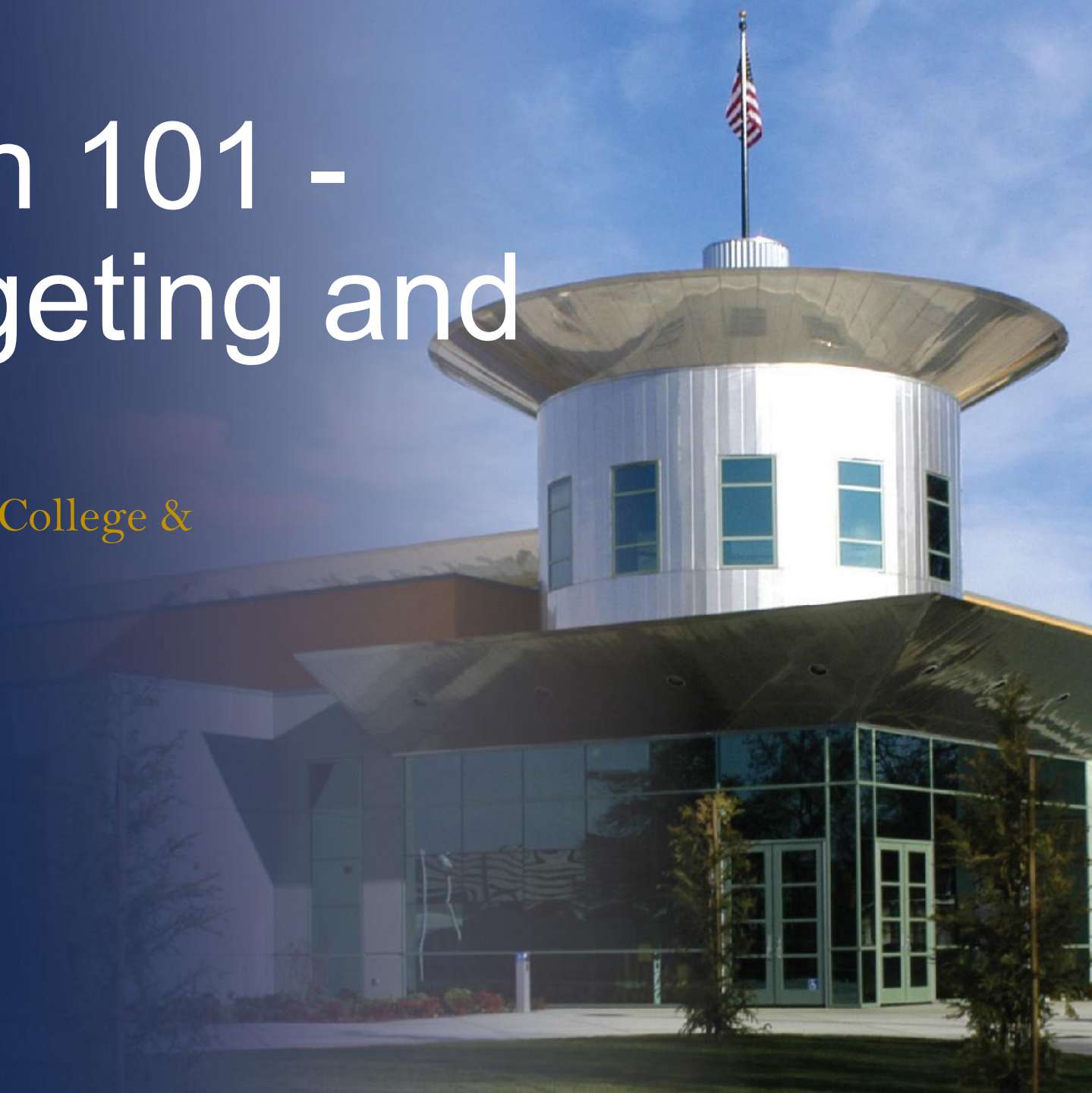


ACCCA Admin 101 - Guide to Budgeting and Finance

*Dr. Sarah Schrader, Vice President of College &
Administrative Services*

Modesto Junior College



Agenda

- Community College Funding
- Funding Sources
- Account Code Structure
- Budget Development
- Budget Monitoring
- Compliance
- Reporting Requirements

Community College Funding

- The 2018-19 State Budget Act included the passage of the Student Centered Funding Formula (SCFF)
 - The purpose of the formula is to:
 - Encourage access for underrepresented students and recognize the cost of additional support needed for low-income students
 - Reward colleges for moving the metrics in student success
 - Improve overall predictability of community college funding
- The [Student Centered Funding Formula Dashboard](#) can be found on the CCCCCO website.
 - Dashboard 1 shows the prior funding formula (SB361) compared to the SCFF
 - Dashboard 2 shows the analysis of counts and patterns across the SCFF
 - Dashboard 3 allows Districts to conduct multi-year progressions based on components of the SCFF

Community College Funding

- The funding formula for 2023-2024 is broken down into three categories:
 - Basic Allocation & Full Time Equivalent Students (FTES) (70%)
 - Basic allocation is dependent on District type and size, as well as centers
 - FTES calculation is based upon a three year rolling average of full-time equivalent students reported for prior prior year, prior year, and current year
 - Types of FTES: Credit, non-credit, special admit, incarcerated, and career development and college preparation (CDCP)
 - Supplemental Allocation (Student Need) (20%)
 - Number of students participating in the Pell Grant and California College Promise Programs and the number of AB540 students
 - Student Success Allocation Metrics (10%)
 - Based on a rolling average of the number of students meeting a more broadly-defined set of success outcomes reported in the previous three years
 - Types of Success Metrics: Associate degrees, associate degrees of transfer, baccalaureate degrees, credit certificates, nine or more CTE units, transfer to four year institution, transfer level math & English, regional living wage

Community College Funding

- As written in the state's 2022 Budget Act, District hold harmless protections were extended through 2024-2025 in modified form
 - Beginning in 2025-2026, Districts will be funded at their SCFF generated amount that year or their hold harmless calculation, whichever is higher
 - If a District's higher calculation is the SCFF, they will continue to receive cost of living adjustments (COLA)
 - If a District's hold harmless calculation is higher, they will not receive COLA adjustments

Community College Funding

- Total Computational Revenue (TCR)
 - Equals the maximum of the calculated SCFF, prior year SCFF plus COLA, or Hold Harmless
 - Actual payment of the SCFF comes in 4 parts
 - Enrollment Fees (98% of reported enrollment fees; 2% stays at the District)
 - Property Taxes
 - Education Protection Account (EPA)
 - Proposition 30 – The Schools and Local Public Safety Protection Act of 2012, approved by the voters on November 6, 2012, temporarily increases the state’s sales tax rate for all taxpayers and the personal income tax rates for upper-income taxpayers.
 - Proposition 55 – Approved by the voters in November 2016 and extended the temporary increase in personal income tax for twelve years.
 - Apportionment (from State General Fund)
 - The TCR owed to the District/College not covered by the three other components of the calculation
 - May be reduced by a deficit factor
- Apportionment reported on the Exhibit C – Located on the CCCCCO website

