

Lassen Community College

**Institutional Planning
and
Budget Development Process Handbook**



2012-2013

Readopted by the Lassen Community College Academic Senate – September 13, 2011
Accepted by Consultation Council/Strategic Planning Committee – September 16, 2011

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Lassen Community College

PLANNING AND BUDGET DEVELOPMENT PROCESS

Title 5 of the California Code of Regulations requires that the “[Community College] District financial planning will include both short-term and long-term goals and objectives, and broad-based-input, and will be coordinated with the districts educational planning” (Appendix A: Title 5 Section 58311). Lassen Community College’s planning and budget development process operates within this context.

The Comprehensive Institutional Master Plan is a five-year plan that is updated and sent to the Governing Board for acceptance annually. The institutional planning document and budget will reflect the college mission statement and strategic goals as established by the Governing Board and presented in Section II – Institutional Section (Appendix B: Mission Statement and Strategic Goals).

The institutional planning and budget development process begins with the instructional program review (IPR) and non-instructional program review (NIPR). The instructional and non-instructional program reviews provide the unit level planning documents for Lassen Community College. The program goals and objectives as well as recommendations and budget requests developed during the review process integrate into the various planning sections of the Comprehensive Institutional Master Plan (Section III - Educational Master Plan, Section IV – Student Services Plan, Section V - Institutional Technology Plan and Facilities Master Plan, Section VI - Human Resource Plan and Professional Development Plan).

The schedule of program reviews is provided in the Instructional and Non-instructional Program Review Handbooks. Vocational instructional programs are reviewed every two years and academic instructional and non-instructional programs are reviewed every four years. Area administrators will remind program managers when their program review is due.

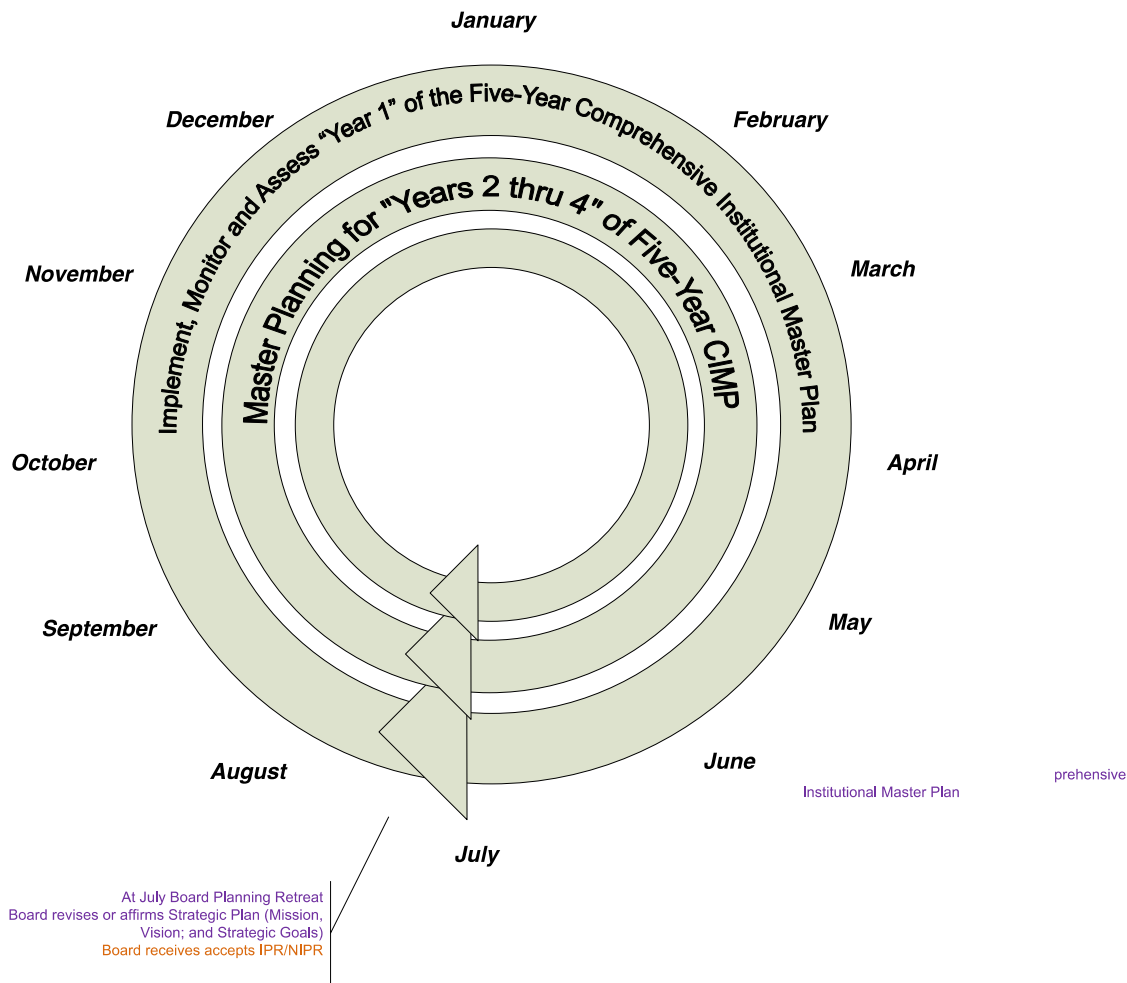
The President’s Office will monitor the program review process. The Governing Board will accept each IPR and NIPR. Upon Board approval, copies of each program’s Budget Enhancement Request Forms will be provided to the Academic Planning, Facilities Planning and Institutional Technology Planning Committees.

