



ACADEMIC SENATE  
for CALIFORNIA  
COMMUNITY COLLEGES

# **Budgets 101: A Primer**

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# Where does money for the college come from?



**And where does it go?**



# Topics of this breakout

- 1. Where does the money come from?**
- 2. What is a budget?**
- 3. What is the faculty/senate role in budgeting?**
- 4. What are the regulations regarding budgets and the budget form?**
- 5. How are state and local budgets created?**
- 6. What local planning and budget processes are needed?**
- 7. What resources exist to help you?**

# 1. Where, exactly, does the money come from?



# State Taxes



&



# Property Tax Revenues

# Are Distributed to CCDs According to ...

$$\begin{cases} R > 0 & V = \pi \times R^2 \times h \\ h > 0 & \bar{S} = 2 \times \pi \times R \times \frac{V}{\pi R^2} \end{cases} \quad x \Rightarrow 4$$

$$S_0 = 0$$

$$S = 2 \times \pi \times R + \pi R^2 \quad R > 0$$

$$R = \sqrt[3]{\frac{V}{\pi}}, \quad R = \sqrt[3]{\frac{100}{3,14}} = 3,17 \quad P = 11 \times g$$

$$(a+b)x^2 - 4ac(a+b)x + (4a^3 + 4a^2b)$$

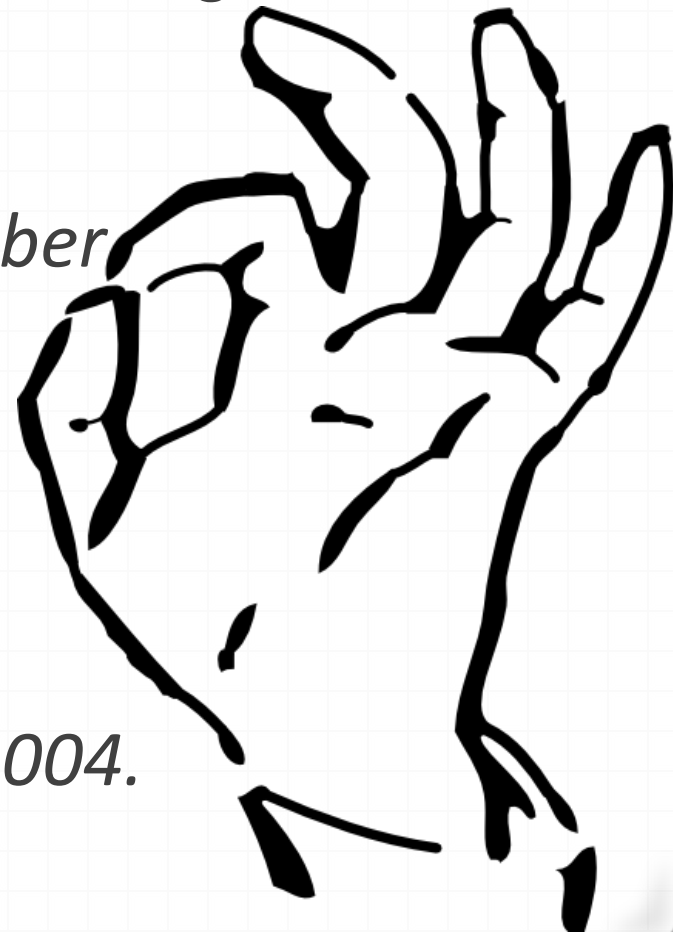
$$S_0' = \underline{-2a \times S_1 + (a+b)x(x^2 + 4a^2)}$$

# Program-Based Funding Formula

*“The details of the CCC distribution formula have obtained an almost mythical status among observers of community colleges.*

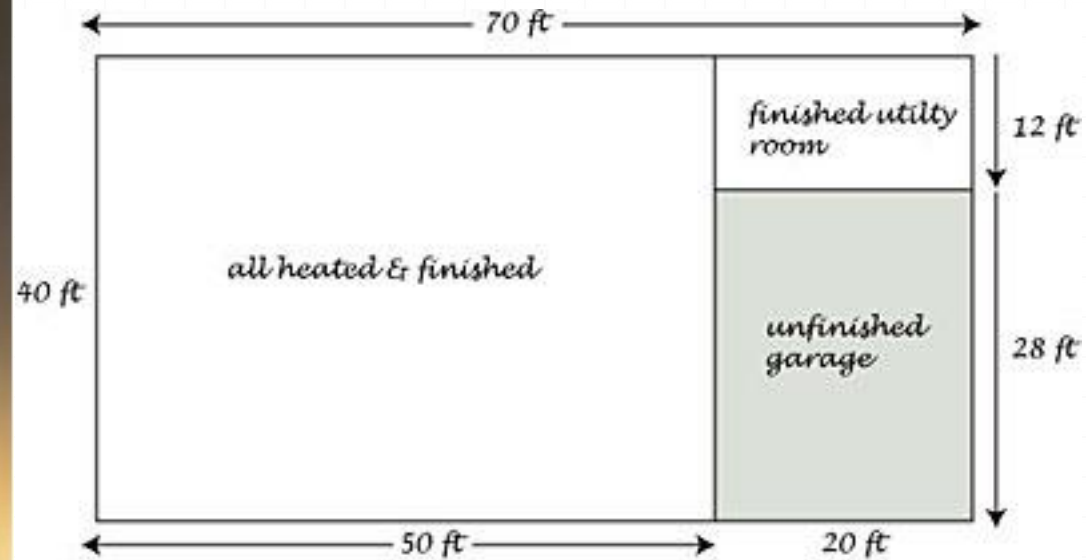
*Some have suggested that the number of individuals who truly understand the process could be counted on the fingers of one hand.”*