**California Community Colleges
2022-23 Second Principal
Yosemite CCD
Exhibit C - Page 1**

Total Computational Revenue and Revenue Sources

Total Computational Revenue (TCR)

| | | | |
|--|--|-----------|--------------------|
| I. Base Allocation (FTES + Basic Allocation) | | \$ | 92,857,621 |
| II. Supplemental Allocation | | | 24,671,129 |
| III. Student Success Allocation | | | 14,488,514 |
| | Student Centered Funding Formula (SCFF) Calculated Revenue (A) | \$ | 132,017,264 |
| | 2021-22 SCFF Calculated Revenue + COLA (B) | | 119,846,198 |
| | Hold Harmless Revenue (C) | | 113,554,656 |
| | Stability Protection Adjustment | | - |
| | Hold Harmless Protection Adjustment | | - |
| | 2022-23 TCR (Max of A, B, or C) | \$ | 132,017,264 |

Revenue Sources

| | | | |
|------------------------------------|---|------------------------|------------|
| Property Tax & ERAF | | \$ | 57,277,479 |
| Less Property Tax Excess | | | - |
| Student Enrollment Fees | | | 4,998,000 |
| Education Protection Account (EPA) | Minimum of at least \$100 x Funded FTES | Funded FTES: 16,349.49 | x |
| | | Rate: \$500.23 | |
| State General Fund Allocation | | | 8,178,480 |
| | | | 47,269,842 |

State General Fund Allocation

| | | |
|---|----|---------------------|
| General Fund Allocation | \$ | 46,121,659 |
| Full-Time Faculty Hiring (FTFH) Allocation (2015-16 Funds Only) | | 1,148,183 |
| Subtotal State General Fund Allocation | | \$47,269,842 |
| Adjustment(s) | | - |
| Total State General Fund Allocation (Exhibit A) | | \$47,269,842 |

Available Revenue \$ 117,723,801

2022-23 TCR (Max of A, B, or C) 132,017,264

See memo for additional information regarding revenue deficit at 2022-23 P2. 10.8270% Revenue Deficit \$ (14,293,463)

Supporting Sections

Section Ia: FTES Data and Calculations

| variable | a | b | c | d | e | f = b + c + d + e | g = f (except credit = (a + b + f)/3) | h | i = g + h |
|----------------------------------|-----------------------|-----------------------|------------------------|--------------------|-----------------------|-----------------------|---|-------------------|-------------------|
| FTES Category | 2020-21 Applied #3 | 2021-22 Applied #3 | 2022-23 Restoration | 2022-23 Decline | 2022-23 Adjustment | 2022-23 Applied #1 | 2022-23 Applied #2 | 2022-23 Growth | 2022-23 Funded |
| Credit | 15,592.36 | 15,592.36 | - | - | - | 15,592.36 | 15,592.36 | - | 15,592.36 |
| Incarcerated Credit | 75.17 | 75.17 | - | - | - | 75.17 | 75.17 | - | 75.17 |
| Special Admit Credit | 226.94 | 226.94 | - | - | - | 226.94 | 226.94 | - | 226.94 |
| CDCP | 215.23 | 215.23 | - | - | - | 215.23 | 215.23 | - | 215.23 |
| Noncredit | 239.79 | 239.79 | - | - | - | 239.79 | 239.79 | - | 239.79 |
| Total FTES=>>> | 16,349.49 | 16,349.49 | - | - | - | 16,349.49 | 16,349.49 | - | 16,349.49 |
| Total Values=>>> | | \$79,965,039 | \$0 | \$0 | \$0 | | | | |
| Change from PY to CY=>>> | | \$0 | | | | | | | |

| variable | j = g x l 2022-23 Applied #2 Revenue | k = h x l 2022-23 Growth Revenue | l 2022-23 P2 Rate \$* | m = j + k 2022-23 Total Revenue |
|----------------------|---|--|-----------------------------|---------------------------------------|
| Credit | \$75,474,585 | \$ - | \$4,840.49 | \$75,474,585 |
| Incarcerated Credit | 510,251 | - | \$6,787.96 | 510,251 |
| Special Admit Credit | 1,540,459 | - | \$6,787.96 | 1,540,459 |
| CDCP | 1,460,972 | - | \$6,787.96 | 1,460,972 |
| Noncredit | 978,772 | - | \$4,081.79 | 978,772 |
| Total | \$79,965,039 | \$0 | | \$79,965,039 |

| n 2022-23 Applied #0 | o = f + h 2022-23 Applied #3 | p = n - o 2022-23 Unfunded FTES | q = p x l 2022-23 Unfunded FTES Value |
|----------------------------|------------------------------------|---------------------------------------|--|
| 15,592.36 | 15,592.36 | - | \$ - |
| 75.17 | 75.17 | - | - |
| 226.94 | 226.94 | - | - |
| 215.23 | 215.23 | - | - |
| 239.79 | 239.79 | - | - |
| 16,349.49 | 16,349.49 | - | \$ - |

Total Value=>>>

\$79,965,039

Section Ib: 2022-23 FTES Modifications

| variable | r Applied #0 19-20 FTES | s Reported 320 2022-23 P2 FTES | t Emergency Conditions Allowance (ECA) COVID-19 | u Other | n = s + t + u 2022-23 Applied #0 |
|----------------------|-------------------------------|--------------------------------------|---|------------|--|
| Credit | 15,592.36 | 13,536.44 | 2,055.92 | - | 15,592.36 |
| Incarcerated Credit | 75.17 | 39.92 | 35.25 | - | 75.17 |
| Special Admit Credit | 226.94 | 605.41 | (378.47) | - | 226.94 |
| CDCP | 215.23 | 264.33 | (49.10) | - | 215.23 |
| Noncredit | 239.79 | 124.01 | 115.78 | - | 239.79 |
| Total | 16,349.49 | 14,570.11 | 1,779.38 | - | 16,349.49 |

Definitions:

PY: 2021-22

CY: 2022-23

PY App#3: PY App#1 plus PY Growth, is the base for CY
CY App#0: Reported R1 FTES with COVID-19 and other ECA and statutory protections. These FTES are used in the calculations of the CY funded FTES.
CY App#1: Base for CY plus any restoration, decline or adjustment
CY App#2: FTES that will be funded not including growth
CY App#3: CY App#1 plus Growth and used as the base for the following year
CY Adjustment: Alignment of FTES to available resources.
Change Prior Year to Current Year: CY App#0 value minus PY App#3 value and is the sum of CY restoration, decline, growth and unapplied values

| Section Ic: FTES Restoration Authority | | | | |
|--|---------|---------|---------|---------------------|
| variable | v | w | y | z = (v + w + y) x l |
| FTES Category | 2019-20 | 2020-21 | 2021-22 | Total \$ |
| Credit | - | - | - | \$ - |
| Incarcerated Credit | - | - | - | - |
| Special Admit Credit | - | - | - | - |
| CDCP | - | - | - | - |
| Noncredit | - | - | - | - |
| Total | - | - | - | \$ - |

| Section Id: FTES Growth Authority | | | |
|-----------------------------------|----------|----------------------------|------------------------|
| variable | aa | ab | ac = aa x ab |
| FTES Category | % target | 2021-22 Applied #3 FTES | 2022-23 Growth FTES |
| Credit | 0.10% | 15,592.36 | 15.74 |
| Incarcerated Credit | 0.10% | 75.17 | 0.08 |
| Special Admit Credit | 0.10% | 226.94 | 0.23 |
| CDCP | 0.10% | 215.23 | 0.22 |
| Noncredit | 0.10% | 239.79 | 0.24 |
| Total | | 16,349.49 | 16.51 |