- The Office of the President is responsible for housing all the current institutional planning documents and for assuring completion of program reviews as scheduled.
- Copies of institutional planning documents and program reviews are placed in the college library.

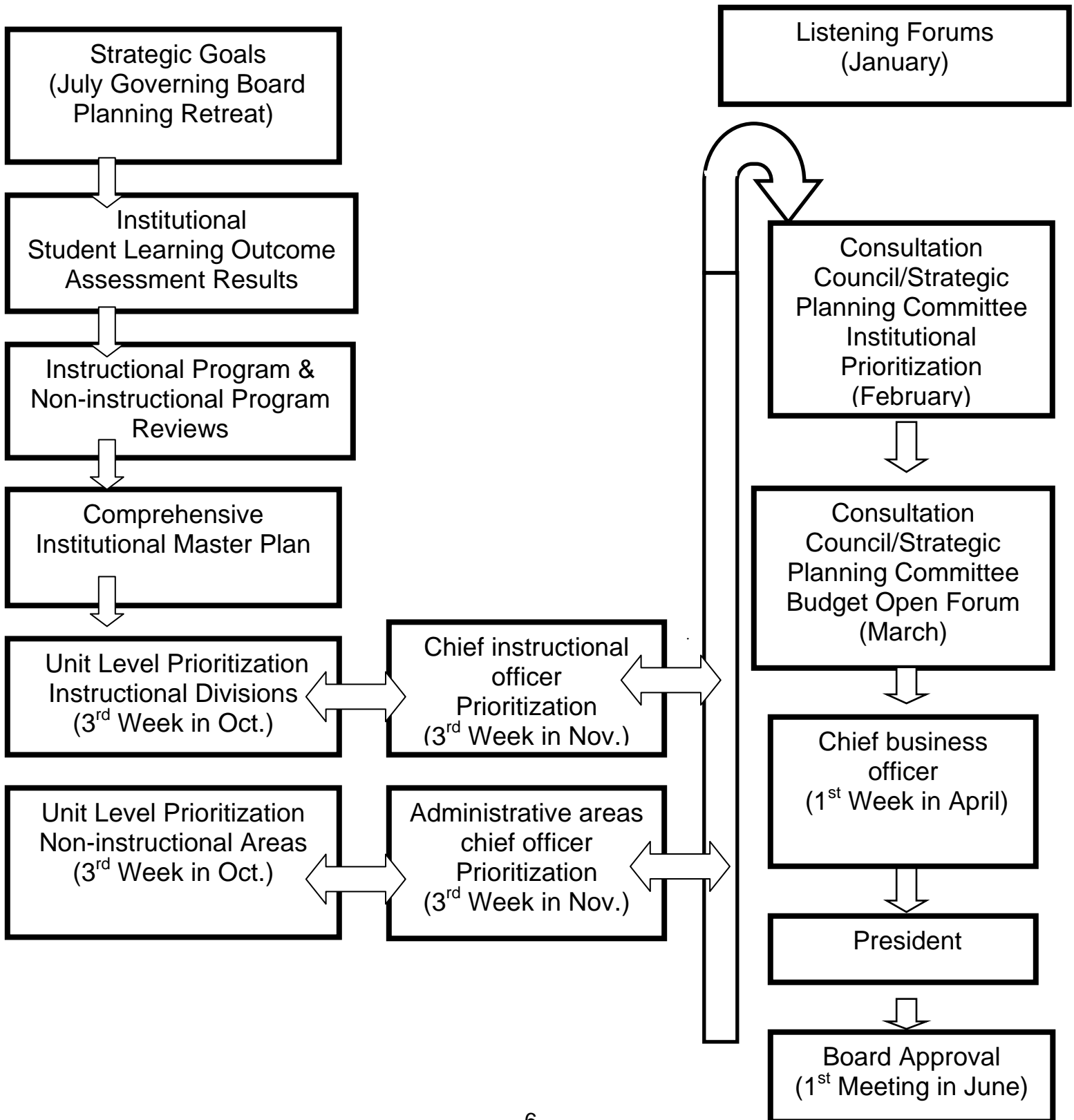
Regarding the development of the budget, the Comprehensive Institutional Master Plan will be used as the foundation and frame upon, and within which, the Budget is built. All budgets (requests for funding) shall be developed through the budget development process. The same budget request forms and resource allocation process will be utilized for all funding sources.

