



## STANDARD OPERATING PROCEDURE

<b>DEPARTMENT:</b>	Business and Admin. Services	<b>TITLE:</b>	College Budget Planning
<b>PURPOSE:</b>	<p>The College President, in consultation with the President’s Executive Council (EC), is responsible for:</p> <ul style="list-style-type: none"> <li>• Reviewing the base budget (incl. budget restorations) prior to the beginning of each budget development cycle to ensure alignment with core needs.</li> <li>• Realignment of the base budget during the initial budget review process.</li> <li>• Approving the annual college budget development calendar.</li> <li>• Approving and/or modifying budget allocation recommendations.</li> </ul> <p>The Director of Business and Administrative Services is responsible for overseeing financial planning and monitoring processes for the college. Oversight includes:</p> <ul style="list-style-type: none"> <li>• Initial development of the annual budget and periodic reviews to determine if budget objectives are being met and if spending is within allocations.</li> <li>• Incorporating the efforts of the shared governance committees including College Council, Administrative Leadership Council and Budget Advisory Council into financial planning processes.</li> <li>• Providing appropriate budget updates to Executive Council, Administrative Leadership Council, Augmented Administrative Leadership Council and College Council.</li> <li>• Ensuring transparency of the college budget.</li> <li>• <i>FUTURE PROCESS</i> - Maintaining a three-year rolling financial plan to enable the college to assess long-term consequences of budget decisions and external economic and regulatory funding changes.</li> </ul>		
<b>PROCEDURE:</b>			



**Procedure:**

**Budget Assumptions**

The primary source of new revenue will be enrollment growth funding from Peralta Community College District (PCCD).

- Enrollment growth will be funded prospectively as outlined by District Finance.
- Enrollment growth will be funded at the current resident tuition rate.
- The college will manage the risk of estimated and projected enrollment funding.

The college will pursue other revenue, as appropriate, from rental of facilities, partnerships, fund raising, etc.

Salary and benefit increases (COLA's, steps) and other increases, required by District Finance will be funded by allocation of required funds from PCCD.

Budget proposals or requests for new college programs and/or initiatives must be submitted to and approved by first the Dean, Vice President and ultimately the College President, in that order. Also, budget requests can be submitted through the Annual Program Review process which follows the same approval workflow as mentioned. These two approaches represent the



college's budget request process. Only budget requests submitted through the budget request process will be considered for budgetary prioritization and allocation.

Operational budget requests are evaluated based on two major factors:

1. Total cost of ownership for the program or project for which funding is requested.
2. Alignment with college planning priorities and objectives and follow the budget request process mentioned above.

Facility requests (i.e. capital, renovation or deferred maintenance) are submitted to the Facilities Committee and then forwarded to College President. If facility requests are approved by the College President then they are submitted to District General Services who oversees and prioritizes requests District wide and based on selected criteria of emergency, scheduled maintenance or deferred maintenance. All capital, renovation and emergency improvement requests are dependent on the availability of funding. In Spring 2014, the District Planning and Budgeting Council approved a resolution to fund deferred maintenance from an annual allocation of 2% of the unrestricted General Fund. This resolution was sent to the Chancellor in February 2015 for approval.

### **College Budget Development Principles**

- Maintain sufficient funds to meet the college's target enrollment.
- Allocate sufficient funds to maintain compliance w/federal mandates (i.e. DSPS)
- Maintain sufficient operational infrastructure funds to sustain instructional and service areas (including governance and communication).
- Provide core services and programs that uphold Laney's contract with its community.
- Support Educational Master Planning priorities.
- Demonstrate a commitment to student access and equity.
- Maintain comprehensive instructional and student services that support "at risk" and vulnerable student populations.
- Protect student services, categorical programs from political maneuvering or supplanting of funds that has undesirable effects.
- Charge staff wages & benefits to bond monies to the extent those staff are doing bond-related work.
- Preserve essential (health, safety, efficient operations) classified hourly staff.
- Building a class schedule that optimizes available resources and efficient management of funding sources to facilitate student enrollment, learning and success.
- Preserve only essential non-instructional assignments among contract faculty.
- Ensure contract faculty loads meet the minimum standard of 15 equated hours.
- Maintain adjuncts loads at no more than 10 equated hours.
- Verify accuracy of budget figures & expense data.