Total Growth FTES Value ==>>> \$ 80,731

Section Ie: Basic Allocation

| District Type/FTES | Funding Rate | Number of Colleges | Basic Allocation |
|---------------------------------|--------------|--------------------|---------------------|
| <u>Single College Districts</u> | | | |
| ≥ 20,000 | 9,917,373.09 | - | \$0 |
| ≥ 10,000 & < 20,000 | 7,933,898.79 | - | - |
| < 10,000 | 5,950,421.36 | - | - |
| <u>Multi-College Districts</u> | | | |
| ≥ 20,000 | 7,933,898.79 | - | - |
| ≥ 10,000 & < 20,000 | 6,942,160.85 | 1 | 6,942,161 |
| < 10,000 | 5,950,421.36 | 1 | 5,950,421 |
| Additional Rural \$ | 1,892,600.56 | - | - |
| | | Subtotal | \$12,892,582 |

| FTES | Funding Rate | Number of Centers | Basic Allocation |
|-------------------------------|----------------|-------------------|------------------|
| <u>State Approved Centers</u> | | | |
| ≥ 1,000 | \$1,983,474.31 | - | \$0 |
| <u>Grandparented Centers</u> | | | |
| ≥ 1,000 | 1,983,474.31 | - | - |
| ≥ 750 & < 1,000 | 1,487,605.34 | - | - |
| ≥ 500 & < 750 | 991,736.37 | - | - |
| ≥ 250 & < 500 | 495,868.97 | - | - |
| ≥ 100 & < 250 | 247,936.04 | - | - |
| | | Subtotal | \$0 |

Total Basic Allocation \$12,892,582
 Total FTES Allocation 79,965,039
Total Base Allocation \$92,857,621

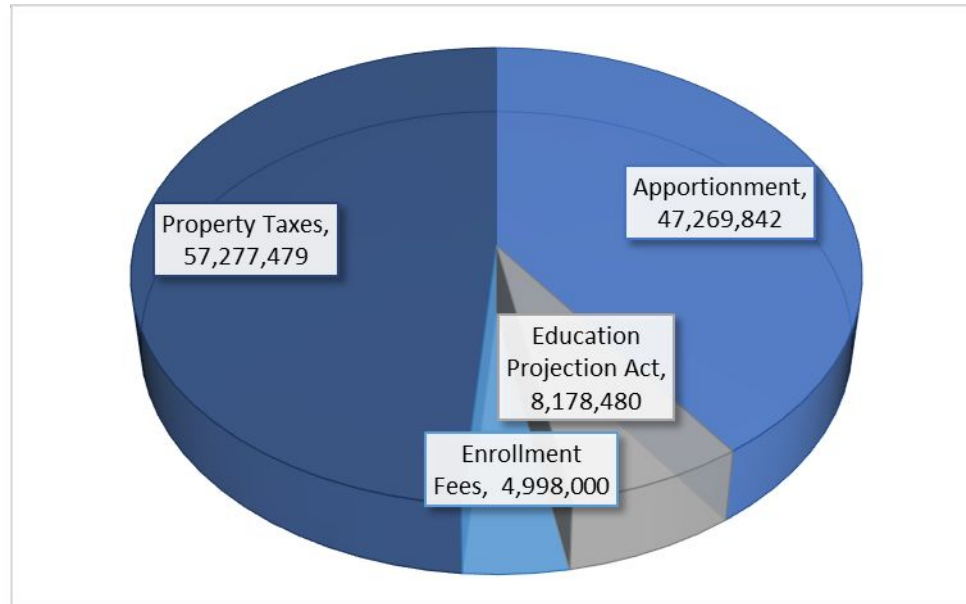
Section II: Supplemental Allocation

| Supplemental Allocation - Point Value \$1144.62 | Points | 2021-22 Headcount | Rate | Revenue |
|--|---------------|------------------------------|-------------|---------------------|
| AB540 Students | 1 | 835 | \$1,144.62 | \$955,757 |
| Pell Grant Recipients | 1 | 6,381 | 1,144.62 | 7,303,817 |
| Promise Grant Recipients | 1 | 14,338 | 1,144.62 | 16,411,555 |
| | | Totals | | \$24,671,129 |