Budget principles are stated in each District Budget document, as presented in Appendix C. The following guidelines additionally apply to the development of the Budget:

- a. One-time revenues will be allocated to one-time expenditures; on-going expenditures shall be covered from on-going revenues.
- b. Year-end balances are not budgeted for ongoing expenses.
- c. Funds are budgeted where they are expected to be spent so as to minimize transfers and protect budget integrity.
- d. Contractual obligations and fixed costs are budgeted first.
- e. New positions must be fully funded: salaries, benefits, and support expenses.



PLANNING & BUDGET INPUT PROCESS FLOW CHART



Lassen Community College

PLANNING/BUDGET DEVELOPMENT CALENDAR

1. JULY

- Governing Board Planning Retreat
 - Presentation of Compiled and Analyzed of Data
 - Presentation of Evaluation of Previous Years Strategic Educational Initiatives
 - Presentation of progress on Key Performance Indicators

2. AUGUST

- Update of *Annual Fact Book* published
- Consultation/Council/Strategic Planning Committee develops annual budget prioritization criteria
- Governing Board Adoption of Strategic Plan

3. SEPTEMBER

Early

- Distribution of Institutional Planning and Budget Development Process Handbook, Budget Enhancement/Reduction Request Forms and Current Year Fiscal Updates/Budget Assumptions
- Governing Board approval of final budget
- Program Review Recommendations compiled for planning purposes
- Academic Planning Committee works on development of Educational Master Plan

Late

- Budget Enhancement/Reduction Request Forms, with justifications from approved program reviews, comprehensive institutional master plan and primary budget prioritization criteria, will be gathered by unit level members for prioritization. The same budget request forms and resource allocation process will be utilized for all funding sources i.e. VATEA, Instructional Equipment and Library Materials Block Grant, General Fund.