### **Financial Reports & Documentation**

Financial data and related analysis are used to support the budget requests process. To establish a comprehensive understanding of college financials sufficient to prioritize budget requests, the Deans, Vice President and College President are provided the following reports.

- Financial reports from PROMT Commitment Control identifying the current YTD Spending and Available Balances
- Financial reports for Funds 01 to Fund 63
- List of budget requests and current spending levels and gaps
- President's communications identifying college priorities and objectives
- Projection of future year carry-forward
- Other information as requested and applicable

### **College Budget Process**

The college's discretionary spending and staffing budgets are prepared annually using the following procedures and workflow between the Peralta District Office and College department units:

1. The annual budget cycle is opened in the month of January of each fiscal year. The process begins when the district budget development calendar and budget assumptions are distributed by the Vice Chancellor of Finance and to the Chancellor's cabinet, District Planning and Budget Council and Directors of Business and Administrative Services.
2. In March/April each year, discretionary base budgets and the list of permanent faculty, classified and adjunct staff positions are distributed by the Vice Chancellor of Finance to the Chancellor's cabinet and Directors of Business and Administrative Services.
3. Any increases in staff position counts compared to the prior fiscal year are assigned and authorized by the Peralta District Office. The PCCD allocations are a function of the Annual Program Review process. This process starts with the College Department Chair and Dean then escalates to the President and ultimately the Peralta District which creates a Districtwide prioritization for staffing across the colleges. Once funding is secured, the District will augment a specific college with new positions based on Districtwide prioritizations.
4. The Director of Business and Administrative Services distributes an enhanced budget development calendar to incorporate college specific dates. This enhanced calendar is distributed to the College President, Vice President, Deans, Department Chairs, Laney-FAS and Shared Governance Committees including the Budget Advisory Council, Administrative Leadership Council and College Council.
5. The Director of Business and Administrative Services distributes discretionary budget templates and staffing position lists. This information is distributed to budget managers in



order for them to prepare their tentative budget requests by established deadlines and which are informed by districtwide resource prioritization.

6. New budget managers (College President, Vice Presidents, Director of Business and Administrative Services) with budget management responsibilities are provided budget training.
7. All budget managers must complete tentative budget requests must be loaded and submitted in budget templates. The budget templates include base discretionary budgets, position staffing lists and any new budget requests exceeding base budgets if needed. Position staffing lists are initially created based on the same base count of positions assigned to a budget manager's cost center. Budget templates are submitted to the Director of Business and Administrative Services.
8. Director of Business and Administrative Services consolidates and analyzes tentative budget request in accordance with budget assumptions and provides summarized reports and/or selected detailed for the next fiscal year.
9. **FUTURE IMPROVEMENTS TO CURRENT BUDGET PROCESS:**
  - Three submissions of discretionary budgets and staffing lists (i.e. "best", "medium" and "worst" case budgets) to include budget requests or potential budget reductions in the case where funding is expected to sunset or decline.
  - Three year projection of discretionary budgets and staffing lists in consistent with the college's commitment to Total Cost of Ownership (TCO) principles.
10. After review and input by shared governance committees, in April each year the College President submits the "approved" tentative discretionary budget to Vice Chancellor of Finance who consolidates the discretionary budgets along with salary and benefits for the requested positions.
11. The Vice Chancellor of Finance submits the tentative budget to the Chancellor and Board of Trustees for tentative approval awaiting final approval in September after the State budget is approved by the Governor.
12. Future-year funding includes operational discretionary Fund I, 3, 7, 10, 11, 12, 63, 71 and 82. Tentative college budgets may be adjusted up or down depending on the final budget from the state and Budget Allocation Model (BAM) managed by the Peralta District Finance.