Section III: Student Success Allocation

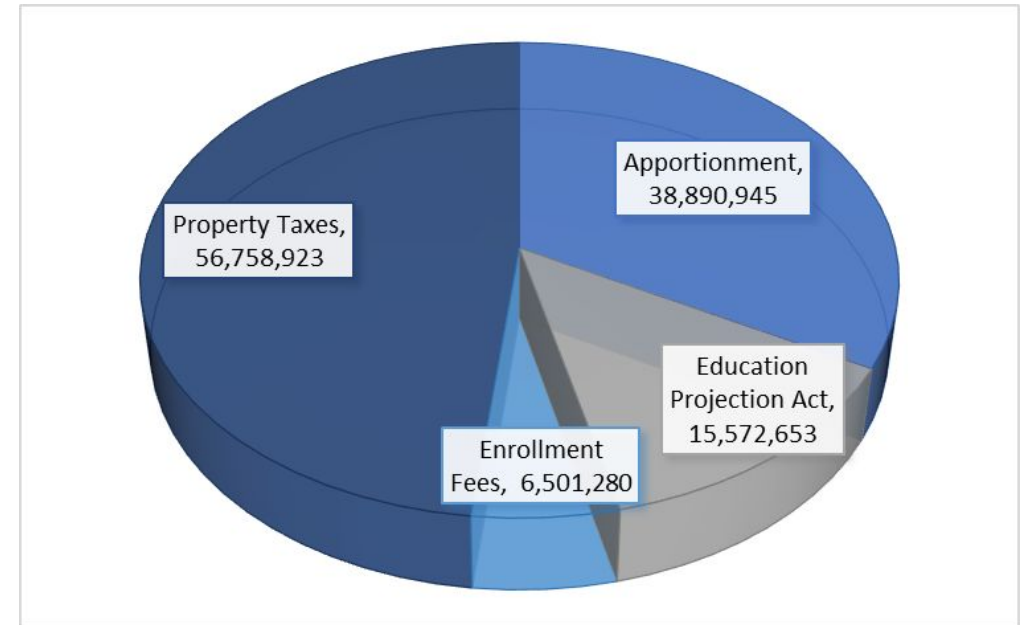
| | Points | 2019-20 Headcount | 2020-21 Headcount | 2021-22 Headcount | Three Year Average | Rate = Point Value x Points | Revenue |
|--|--------|----------------------|----------------------|----------------------|-----------------------|---|---------------------|
| All Students - Point Value \$674.94 | | | | | | | |
| Associate Degrees for Transfer | 4 | 920 | 899 | 915 | 911.33 | \$ 2,699.76 | \$2,460,378 |
| Associate Degrees | 3 | 979 | 1,019 | 1,035 | 1,011.00 | 2,024.82 | 2,047,090 |
| Baccalaureate Degrees | 3 | 8 | 9 | 6 | 7.67 | 2,024.82 | 15,524 |
| Credit Certificates | 2 | 171 | 136 | 141 | 149.33 | 1,349.88 | 201,582 |
| Transfer Level Math and English | 2 | 436 | 463 | 370 | 423.00 | 1,349.88 | 570,999 |
| Transfer to a Four Year University | 1.5 | 764 | 923 | 908 | 865.00 | 1,012.41 | 875,734 |
| Nine or More CTE Units | 1 | 2,872 | 2,550 | 2,619 | 2,680.33 | 674.94 | 1,809,062 |
| Regional Living Wage | 1 | 3,704 | 3,751 | 3,359 | 3,604.67 | 674.94 | 2,432,931 |
| All Students Subtotal | | 9,854 | 9,750 | 9,353 | 9,652.33 | | \$10,413,300 |
| Pell Grant Recipients - Point Value \$170.24 | | | | | | | |
| Associate Degrees for Transfer | 6 | 573 | 546 | 564 | 561.00 | \$ 1,021.46 | \$573,041 |
| Associate Degrees | 4.5 | 582 | 600 | 630 | 604.00 | 766.10 | 462,723 |
| Baccalaureate Degrees | 4.5 | 5 | 7 | 3 | 5.00 | 766.10 | 3,830 |
| Credit Certificates | 3 | 109 | 75 | 77 | 87.00 | 510.73 | 44,434 |
| Transfer Level Math and English | 3 | 203 | 145 | 129 | 159.00 | 510.73 | 81,206 |
| Transfer to a Four Year University | 2.25 | 404 | 482 | 454 | 446.67 | 383.05 | 171,095 |
| Nine or More CTE Units | 1.5 | 1,632 | 1,407 | 1,359 | 1,466.00 | 255.37 | 374,367 |
| Regional Living Wage | 1.5 | 1,569 | 1,442 | 1,369 | 1,460.00 | 255.37 | 372,834 |
| Pell Grant Recipients Subtotal | | 5,077 | 4,704 | 4,585 | 4,788.67 | | \$2,083,530 |
| Promise Grant Recipients - Point Value \$170.24 | | | | | | | |
| Associate Degrees for Transfer | 4 | 731 | 721 | 758 | 736.67 | \$ 680.98 | \$501,652 |
| Associate Degrees | 3 | 794 | 818 | 879 | 830.33 | 510.73 | 424,078 |
| Baccalaureate Degrees | 3 | 8 | 9 | 5 | 7.33 | 510.73 | 3,745 |
| Credit Certificates | 2 | 138 | 97 | 116 | 117.00 | 340.49 | 39,837 |
| Transfer Level Math and English | 2 | 304 | 263 | 236 | 267.67 | 340.49 | 91,137 |
| Transfer to a Four Year University | 1.5 | 536 | 672 | 632 | 613.33 | 255.37 | 156,625 |
| Nine or More CTE Units | 1 | 2,242 | 1,946 | 2,078 | 2,088.67 | 170.24 | 355,583 |
| Regional Living Wage | 1 | 2,550 | 2,458 | 2,376 | 2,461.33 | 170.24 | 419,027 |
| Promise Grant Recipients Subtotal | | 7,303 | 6,984 | 7,080 | 7,122.33 | | \$1,991,684 |
| Total Headcounts | | 22,234 | 21,438 | 21,018 | 21,563.33 | | |
| | | | | | | Total Student Success Allocation | \$14,488,514 |

TCR Pie – Exhibit C



- Total parts of the pie equal \$117,723,801
- Total TCR equals \$132,017,264 (per Exhibit C)
- Revenue deficit \$14,293,463 or 10.827% (aka deficit factor)

TCR Pie – Example



- Total parts of the pie equal \$117,723,801
- Total TCR equals \$132,017,264 (per Exhibit C)
- Revenue deficit \$14,293,463 or 10.827% (aka deficit factor)

Funding Sources

| Federal Funding Sources | State Funding Sources | Local Funding Sources |
|-----------------------------|-------------------------------------|------------------------------|
| Veterans' Education | General Apportionment | Enrollment Fees |
| VTEA | EOPS/CARE/CalWORKs/DSPS | Property Taxes |
| Carl Perkins | Deferred Maintenance | Donations |
| Pell | Student Equity and Achievement | Non-Resident Tuition |
| SEOG | Instructional Equipment (IELM) | Community Education Courses |
| National Science Foundation | Lottery (Restricted & Unrestricted) | Parking Fees |
| TRIO | Strong Workforce Program | Health Fees |
| Title III | Adult Education Consortium | Instructional Materials Fees |
| Strengthening Institutions | Center of Excellence | Field Trip Fees |
| Federal Work Study | California College Promise Program | Interest Income |

Account Code Structure -

- **Funds**
 - The Budget and Accounting Manual (BAM) provides the guidance for accounting structure and procedures for community college districts.
 - General Funds (Fund Number 1X)
 - Unrestricted General Fund
 - Accounts for resources available for the general purposes of district operations and support of its educational programs
 - Restricted General Fund
 - Accounts for resources available for the operations and support of the educational programs that are specifically restricted by laws, regulations, donors, and other outside agencies
 - Health Services
 - Accounts for student health fees received for support of health supervision and services
 - Debt Service Funds (Fund Number 2X)
 - Bond Interest and Redemption Fund
 - Used only to record transactions related to the receipt and expenditure of local revenues derived from the property tax levied for the payment of the principal and interest on outstanding bonds of the district
 - Revenue Bond Interest and Redemption Fund
 - Used to record transfers from the Revenue Bond Project Fund as may be required to pay the principal and interest for bonds
 - Other Debt Service Fund
 - Used for the accumulation of resources for, and payment of, other types of general long-term debt

Account Code Structure - Funds

- Special Revenue Funds (Fund Number 3X)
 - Used to account for the proceeds of specific revenue sources whose expenditures are legally restricted
 - Encompass support services not directly related to the educational program of the college
 - If recovery of the cost of providing the services **is not** the objective, the activities are recorded in Special Revenue Funds
 - Potential Special Revenue Funds: Bookstore, Food Services, Child Development, Farm Operations, Other Special Revenue Funds
- Capital Projects Funds (Fund Number 4X)
 - Capital Outlay Projects Fund
 - Used to account for the accumulation and expenditure of monies for the acquisition of construction of significant capital outlay items, and scheduled maintenance and special repairs projects
 - Revenue Bond Construction Fund
 - Used to account for the deposit of bond proceeds and expenditures of authorized projects