4. OCTOBER – MID-NOVEMBER

- Consultation Council/Strategic Planning Committee adoption of Educational Master Plan
- Status Update on Institutional Budget Priorities for current year (determined the previous spring)
- Status Update on Progress on Annual Planning Agenda

- Unit level members (program areas) will meet to prioritize budget requests for unit (program area) based on the adopted budget prioritization criteria.
- Prioritized list of budget requests for each area will be forwarded to area dean and returned to unit members for their records.
- **Facilities Planning, Human Resource Planning, Institutional Technology Planning and Student Services Planning Committees work on development of Master Plans based on Educational Master Plan**

5. MID- NOVEMBER - DECEMBER

- Area administrators will prioritize area budget requests based on the adopted budget prioritization criteria in consultation with unit level managers.
- Prioritized list will be forwarded by the area dean to the Consultation Council/Strategic Planning Committee and returned to unit members for their review and records.
- **Consultation Council adoption of Facilities, Institutional Technology, Human Resource and Student Services Master Plans**

6. JANUARY

- The Dean of Administrative Services monitors current year operations and evaluates the status of the following academic year's budget by comparing the projected revenues against the projected expenditures. The Dean of Administrative Services will advise the President's Cabinet of any projected budget shortfalls potentially impacting staffing levels.
- The President's Cabinet will forward recommendations based on the projections to the Consultation Council/Strategic Planning Committee prior to any consideration of institutional prioritization of budgetary requests.
- Consultation Council will conduct Listening Forums for campus input
- Status Update on Institutional Budget Priorities for current year (determined the previous spring)

7. FEBRUARY

- Discussions by Consultation Council/Strategic Planning Committee on the recommendations received from the President's Cabinet will occur prior to the third week in February.
- Consultation Council/Strategic Planning Committee will evaluate all budget requests prioritized by unit level managers and area deans. Institutional priorities will be assigned to each budget request.
- The prioritized list will be distributed to the campus community at the end of February.

8. MARCH

- Consultation Council/Strategic Planning Committee will hold open forum style budget meetings.
- Funding categories will be assigned to the prioritized list by the Dean of Administrative Services.
- The recommended prioritized list will be forwarded to President for his consideration and returned to unit members for their review and records.
- **Environmental Scan Data Compiled**

9. APRIL

- **Adoption of the Comprehensive Institutional Master Plan by Consultation Council/Strategic Planning Committee**
- The Dean of Administrative Services will draft the tentative budget for institutional review to include 50% Law Analysis and GANN Appropriations Unit.

10. MAY

- **Acceptance of instructional program reviews by Academic Senate and non-instructional program reviews by President's Cabinet**
- **Annual Report on NIPR SLO Assessment Results (Office of Institutional Research)**
- The president will finalize the ranked list into the Institutional Budget Priority List for the Comprehensive Institutional Master Plan, presentation to the campus and Governing Board.
- Cut-off date for processing of purchase requisition.

11. JUNE

- **Acceptance of executive summaries of instructional and non-instructional program reviews by Consultation Council/Strategic Planning Committee forward to Governing Board**
- The President will submit the tentative budget to the Lassen Community College District Governing Board for approval.

Planning

Budget Development

Budget Enhancement/Reduction Request Form

Fiscal Year 2012 – 2013

Operational
 Equipment
 Facilities
 Staffing

Program or Subject Area: _____
 TOP Code: _____

Submitted by: _____
 Date Submitted: _____

- Enter items that have been included in an approved, current or revised program review.
- Enter the appropriate area, relevant strategic goal and top primary budget prioritization criteria
- Enter items in descending order of Program or Department priority
- Unit Level Priority will be determined by a program or department meeting to evaluate individual requests
- Area Level Priority will be determined by the area administrator
- College Level Priority will be determined by the Consultation Council/Strategic Planning Committee

Strategic Goal	Area	Object Code	Budget Criterion *	Identify Budgetary Needs/Reductions and provide Justification/Impact- Program Review and Institutional Planning Document Locator (e.g. Section, Page Number)	Total Cost	Expected Outcome	Unit Level Priority Number	Area Level Priority Number	College Level Priority Number	Funding Status