*—Patrick Murphy, **Financing California’s Community Colleges**, 2004.*





# Program-Based Funding Formula based on...



# New Formula in 2006! SB 361:



## 2. What is a budget?



# What is a budget?

**Choose at least one!**

- **A complete waste of time because no one follows it**
- **An income and expenditure plan**
- **Voodoo numbers that no one trusts**
- **A distraction while the real allocation choices are made behind closed doors**
- **An annual series of evolving documents that can and should be paid attention to**

3. Why are the rules of budgeting?



### 3. What is the faculty role in budgeting?

- Title 5, § 53200 (c) (10) – The Academic Senate 10 + 1:
  - **Processes** for institutional planning and budget development
- ACCJC III D. 1. d. The institution clearly defines and follows its guidelines and processes for financial planning and budget development, with all constituencies having appropriate opportunities to participate in the development of institutional plans and budgets.

# 4. What are the regulations regarding the budget and the budget form?



# Regulations Regarding the Budget and the Budget Form

- **State Apportionment**
  - 51102 Minimum Conditions for Apportionment
  - 53309 Calculation of FTES
  - 58000-58875 Apportionment Regulations
  - 58305 Adoption of a Final Budget
- **Form is Established by the CCCCO BAM (Budget Accounting Manual) and the SAAM (Student Attendance Account Manual)**
  - [http://extranet.cccco.edu/Portals/1/CFFP/Fiscal\\_Services/Standards/BAM/bam2012ed/CompleteBAM/Budget\\_and\\_Accounting\\_Manual\\_2012\\_Edition.pdf](http://extranet.cccco.edu/Portals/1/CFFP/Fiscal_Services/Standards/BAM/bam2012ed/CompleteBAM/Budget_and_Accounting_Manual_2012_Edition.pdf)



# 5. How are state and local budgets created?



# State Budget Creation

## California State Budget Development:

- Start with existing budget (includes historical recommendations) from Dept. of Finance (DOF)
- Make changes – Budget Change Proposals (BCP)
- January 10<sup>th</sup> Governor's proposal to Legislature
- May 15<sup>th</sup> Governor's Revision (called the "May Revise") to Legislature
- Senate and Assembly Budget Committees >> Conference Committee or Big 5 haggle out differences
- June 15<sup>th</sup> Legislature must pass or else...

# Local Budget Creation

- **Local development is for following fiscal year**
  - **Your local Board of Trustees will pass a budget this month**
- **Current year can be altered**
  - **Mid year cuts – mid year deferrals**
- **Key Funding Targets – Current year behavior affecting subsequent budget**
  - **Base + Growth**
  - **50% Law – 50% GF spent on instruction**
  - **75:25 FON (Faculty Obligation Number)**
  - **Categorical limitations (now flexible)**

## 6. What local planning and budget processes are needed?



# Planning—From Program Review to Resource Allocation

- **Decision-making**
  - **Planning**
    - Program Review (department)
    - Master planning (Education, Academic, Facilities, etc.) (college)
    - Strategic planning (college)
    - Budget development (college >>> district)
  - **Real-time**
    - Unplanned for expense exigencies
    - Predictive fiscal strategies (adapting, enrollment management, etc. )

# 7. Resources

- ACCJC Accreditation Standards
- ASCCC Papers
  - Budget Considerations - A Primer for Senate Leaders, 2009
  - Faculty Role in Planning and Budgeting, 2001
  - Enrollment Management Revisited, 2009
- CCCCO Fiscal Services Unit
  - Fiscal Data Abstract
  - Full-Time Fac. Obligation

# Oh, yeah

- **CCFS-311 – Part of the CCCCO Annual Financial and Budget Report**
  - <http://extranet.cccco.edu/Divisions/FinanceFacilities/FiscalStandards/CCFS311.aspx>
- **Murphy, P.J. (2004). Financing California's Community Colleges:**  
[http://www.ppic.org/content/pubs/report/R\\_104PMR.pdf](http://www.ppic.org/content/pubs/report/R_104PMR.pdf)
- **P-3**

# QUESTIONS?





**GRACIAS**  
**ARIGATO**  
**SHUKURIA**  
**JUSPAXAR**  
**DANKSCHEEN**  
**TASHAKKUR ATU**  
**YAQHANYELAY**  
**SUKSAMA**  
**THANK**  
**YOU**  
**BOLZIN**  
**MERCI**  
**BIYAN**  
**SHUKRIA**  
**TINGKI**  
**CHALTU**  
**NUHUN**  
**SNACHALHUYA**  
**SPASSIBO**  
**WABEEJA**  
**MAITEKA**  
**HUI**  
**YUSPAGARATAM**  
**DHANYADAAD**  
**AMHA**  
**ATTO**  
**EKHMET**  
**MERCI**  
**SPASIBO**  
**DENKAUJA**  
**NENACHALHYA**  
**UNALCHEESH**  
**HATTUR**  
**GI**  
**EKOJU**  
**SIKOMO**  
**MAKETAI**  
**MINMONCHAR**  
**FAKAAUE**  
**AGUYJE**  
**GOZAIMASHITA**  
**EFCHARISTO**  
**LAH**  
**MAAKE**  
**KOMAPSUMNIDA**  
**SAKO**  
**MERASTAWHY**  
**GAEJTHO**  
**TAVYAPUCH**  
**MEDAWAGSE**  
**BAIKA**