Account Code Structure - Funds

- Enterprise Funds (Fund Number 5X)
 - Used to account for an operation when it is the intent of the governing board to **operate as a business** and to account for its total operating costs. Such costs are financed or recovered primarily through user charges
 - Potential Special Revenue Funds: Bookstore, Food Services, Child Development, Farm Operations, Other Enterprise Funds
- Internal Service Funds (Fund Number 6X)
 - Used to account for financing of goods or services provided by one department or organizational unit to other units on a cost-reimbursement basis
 - Examples of Internal Services Funds: Self-Insurance Program, Duplicating & Printing Services, Central Stores, Transportation

Account Code Structure - Funds

- Trust Funds (Fund Number 7X)
 - Used to account for assets held on behalf of another party in which the District has **some** discretionary authority for decision making or responsibility for approving expenditures
 - Trust funds are appropriate when one or more of the following are present:
 - an agreement granting the District discretionary authority
 - there are contractual or regulatory conditions that restrict the use of funds
 - there is a compelling reason to measure operations and report the results in the District's financial statements
 - Examples of Trust Funds: Associated Students Trust, Student Representation Fee, Student Body Center Fee, Student Financial Aid, Scholarship and Loan, and Other Trust Funds
- Agency Funds (Fund Number 8X)
 - Purely custodial in nature and the agreement allows the District or college **little or no** discretion
 - Agency funds are appropriate when all of the following conditions are met:
 - an agreement granting the District little or no discretionary authority
 - there are no contractual or regulatory conditions restricting the use of funds or requiring the district to exercise a management role
 - there is **no** compelling reason to measure operations and report the results in the District's financial statements
 - Examples of Agency Funds: Student Clubs, Scholarship and Loan, Foundation, Joint Powers Agreement, Other Agency Funds

Account Code Structure

- The account code structure varies between districts but contains the same major components, as identified below:
 - Fund
 - Subfund
 - YCCD uses this to identify specific funding sources, projects, county activity, etc.
 - Responsibility Code
 - YCCD uses this to identify the location and department
 - The first digit represents the location and the remaining digits identify the department
 - Activity
 - This is mandated information and is used to identify the discipline
 - Also referred to as TOPS (Taxonomy of Programs) Codes
 - Object Code
 - Indicates the type of account (asset, liability, equity, revenue, expenditure) and its purpose
- At YCCD, there is a 21 digit account code. The account code structure is as follows:
 - Fund – Subfund – Responsibility Code – Activity Code – Object Code

Account Code Structure –

| Revenue Object Codes | |
|---|-------------|
| Federal Revenues | 81XX |
| State Revenues | 86XX |
| Local Revenues | 88XX |
| Property Taxes | 881X |
| Student Fees and Charges | 8870 – 8885 |
| Other Financing Sources | 89XX |
| Expenditure Object Codes | |
| Academic Salaries | 1XXX |
| Classified & Other Nonacademic Salaries | 2XXX |
| Employee Benefits | 3XXX |
| Supplies and Materials | 4XXX |
| Other Operating Expenses & Services | 5XXX |
| Capital Outlay | 6XXX |

Account Code Structure – Exercise

- Build an account number for the following situation:
 - MJC will be purchasing a new computer for Joe – a math instructor. They are using a general unrestricted funding source.

| Fund | Activity: |
|------------------------------|------------------------|
| 11 Unrestricted General Fund | 1000 Mathematics |
| 12 Restricted General Fund | 1000 Physical Science |
| 14 Health Services | 644000 Health Services |

| Subfund | Object Code |
|--------------------|---------------------------------|
| 0000 General | 4301 Instructional Supplies |
| 5290 Lottery | 4431 Non-Instructional Supplies |
| 3430 Culinary Arts | 501 Trade - In District |
| | 5438 Services- Laundry |
| | 630 Library Books |
| | 8625 DFS- Revenue |
| | 6400 Equipment < \$5K |

| Responsibility Code |
|---------------------------------------|
| 1680 MIC- Family & Consumer Sciences |
| 4750 CC- Instructional Service |
| 1650 MIC- Science, Math & Engineering |
| 1950 MIC- Health Services |
| 4950 CC- Health Services |

Account Code Structure – Exercise

- Build an account number for the following situation:
 - Columbia College Health Services needs to purchase office supplies. They are using a general, local source of revenue.

| Fund | Activity: |
|------------------------------|------------------------|
| 11 Unrestricted General Fund | 1000 Mathematics |
| 12 Restricted General Fund | 1000 Physical Science |
| 14 Health Services | 644000 Health Services |

| Subfund | Object Code: |
|--------------------|---------------------------------|
| 0000 General | 4301 Instructional Supplies |
| 5290 Lottery | 4431 Non-Instructional Supplies |
| 3430 Culinary Arts | 501 Trade - In District |
| | 5438 Services- Laundry |
| | 630 Library Books |
| | 8625 DFFS- Revenue |
| | 6400 Equipment < \$5K |

| Responsibility Code: |
|---------------------------------------|
| 1680 MIC- Family & Consumer Sciences |
| 4750 CC- Instructional Service |
| 1650 MIC- Science, Math & Engineering |
| 1950 MIC- Health Services |
| 4950 CC- Health Services |

- Fund – Subfund – Responsibility Code – Activity Code – Object Code

Account Code Structure – Exercise

- Build an account number for the following situation:
 - The MJC Math Department will be using their allocation of restricted Lottery funds to purchase supplies that will be used by students in the classroom.

| Fund | Activity: |
|------------------------------|------------------------|
| 11 Unrestricted General Fund | 1000 Mathematics |
| 12 Restricted General Fund | 1000 Physical Science |
| 14 Health Services | 644000 Health Services |