Area: F – fiscal and administrative services; I – instructional services; P – president; S – student services; R-research, planning and information services; H-human and support services

* Select up to main Budget Prioritization Criteria, which justify the request

PRINCIPLES FOR SOUND FISCAL MANAGEMENT

Title 5. Education

Division 6. California Community Colleges

Chapter 9. Fiscal Support

Subchapter 4. Budgets And Reports

Section 58311

In any organization certain principles, when present and followed, promote an environment for growth, productivity, self-actualization, and progress. The following principles shall serve as the foundation for sound fiscal management in community college districts:

1. Each district shall be responsible for the ongoing fiscal stability of the district through the responsible stewardship of available resources.
2. Each district will adequately safeguard and manage district assets to ensure the ongoing effective operations of the district. Management will maintain adequate cash reserves, implement and maintain effective internal controls, determine sources of revenues prior to making short-term and long-term commitments, and establish a plan for the repair and replacement of equipment and facilities.
3. District personnel practices will be consistent with legal requirements, make the most effective use of available human resources, and ensure that staffing costs do not exceed estimates of available financial resources.
4. Each district will adopt policies to ensure that all auxiliary activities that have a fiscal impact on the district comport with the educational objectives of the institution and comply with sound accounting and budgeting principles, public disclosures, and annual independent audit requirements.
5. Each district's organizational structure will incorporate a clear delineation of fiscal responsibilities and establish staff accountability.
6. Appropriate district administrators will keep the governing board current on the fiscal condition of the district as an integral part of the policy- and decision-making processes.

7. Each district will effectively develop and communicate fiscal policies, objectives, procedures, and constraints to the governing board, staff, and students.
8. Each district will have an adequate management information system that provides timely, accurate, and reliable fiscal information to appropriate staff for planning, decision-making, and budgetary control.
9. Each district will adhere to appropriate fiscal policies and procedures and have adequate controls to ensure that established fiscal objectives are met.
10. District management will have a process to evaluate significant changes in the fiscal environment and make necessary, timely, financial and educational adjustments.
11. District financial planning will include both short-term and long-term goals and objectives, and broad-based-input, and will be coordinated with the district educational planning.
12. Each district's capital outlay budget will be consistent with its five-year plan and reflect regional planning and needs assessments. To the extent that the foregoing principles repeat or paraphrase mandates already in existence, these underlying mandates shall continue to be legally binding. Otherwise these principles, by themselves, shall be applied to the extent that existing state and district funding is available.

Appendix B

LASSEN COMMUNITY COLLEGE MISSION STATEMENT: (Board Policy 1200 – revised September 13, 2011)

Lassen Community College provides outstanding programs for all pursuing higher education goals. The core programs offer a wide range of educational opportunities including transfer degrees and certificate, economic and workforce development, and basic skills instruction. The college serves students, both on campus and in outreach areas in its effort to build intellectual growth, human perspective and economic potential.

LASSEN COMMUNITY COLLEGE INSTITUTIONAL STRATEGIC GOALS: (reaffirmed September 13, 2011)

Strategic Goal # 1 (*Student Success*): Enable students' attainment of educational goals, including degrees and certificates, transfer, job placement and advancement, basic skills, and lifelong learning.

Strategic Goal #2 (*Responsive Curricula*): Develop and implement curricula that is responsive to changing student learning needs, to changing economic and workforce development needs, and to community cultural, social and civic interests.

Strategic Goal #3 (*Student Access*): Provide a college environment that reaches-out-to and supports students, minimizes barriers, increases opportunity, and increases success through access and retention.

Strategic Goal #4 (*Resource Development*): Develop and manage human, physical, technological and financial resources to promote growth and to effectively support the learning environment.

Strategic Goal #5 (*Organizational Effectiveness*) – Enhance organizational function in leadership, interaction, planning, and accountability to ensure responsive stewardship of public trust and resources.

