

Administrative Procedure

6200 Budget Planning

I. Background

- A. The Yosemite Community College District serves the students of Modesto Junior College and Columbia College.
- B. The Chancellor’s Cabinet is comprised of the following:
 1. Chancellor
 2. Executive Vice Chancellor
 3. Vice Chancellor, Human Resources
 4. Assistant Chancellor, Information Technology
 5. Modesto Junior College President
 6. Columbia College President
- C. The District uses an 85% MJC / 15% Columbia College split for allocations that are distributed to the Colleges only, and not to Central Services. The 15% that Columbia College receives recognizes the small college factor and economies of scale even though Columbia College produces only 13% of the total FTES.

II. Overview

- A. The Educational Master Plan (EMP) and Program Review are the foundations for planning. Districtwide internal planning strategies are organized under the Vision 2010 statements. The District Council annually reviews, guides, and approves all District planning activities.
- B. District-wide budgets are prepared and completed using two separate scenarios. First, “Scenario A” budgets assume a “status quo” budget. This budget assumes that budgets will not change significantly from one year to the next. These budgets include salary and benefit data compiled by Central Services and distributed to the units. Salary and benefit costs are approximately 85% of most unit budgets.
- C. The budgets are reviewed for accuracy and entered into the District account system long before actual budget allocations for the succeeding year are known and are used primarily as placeholders early in the process (typically in the month of February). Next, the requests for additional funding (Scenario B) are prepared and submitted by the units for review of their unit manager. Requests for additional funding are submitted to the governing bodies (College Councils and Chancellor’s Cabinet) to identify resources needed should additional monies become available. The objective or need, the justification, the probable funding source and the type of expenditure (one-time, ongoing, staff, other purposes, etc.) are

1 included in each “Request for Additional Funding.” These requests are also prioritized by
 2 each unit, submitted as part of the unit’s master plan and then considered for prioritization
 3 again by the institutions’ governing bodies. All three sites participate in a similar budget and
 4 request process.

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 6 III. Allocation Formulas

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 8 A. Various sources of revenue are allocated to the District annually from the State Budget
 9 process. Budget allocations to the Colleges and to Central Services are generally based on
 10 established formulas. Following are the allocation formulas for:

- 11 1. Enrollment Growth Full-Time Equivalent Students (FTES)
- 12 2. COLA
- 13 3. Partnership for Excellence (PFE)
- 14 4. Block Grants - Scheduled Maintenance, Instructional Equipment, Library Materials
- 15 5. Equalization
- 16 6. Full-Time Obligation (FTO)
- 17 7. Other
- 18 8. Enrollment Growth Full-Time Equivalent Students (FTES)

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 26 B. A Statewide FTES growth formula is used to determine annual growth rates for each
 27 community college district in California. The State growth rate formula includes adult
 28 population change, high school graduation rates, and underserved areas within each district.
 29 Since the components of the formula are fluid and change annually, so do the calculated
 30 growth rates computed by the State Chancellor’s Office.

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 34 C. When YCCD receives the calculated growth rate from the State Chancellor’s Office,
 35 discussions begin with Chancellor’s Cabinet to identify each College’s potential for growth.
 36 Since the growth rate is a Districtwide rate, the College Presidents have flexibility in
 37 determining between the two colleges what a reasonable amount of growth will be for each
 38 College. There is no set ratio for growth between the two Colleges. The College Presidents
 39 through their College committees and deliberations determine the potential for growth and
 40 bring their College’s FTES growth proposals back to the Chancellor’s Cabinet.

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 42 D. As an example, assume a District growth rate of 3% with MJC generating 87% of total
 43 District FTES and Columbia generating 13% of total FTES. MJC may determine that their
 44 growth potential is 2.5%, leaving over 6% available for Columbia College since Columbia’s
 45 FTES base is so much lower than MJC’s. Most often the two Colleges will commit to the
 46 District’s growth rate, and each plans to grow at an even rate, but not always. The District’s
 47 growth rate for fiscal year 2001-2002 was 2.28%. That year, MJC planned to grow 2%, and
 48 Columbia planned to grow 4%.