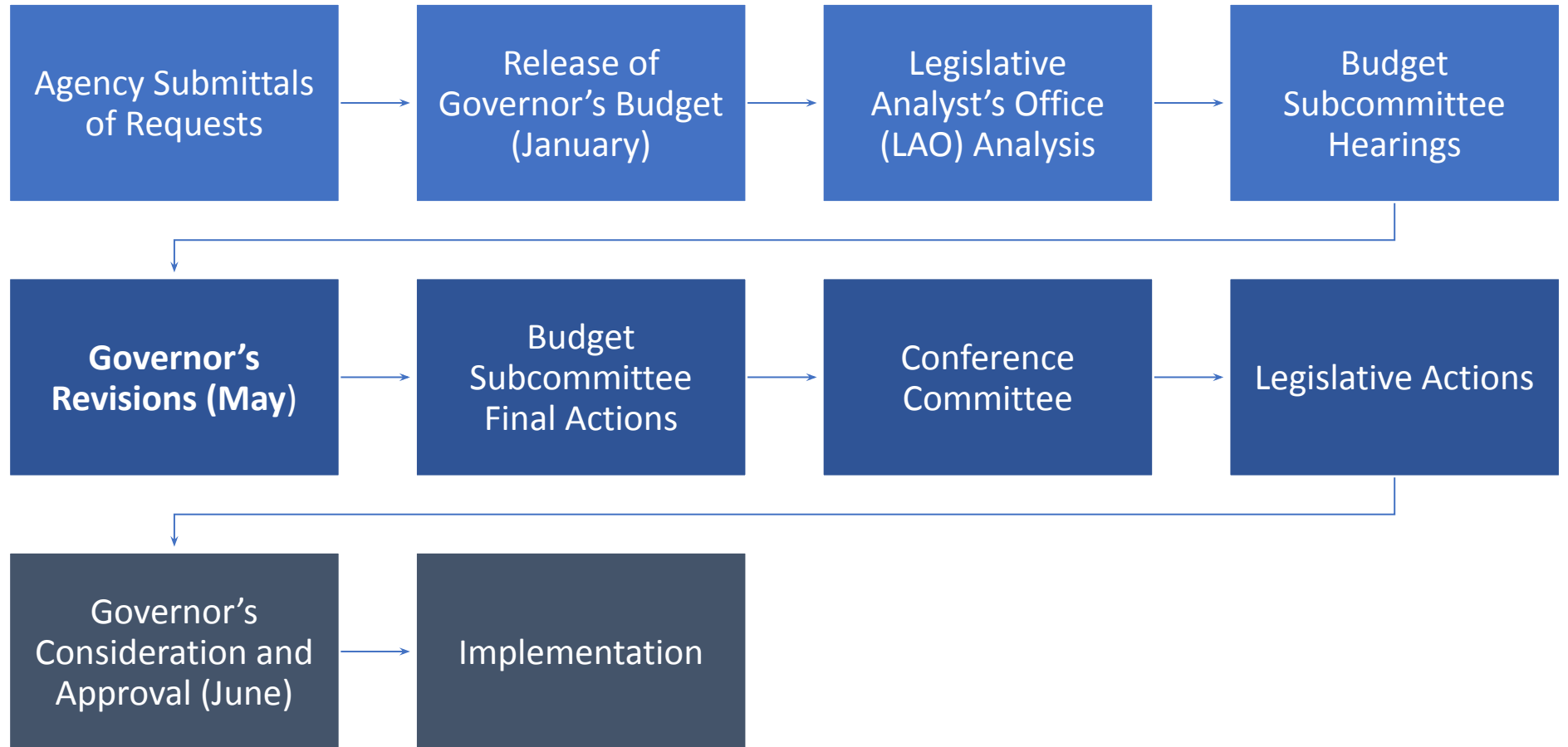
| Subfund | Object Code |
|--------------------|---------------------------------|
| 0000 General | 4301 Instructional Supplies |
| 5290 Lottery | 4431 Non-Instructional Supplies |
| 3430 Culinary Arts | 501 Travel - In District |
| | 5438 Services- Laundry |
| | 630 Library Books |
| | 8625 DEFS- Revenue |
| | 6400 Equipment < \$5K |

| Responsibility Code |
|---------------------------------------|
| 1680 MIC- Family & Consumer Sciences |
| 4750 CC- Instructional Service |
| 1650 MIC- Science, Math & Engineering |
| 1950 MIC- Health Services |
| 4950 CC- Health Services |

Budget Development

- The budget is an annual spending plan.
- A budget is based on how much revenue is anticipated to be received in the fiscal year.
- At all Districts/Colleges, there are multiple budgets
 - The various budgets are maintained in different funds
 - Each fund serves a different purpose
- Budget Timeline
 - Governor's Budget – January
 - Governor's May Revise – May
 - District's Tentative Budget – June
 - State's Budget Act – June/July
 - District's Final Budget - September

Budget Development – State Budget Process & Timeline



Budget Development – YCCD

Budget Planning Timeline

- October – January
 - Prepare draft permanent employee salary file
 - Colleges begin identifying budget priorities
 - Central Services Units begin identifying budget priorities
 - Establish district-wide budget assumptions. They are as follows:
 - FTES Growth
 - Full-Time Faculty Obligation/Faculty Staffing
 - COLA
 - Estimated Benefit Cost Increase
 - Estimated Cost of Step-and-Column Adjustment
 - Estimated Institutional Cost Increases
 - General Fund Reserve
- February
 - Permanent employee salary file updated in Central Services and distributed to College and Central Services Units

Budget Development – YCCD

Budget Planning Timeline

- March
 - District-wide budget targets distributed to Colleges and Central Services Units based on the Resource Allocation Model (RAM)
 - Targets generally include:
 - Prior year base budget
 - Growth (based on District budget assumptions)
 - On-going allocation adjustment to true up District RAM
 - Compensation adjustments
 - Other (budget assumptions)
 - Encumbrances
- April/May
 - Governor's Budget May Revise
 - Revise budget targets
 - Prepare Tentative Budget
- June
 - Tentative Budget submitted to the Board of Trustees

Budget Development – YCCCD

Budget Planning Timeline

- July/August
 - Final state budget
 - Year-end closing
 - Prepare Final Budget
- September
 - Final Budget submitted to Board of Trustees

Budget Development – YCCD

Budget Planning Process

Resource Allocation Model for 23/24 - Yosemite Community College District

| | Columbia | MJC | Central Serv | Institutional | Total |
|---|---------------|---------------|---------------|---------------|----------------|
| 1. Start with the budget from 23/24 less any one-time allocations. | | | | | |
| 23/24 | \$ 16,420,042 | \$ 80,915,750 | \$ 37,949,303 | \$ 23,209,296 | \$ 158,494,391 |
| Less 1X | (688,373) | (4,808,664) | (7,389,186) | (12,416,559) | (25,302,782) |
| 23/24 Base | \$ 15,731,669 | \$ 76,107,085 | \$ 30,560,117 | \$ 10,792,737 | \$ 133,191,609 |
| Percentage of total | 11.8% | 57.1% | 22.9% | 8.1% | |
| Percentage without Institutional Costs | 12.9% | 62.2% | 25.0% | | |
| Columbia/MJC split | 17.1% | 82.9% | | | |
| Percentage without Institutional and MJC Costs | 34.0% | | 66.0% | | |
| 2. Add adjustments for SCFF split. No college loses money, but an additional allocation may be made. | | | | | |
| SCFF split using 3 yr average | 13.8% | 86.2% | | | |
| Dollars split according to SCFF | \$ 12,709,952 | \$ 79,128,802 | | | |
| Adjustment | \$ - | 2,000,000 | | | \$ 2,000,000 |
| | \$ 15,731,669 | \$ 78,107,085 | \$ 30,560,117 | \$ 10,792,737 | \$ 135,191,609 |
| 3. Add changes to institutional costs. | | | | | |
| | | | | \$ 172,294 | \$ 172,294 |
| | \$ 15,731,669 | \$ 78,107,085 | \$ 30,560,117 | \$ 10,965,031 | \$ 135,363,903 |

Budget Development – YCCCD

Budget Planning Process

4. Add prior year growth using the 3-year average excluding Basic Allocation

| | | | | | | | |
|----------------------|---------------|---------------|---------------|---------------|----------------|------|------|
| 23/24 Growth | | | | | | \$ | - |
| 23/24 3 year average | 80% | | 20% | | | | |
| | 11.4% | 88.6% | | | | | |
| | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | \$ 15,731,669 | \$ 78,107,085 | \$ 30,560,117 | \$ 10,965,031 | \$ 135,363,903 | | |