Strategic Goal #6 (*Community Leadership*): Provide an environment that supports, partners and leads in the development and implementation of community initiatives.

LASSEN COMMUNITY COLLEGE
BUDGET PRINCIPLES, PRIORITIES, AND Key Points
2012-2013

BUDGETING PRINCIPLES:

- Transparency
- Broad participation
- Balanced
- Conservative
- Complete/comprehensive (including long term obligations)

BUDGET GUIDELINES AND PRIORITIES:

- Align with College's Strategic Plan (Vision/Mission/Values/Strategic Goals)
- Achieve Strategic Goals – ensuring student success, expanding services and access (growth).
- Transfer resources from indirect (internal) services to prioritize services that directly support student success and program growth.
- Mitigate future risk and avoid future cost increases by finding external (outsourced) solutions for high-risk administrative services.
- Align categorical/restricted programs with Strategic Goals; to the degree possible, use those funds to support on-going District expenditures even if on a one-time basis. Make maximum use of pro-offered “flexibility with Categorical funds.”
- Recommended level of reserves equal to a minimum of two (2) months of payroll (approximately \$1.6 million); preferred level equal to two (2) months of operations (approximately \$2 million).
- To accommodate cash flow shortfalls, implement a disciplined spending plan tied to cash-flow projections with centralized spending control.
- Use inter-fund borrowing in preference to external borrowing, due to added costs and potential conflicts between scheduling of repayment and deferred apportionment.

2012-2013 BUDGET PRIORITIZATION CRITERIA (adopted by the Consultation Council/Strategic Planning Committee – September 16, 2011):

1. Health and Safety
2. Implementation of Strategic Goals
 - a. Mandates
 - b. Enhances Student Learning
 - c. Potential for Long-Term Sustainable FTEs
 - d. Program Maintenance
 - e. Recommendations from IPR/NIPRs
 - h. Support Multiple Programs
3. High Benefit/Cost Ratio
4. Capture Program Growth

Glossary of Terms

Abatement: The return of part or all of an item of income or expenditure to its source.

Accounting System: (1) The special field concerned with the design and implementation of procedures for the accumulation and reporting of financial data. (2) The total structure of records and procedures, which discover, record, classify, and report information on the financial operations of an agency through its funds, balanced account groups, and organizational components.

Annual Appropriation Limit (Gann Limit)

Apportionment: Allocation of state or federal aid, district taxes, or other moneys to community college districts or other governmental units.

Appropriation for contingencies: (formerly termed Undistributed Reserve) That portion of current fiscal year's budget not appropriated for any specific purpose and held subject to intrabudget transfer, i.e., transfer to other specific appropriations as needed during the fiscal year. (becomes the "ending balance" at June 30, and the "beginning balance" at July 1.

Budget: A plan of financial operation for a given period for specified purposes consisting of an estimate of income and expenditures.

Budget document: The instrument used by the budget-making authority to present a comprehensive financial program (for California Community Colleges, this Form CCFS-311). Included is a balanced statement of revenues and expenditures (both actual and budgeted), as well as other exhibits.

Capital Outlay: The acquisition of fixed assets or additions to fixed asset, including land or existing buildings, improvements of grounds, construction of buildings, additions to buildings, remodeling of buildings, or equipment.

Charts of Accounts: A systematic list of accounts applicable to a specific entity.

Community Services: Educational, cultural, and recreational services, which an educational institution may provide for its community in addition to regularly scheduled classes. Community college districts receive no direct State apportionment for community services.

Contract Services: Services rendered by personnel who are not on the payroll of the college system, including all related expenses covered by the contract.

Current Expenses of Education (CEE): EC 84362, CRR 59200 et seq. The current General Fund operating expenditures of a community college district excluding expenditures for food services, community services, object classifications 6000 (except Equipment Replacement) and 7000, and other costs specified in laws and regulations.

Current Liabilities: Amount due and payable for goods and services received prior to the end of the fiscal year. Current liabilities are paid within a relatively short period of time, usually within a year.

