College system funding formula shortfall, District structural deficit resulting from State revenue reductions, District internal structural deficit resulting from on-going costs exceeding on-going revenues, external economic factors or other local, state, national crisis on operations, etc.

Executive Cabinet will analyze the impact of external economic factors or other local, state, national crisis on operations and will establish a timeline for the budget reduction recommendation cycle to be completed. Executive Cabinet will first identify budget solutions that can be achieved at a Districtwide level and share that information before proceeding with division/department specific budget reductions.

Before the Budget Reduction process begins at the program/department level, Executive Cabinet members will schedule meetings that include their respective Level 1 and Level 2 Budget Managers to discuss the reason for the budget reductions, share any budget solutions already achieved and review the following criteria to assist with the identification of additional budget solutions. A follow-up written communication will also be provided that can be shared with other stakeholders.

Once the need for budget reductions is determined, the following process shall be utilized:

- Examine patterns of spending using historical trends to evaluate the required/necessary level of funding for the program/department to function.
- Determine if cuts are one-time or on-going.

- Evaluate previous cuts before making additional cuts to the same program/department.
- Ensure all programs retain a minimum discretionary budget or have access to necessary funding.
- Minimize impact on student success and retention, linking to Guided Pathways, Vision Goals, and District Strategic Goals (access, engagement, success).
- Avoid reducing existing programs that demonstrate positive outcomes.
- Evaluate new services and programs in the context of available financial resources and the need to achieve District Strategic goals.

Documentation:

- A detailed list of request/reduction recommendations will be provided to each program/department.
- An electronic copy will be provided on the PAC-B website and a history of budget requests/reductions will be maintained by Business Services.
- These records will be used in the future to help inform decision making on additional budget requests/reductions to augment budgets or restore funds to reduced budgets.

Transparency and Communication:

- Budget information should be distributed to all stakeholders to inform the budget request process, including:
 - State budget information, District Committee planning documents (CPT, Enrollment Management, Technology Committee, Staffing Committee, IE2, etc.) student surveys and other information pertinent to the budget process.
- The budget request/reduction process should incorporate feedback from all constituents, including faculty, classified and confidential employees, administrators and students.
- When budget requests are rejected or budget reductions are recommended, notifications will be made with sufficient time for a collaborative and interactive process in an attempt to accommodate constituents' participation.
- An explanation should be provided regarding proposed requests/reductions.
 - A detailed chronological narrative explanation of the process and criteria used to determine the proposed reductions will be provided to the budget manager.
- Responsibility for communicating budget requests/reductions will follow the Program Review hierarchy;
 - The Department Chair or Program Director will be notified by the Dean or Department Director, respectively, and
 - The Dean or Department Director will be notified by the Executive Cabinet member.

If the Budget Reduction process needs to be amended -Academic Senate and Classified Union will appoint key faculty and/or classified and confidential employees, respectively to participate in a sub-committee to revise the budget cut process and Executive Cabinet will determine funding if the work is to be completed during an off contract period.

CPC Approved: December 1, 2020