5. Add allocations based on budgeted revenues:

| | | | | | | | |
|-------------------------------|---------------|---------------|---------------|---------------|----------------|------|------|
| International Student Tuition | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Full time faculty | - | - | - | - | - | \$ - | \$ - |
| | \$ 15,731,669 | \$ 78,107,085 | \$ 30,560,117 | \$ 10,965,031 | \$ 135,363,903 | | |

6. Add compensation costs:

| | | | | | | | |
|-------------------------------------|---------------|---------------|---------------|---------------|----------------|----|---|
| Meet and confer | | | | | | \$ | - |
| Classification review (CSEA & LTAC) | \$ - | \$ - | \$ 450,000 | \$ - | \$ 450,000 | | |
| Long/Step/Column | 124,790 | 520,804 | 303,837 | - | \$ 949,430 | | |
| PERS/STRS Rate Increase | 49,225 | 189,421 | 254,107 | - | \$ 492,753 | | |
| Fringe Benefit Increase | 35,430 | 198,688 | 128,414 | - | \$ 362,532 | | |
| YFA 2.3484% | 130,457 | 796,858 | 15,327 | - | \$ 942,642 | | |
| Reserved for Salary Increases | 504,428 | 2,432,120 | 1,063,452 | - | \$ 4,000,000 | | |
| | \$ 16,575,999 | \$ 82,244,976 | \$ 32,775,254 | \$ 10,965,031 | \$ 142,561,260 | | |

Budget Development – YCCCD

Budget Planning Process

7. Add new agreed upon ongoing items:

| | | | | | |
|---------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| Professional development | \$ - | \$ - | \$ - | \$ - | \$ - |
| Full time faculty | - | - | - | - | \$ - |
| Free Parking for Students | - | - | 48,966 | - | \$ 48,966 |
| | <u>\$ 16,575,999</u> | <u>\$ 82,244,976</u> | <u>\$ 32,824,220</u> | <u>\$ 10,965,031</u> | <u>\$ 142,610,226</u> |

8. Add annual agreed-upon allocations:

| | | | | | |
|-------------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| TCO facilities | \$ - | \$ - | \$ - | \$ 1,000,000 | \$ 1,000,000 |
| TCO IT | - | - | - | 500,000 | \$ 500,000 |
| Retiree Health Benefits Trust | - | - | - | 1,000,000 | \$ 1,000,000 |
| Pension Rate Stability Trust | - | - | - | - | \$ - |
| | <u>\$ 16,575,999</u> | <u>\$ 82,244,976</u> | <u>\$ 32,824,220</u> | <u>\$ 13,465,031</u> | <u>\$ 145,110,226</u> |

9. Balance the budget

| | | | | | |
|-----------------------|--|--|--|--|---------------------|
| Total Revenue | | | | | \$ 151,110,226 |
| Less Allocations | | | | | \$ (145,110,226) |
| Change in 10% Reserve | | | | | |
| Remaining (Over) | | | | | <u>\$ 6,000,000</u> |

trict Ongoing Budget

| | | | | |
|----------------------|----------------------|----------------------|----------------------|-----------------------|
| <u>\$ 16,575,999</u> | <u>\$ 82,244,976</u> | <u>\$ 32,824,220</u> | <u>\$ 13,465,031</u> | <u>\$ 145,110,226</u> |
|----------------------|----------------------|----------------------|----------------------|-----------------------|

10. Add any one-time allocations

| | | | | | |
|--|---|---|---|-----------|--------------|
| Site Specific Reserve | - | - | - | - | \$ - |
| Tentative Budget Allocation to fund 41 | - | - | - | 6,000,000 | \$ 6,000,000 |

23/24 Ongoing & One time budget

| | | | | |
|----------------------|----------------------|----------------------|----------------------|-----------------------|
| <u>\$ 16,575,999</u> | <u>\$ 82,244,976</u> | <u>\$ 32,824,220</u> | <u>\$ 19,465,031</u> | <u>\$ 151,110,226</u> |
|----------------------|----------------------|----------------------|----------------------|-----------------------|

Budget Development – MJC

Modesto Junior College Budget Development Process for 2023-24

In order to ensure transparency and broad-based input into the budget development process, Modesto Junior College (MJC) is committed to following its standing practice of budgeting as delineated below. Steps are listed in order, along with a tentative timeline, which is designed to meet district deadlines as distributed to the colleges in January each year.

The College and District budget may be viewed on the District Administrative Services website on the [Budget](#) page.

The District budgeting process is shared through the [District Fiscal Advisory Council \(DFAC\)](#) and the [District Resource Allocation Model \(RAM\)](#). Updated information on the [YCCD budget](#) can be reviewed on the Central Service website.

Steps in College Budget Development (Fund 11 – Unrestricted General Fund)

1. Due to the schedule being required by August for Spring terms and November for Summer and Fall terms, the Dean Team and Vice Presidents will work diligently to create Part-Time/Overload (PTOL) FTEF and college FTES target scenarios two summers prior to the fiscal year beginning. For example, the scenarios for fiscal year 2024/2025 (Summer, Fall, Spring, Early Start Summer) will be developed in Summer of 2023. The scenarios will include a flat PTOL budget, 5% increase, and 10% increase in the PTOL budget.
2. Vice Presidents, Deans and other Budget Managers receive a permanent position reconciliation to review positions to ensure the full-time equivalent percentage, full time equivalent distribution, salary placements, and account codes are correct. Budget for growth positions is provided if the positions have been agreed to by the Executive Cabinet. (January/February)

Budget Development – MJC

3. The Vice President of College & Administrative Services (VPCAS) works with the Vice President of Instruction (VPI) and the Dean team to finalize the Part-Time/Overload (PTOL) budget. The PTOL budget is designed to meet the College's enrollment target while taking efficiency into consideration to ensure the budget is reasonable. (March)
4. The VPCAS prepares a spreadsheet by responsibility, activity, and object codes, that shows the prior four fiscal years expenditures, year to date expenditures for the current fiscal year, and a column for Target Budget Request for the year in which the budget is being developed. This document is distributed to budget managers (Deans, Directors, VPs, etc). (March)
5. Budget managers prepare Target Budget Requests for the budget development year based on prior years' trends, current year budget-to-actual analysis, and input from faculty and staff in their areas. Minor shifting between line items is expected and supported. Augmentations to each budget's overall target must be explained on a line-item basis. For example: We need an additional \$500 in object code 56400 – Equipment to purchase a new printer. (March/April)
 - a. Budget requests must be submitted electronically on the spreadsheet distributed by the VPCAS. The VPCAS will evaluate additional requests and determine availability of funding for requests.
6. Budget managers forward their completed Target Budget Request file to the VPCAS. (April)

Budget Development – MJC

7. The VPCAS compiles all budget requests and reviews the College budget with the Executive Cabinet. (April)
8. The comprehensive College budget is forwarded to the Central Services for upload into Colleague. (April)
9. Budget managers are presented with feedback regarding their budget requests, including suggested adjustments/reductions, and they are provided an opportunity for further input. (April)

Included in Step 1 of the budget development process, positions charged to all funds is reviewed and updated as needed. All non-fund 11 operational budgets, except for restricted lottery, will need to be prepared and submitted in Etrieve. This process is to be completed by the appropriate budget manager. (April/May)

Restricted Lottery funds will be distributed in a similar fashion, an analysis of prior years' expenditures and a comparison of budget-to-actual expenditures for the current year, which culminates in a budget request from each area for supplies, duplicating, library materials, and software licensing as is applicable. Lottery fund requests must be submitted on the spreadsheet distributed by the VPCAS. (May)

The District Resource Allocation Model created a college year end savings process for budget savings in the unrestricted general fund. 75% of the college's savings will carry over to the next fiscal year to be allocated and spent in accordance with the college's Resource Allocation Model.