Deferred Income: Revenue received prior to being earned such as bonds sold at a premium, advances received on federal or State program grants, or registration fees received for a subsequent period.

Deficit: Excess of liabilities over assets.

Direct Expenses or Costs: Expenses that can be separately identified and charged as a party of the cost of an activity, department, services, or a product.

Employee Benefits: Amounts paid by an employer on behalf of employees. These amounts are not included in the gross salary, but are over and above. While not paid directly to employees, they are nevertheless part of the cost of salaries and benefits. Examples are (1) group health or life insurance payments; (2) contribution to employee retirement; (3) district share of O.A.S.D.I. (Social Security) taxes; (4) worker's compensation payments.

Encumbrances: Obligations in the form of purchase orders, contracts, salaries, and other commitments for which part of an appropriation is reserved.

Entitlement: An amount of money to which an entity has a right as determined by the granting or awarding party.

Expenses of Education: This includes all General Fund expenditures, restricted and unrestricted, for all objects of expenditure 1000 through 5000 and all expenditures of activity from 0100 to 6700.

Expenses: Expenditures made or liabilities incurred for goods and services used in the current year.

Fiscal Year: For governmental entities in the State of California, the period beginning July 1 and ending June 30. Otherwise, it is usually a period of one year which can by agreement begin at any time and end one year later.

Fixed Assets: Assets of permanent character having continuing value such as land, buildings, machinery, furniture, and equipment.

Fixed Costs: Those costs, that remain relatively constant regardless of enrollment or volume of business. Examples include interest, insurance, and contributions to retirement systems.

Full-time Equivalent (FTE) Employees: Ratio of the hours worked based upon the standard work hours of one full-time employee. For example, classified employees may have a standard work-load of 40 hours per week, if several classified employees worked 380 hours in one week, the FTE conversion would be $380/40$ or 9.5 FTE.

Full-time Equivalent Students (FTES): An FTES represents 525 class (contact) hours of student instruction/activity in credit and noncredit courses. Full-time equivalent student (FTES) is one of the workload measures used in computation of state support for California Community Colleges (see form CCF-320, "Apportionment Attendance Report").

Fund: An independent fiscal and accounting entity with a self-balancing set of accounts for recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein.

Fund Balance: The fund equity of governmental funds and Trust Funds; the difference between assets and liabilities within a fund.

General Fund: The fund used to account for the ordinary operations of the district. It is available for any legally authorized purpose not specified for payment by other funds.

Indirect Cost: Elements of cost necessary in the operation of the Local Educational Agency (LEA) or in the performance of a service that are of such nature that the amount applicable to each accounting unit cannot be determined readily and accurately or for which the cost of such a determination exceeds the benefit of the determination.

Instructional Aide: A person employed to assist classroom instructors and other certificated personnel in the performance of their duties; in the supervision of students; and in instructional tasks which, in the judgment of the certificated personnel to whom the instructional aide is assigned, may be performed by a person not licensed as a classroom instructor (EC 88243)

Liabilities: Debt or other legal obligations (exclusive of encumbrances) arising out of transactions in the past, which must be liquidated, renewed, or refunded at some future date.

Long-term Debt: A loan that extends for more than one year from the beginning of the fiscal year.

Prepaid Expenses: Goods or services for which payment has been made, but for which benefits have not been realized as of a certain date; e.g., prepaid rent, prepaid interest, and premiums or unexpired insurance. Benefits and corresponding charges to expenses will be borne in future accounting periods.

Program Accounting: A system of accounting in which records are maintained to accumulate income and expenditure data by program rather than by organization or by fund.

Restricted Accounts: Cash and/or other assets, which are limited as to use or disposition by their source. Their identity is therefore maintained and their expenditure or use is also recorded separately.

Sales and Use Tax: A tax imposed upon the sale of goods and services. The use tax is paid in lieu of sales tax on goods purchased outside the state, but intended for use in the state.

Self-Insurance Fund: An Internal Service Fund designed to account for income and expenditures of self-insurance programs.