### Facilities Requests

1. Facilities projects are limited to projects which manage the functional and operational needs related to the college physical environment and college improvement/maintenance projects not funded by Measure B Bond funds.
2. If available, Facilities Project Request are funded through state provided Instructional Equipment and Deferred Maintenance funds or Measure A funds. *FUTURE FUNDING SOURCE* – Dependent on Chancellor approval of PBC approved resolution to fund deferred maintenance from annual budget line item which is 2%of unrestricted general fund budget.
3. Facility request is processed based on the attached Facilities Request Procedure with oversight by the College Facilities Committee.

### **DEFINITIONS AND ABBREVIATIONS**

Base Budget – Original distributed budget allocated to the college based on prior year’s budget level and flat percentage increase for utility expense only.

Budget Restoration – Permanent funding level change to restore essential base budget funding that had previously been removed due to fiscal reductions.

One-time Budget Augmentation – Short term funding allocated to an account for one year only.

Fund 1– The intended use of this fund is for general operating needs associated with instruction, academic support, administration, student services, maintenance and operations, and general institutional needs of the college. This fund is also known as the Unrestricted General Fund Budget. This fund is derived from a property tax levy, state aid, and the tuition portion of the tuition and fee assessed per credit hour.

Fund 3- The intended use of this fund is fee based course offerings. It includes revenue and expenses which supports variety of student services and activities which includes associated students, athletics, and college activities. Included in this fund are all non-credit activities which are financially self-sufficient or revenue generating.

Fund 7– The intended use of this fund is to account for bookstore commission fees. It includes



fee revenue and expenses that support student services, graduation events and athletics. The revenue source for this fund is 50% of bookstore commission fee revenue. Formerly, Associated Students Laney College’s (ASLC) organization expenditures were reflected in this account. In compliance with District mandated budget rules effective, December 2014, ASLC expenditures and 50% of bookstore commissions were transferred to Fund 71.

Fund 10 – The intended use of this fund is for college designated purposes. It includes revenues and expenses that support auxiliary services (i.e. food service, copy center, facility rental etc.) which benefit various college constituent groups.

Fund 11– The intended use of this fund is for college general restricted funds. It includes revenue and expenses for categorical and non-categorical grant fund programs and projects.

Fund 12– This intended use of this fund is for Parcel Tax Measure A funding. It includes revenues and expenses funded by District tax payers to secure funds that cannot be taken by the state, and support affordable college education including: providing core academic programs including math, science and English; training students for successful careers; and educating students to transfer to university; shall Peralta Community College District levy \$48 per parcel annually for 8 years with Citizens’ Oversight, no funds for administrators’ salaries, and all funds spent in our college district.

Fund 30- This intended use of this fund is for Contract Education. It includes revenue and expense fund to support outsourced classes to third party customers.

Fund 63- The intended use of this fund is for Bond Measure A. It includes revenues and expenses to support proceeds from the sale of bonds authorized only for the construction, reconstruction and/or rehabilitation of college facilities including the furnishing and equipping of college facilities or acquisition or lease of real property for college facilities and not for any other purpose, including teacher and administrator salaries and other college operating expenses.

Fund 71- The intended use of this fund is for Associated Student Organizations. It includes revenues and expenses to support the activities of Associated Students of Laney College. The source of revenue is 50% of bookstore commission fee revenue earned by the college.

Fund 82- The intended use of this fund is for Student Center Activity Fees. It includes revenues and expenses to support capital improvements, renovations and repairs, custodial services, accounting services, events held in the Student Center and other operating expenses in support of maintaining the Student Center in operational condition.

**RESOURCES**

- Facility Request Procedures
- Classified Staff Prioritization



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**SOP Number: BP 6.02**  
**Previous SOP:**  
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Faculty Prioritization Process

AP 6200 Budget Management

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