Budget Development – MJC

Budget Planning Timeline

- MJC utilizes a College Resource Allocation Model to link requests from program review to funding allocations.
 - The college utilizes any unobligated unrestricted and restricted general fund money, as well as prior year unrestricted general fund savings (as outlined in the District RAM)

Budget Monitoring

- Once the budget has been established, it is important to monitor the budget throughout the fiscal year to make sure it continues to be in line with the original intent.
- Work with your District/College Administration/Fiscal Team to identify monitoring/reporting tools at your institution.
 - For example: YCCD utilizes CROA, Crystal, and Colleague reports
- It is recommended to review your budget monthly to make sure the expenditures posting to your budget are correct.
 - For example, you may have a position that should not be charged to your budget or an expenditure that was posted to the incorrect object code
- Word to the Wise – Keep track of your District/College’s year end dates. It is likely the cutoff for purchases is well before June 30th.
 - Plan accordingly so you have everything you need to get through the end of the fiscal year.
 - If you do not have your purchase orders in before that cutoff date, you will miss the opportunity for year end purchases.

Compliance

- Below is a sample of various compliance requirements a District must follow:
 - 50% Law
 - Faculty Obligation Number (FON)
 - Gann Limit
 - Annual calculation that is approved by the Board of Trustees in a District
 - Limits the growth in appropriations made by the state and individual local governments
 - Absent specific policy decisions to exempt sending from the Gann Limit, half of the revenue above the limit must be returned to the taxpayers with the other half going to K-12 and community colleges
 - To avoid exceeding the Gann Limit, the state implements tax rebates, infrastructure and emergency spending

50% Law

- What is it and how is it calculated?
 - Education Code Section 84362 requires that each fiscal year, the District must expend a minimum of 50% of the Current Expense of Education (CEE) for Salaries of Classroom Instructors.
 - Per Title 5, Section 59204, Salaries of Classroom Instructors are:
 - (1) the portion of salaries paid for purposes of instruction of students by full-time and part-time instructors employed by the District.
 - (2) all salaries paid to classified District employees who are (a) assigned the basic title of “Instructional Aid” or other appropriate titles designed to denote the employees’ duties include instructional tasks, and (b) employed to assist instructors in the performance of their duties, in the supervision of students, and in the performance of instructional tasks.
 - Salaries of Classroom Instructors include the proportionate share of all benefits provided to these instructors and instructional aides.
 - CEE includes expenditures 1XXX through 5XXX and Equipment – Replacement for activities 0100 through 6799 in the unrestricted general fund.
 - CEE excludes expenditures for activity 64XX, Other Student Services – Other (student transportation) and amounts expended for the lease of plant and equipment.

50% Law

- What is it and how is it calculated?

| Numerator | Denominator (CEE) |
|--|---|
| Instructional Salaries & Benefits (Activity 0100 – 5900 & 6110) | Non-Instructional Salaries & Benefits (Activity 0100 – 6799) |
| Instructional Aides Salaries & Benefits | Supplies & Materials |
| Exclusions | |
| Instructional Staff-Retiree's Benefits and Retirement Incentives (Activity 5900) | |
| Student Health Services Above Amount Collected (Activity 6441) | |
| Student Transportation (Activity 6491) | |
| Rents and Leases (Object 5060) | |
| Lottery Expenditures | |
| Capital Expenditures - New | |

50% Law

- Why do we have to calculate it?
 - Ed Code requires it!!
 - Auditors audit the calculation annually
- If 50% Law minimum is not met, a District can apply for a waiver from the Board of Governors.
 - If the waiver is not approved, the District will have to pay the amount of apportionments equal to the apparent deficiency in District expenditures.

Faculty Obligation Number (FON)

- Pursuant to Education Code 87482.6 and CCR Title 5, Section 51025, the FON is the number of full-time faculty a District is required to employ each Fall as adjusted by the lower of the projected fundable growth at the time of the budget enactment (at advance) OR the actual percentage change in funded credit FTES from the prior year (P2).
- Premise
 - Full-time instructors are better able to support the needs and goals of our students.
 - Auditors audit the calculation annually
- History of FON
 - AB1725 (passed in 1988) established a goal to reach 75% of instructional hours to be taught by full-time faculty and 25% by part-time faculty
 - Funding was initially appropriated in reaching this goal
 - Baseline FON Compliance Established (Based on local FON in 1988-1989)
 - FON increased proportionally with funded credit FTES
 - Board of Governors (BOG) take action (in November) to determine if there are adequate funds (i.e. COLA and growth funds) in the current year to increase FON for the following year (Fall)

Faculty Obligation Number (FON)

- Annual Process & Calculation
 - The CCCCO tracks all Districts' actual data related to the calculation and sets a target
 - Every fall, count your FT faculty and full-time equivalent load of all PT faculty
 - Full time history faculty teaches 5 sections, so 5 sections taught by part-time faculty equals 1 FTEF
 - Remove replacement faculty from the calculation
 - Calculate the proportion
 - Report this information to the CCCCO. Meet your target or pay the fine!
- Consequences of not meeting FON
 - Penalty – Number of faculty positions to be filled in achieving FON multiplied by average replacement cost of a full-time faculty
 - No Waiver – Title 5, Section 51025 (e) does not provide authority to waive the penalty for noncompliance (penalties may be frozen, not waived)
 - Funds from penalty distributed systemwide (one-time) to fund diversity in hiring (E.C.S. 87107)

Faculty Obligation Number (FON)

| Fallacy | Reality |
|---|--|
| FON provides a growth target | FON provides a floor to not fall below |
| When realized, 75% of your classes will be taught by FT faculty | Overload is excluded from the calculation |
| CCCCO penalizes for not meeting 75% target | Penalty of \$87,151 (2022) per position below FON |
| FON targets move Districts towards 75% | FON targets maintain status quo |
| Districts are required to move toward 75% | Only when a District accepts special full time money from the state, is it required to make progress towards 75% |

Reporting Requirements

- There are reporting requirements at the state level and grant level
 - Examples of state reporting requirements
 - 311 Annual Report
 - 311 Quarter Reports
 - Annual Independent Audit Report
 - 323 Enrollment Fee Report
 - 320 Full Time Equivalent Student Report (P1, P2, P3)
 - Gann Limit Calculation
 - FON Calculation
 - Examples of grant reporting requirements
 - Quarterly reports
 - Annual reports
 - Final reports