1 E. The growth allocation formula was developed jointly between College administration and
2 District administration and is reviewed on an annual basis with the Chancellor’s Cabinet.
3 The growth allocation formula assumes an average hourly part-time faculty pay rate, hours
4 per week a class meets, the number of students served, and FTES earned. As salary
5 schedules are adjusted, the variable that changes most frequently in the formula is the
6 average hourly rate assumption. The formula includes an amount for supplies and
7 infrastructure support costs.
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9 IV. COLA

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11 A. The annual COLA or cost of living adjustment is determined by the State Budget. The District
12 does not allocate COLA based on a formula. The District bargaining units through the
13 collective bargaining process bargain for some or all of the COLA. The Leadership Team
14 representatives meet and confer with District administrators to determine how COLA may
15 be used toward salary enhancements or other needs for District managers.
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17 B. COLA dollars that are not obligated via negotiations to salary schedule enhancements are
18 identified to cover Districtwide increased costs, including but not limited to health benefits,
19 statutory benefits, energy, legal, and other. COLA is used to cover the escalating benefit cost
20 increases, energy increases, and technology infrastructure costs and administrative
21 software.
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23 C. Remaining funds are allocated to the Colleges and Central Services using a ratio of the unit’s
24 budget to the total General Fund Budget less utility budgets.
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26 D. On an annual basis when COLA is greater than the Districtwide costs described above, the
27 balance is allocated based on the following formula:
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|----|---------------------|-----|
| 29 | 1. MJC | 58% |
| 30 | | |
| 31 | 2. CC | 15% |
| 32 | | |
| 33 | 3. Central Services | 27% |
| 34 | | |

35 V. Partnership for Excellence Funding

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37 A. The District does not have a defined formula for distribution of Partnership for Excellence
38 (PFE) funds. The initial allocation to the Colleges was based on prioritized needs compiled
39 by the two Colleges to meet the accountability outcomes required by the Partnership for
40 Excellence regulations. The Colleges discussed their PFE needs with the Chancellor’s
41 Cabinet. The two College Presidents presented priorities for the PFE funding, and decisions
42 based on those priorities ultimately defined the allocation.
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44 VI. Block Grant Funding

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46 A. Scheduled Maintenance, Instructional Equipment, Library Materials
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- 1 B. Historically, the allocation method for Block Grant Funding has been flexible with some
2 money earmarked for Districtwide prioritized scheduled maintenance projects and some
3 money going to the Colleges for instructional equipment and library material purchases.
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- 5 C. Since the passage of Measure E, General Obligation Bond, Block Grant Funding is allocated
6 in its entirety to the two Colleges based on an 85% MJC/15% CC split.
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- 8 D. Scheduled maintenance projects are funded using Measure E, General Obligation Bond,
9 revenue.
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11 VII. Equalization Funding
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- 13 A. The formula most often used for Equalization Funding is the allocation split described in the
14 COLA discussion when excess COLA remains to be distributed to the Colleges and Central
15 Services.
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 - 17 1. MJC 58%
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 - 19 2. CC 15%
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 - 21 3. Central Services 27%
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- 23 B. When the State cut PFE dollars, the District first covered the shortfall that the Colleges
24 would have incurred from the PFE funding cut with Equalization Funding. Due to a
25 Districtwide deficit, the remaining Equalization Funding was not allocated to any of the sites,
26 but rather helped offset a several million dollar General Fund deficit.
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28 VII. Full-Time Faculty Obligation
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- 30 A. The Full-Time Faculty Obligation (FTO) either increases or decreases annually by the same
31 percentage of District funded credit FTES. The state calculates the number of new full-time
32 faculty the District must hire by a certain date. The state calculated number is discussed
33 with the Chancellor’s Cabinet. The two College Presidents determine how many new full-
34 time faculty they need. There is not a formula to allocate new faculty hires to MJC and to
35 Columbia College. Similar to FTES growth, the FTO is an aggregate District number and may
36 be split anyway the Colleges decide. The District does not make this decision, but rather
37 defers it to the Colleges. The District does ensure that the required total number of new
38 faculty hires takes place between the two Colleges to avoid a financial penalty for not
39 adhering to the regulations.
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- 41 B. College budgets are augmented for new faculty hires required by an increase in the FTO
42 based on a formula that is reviewed annually.
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- 44 C. Other Allocation Formulas
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1 D. When new sources of revenue become available that are not tied to an established
2 allocation formula, discussions regarding allocation begin with the Chancellor’s Cabinet. The
3 College Presidents continue the discussion with the College communities and make
4 allocation recommendations back to the Chancellor’s Cabinet.
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6 VIII. Summary

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8 A. Budget allocation and priority discussions begin with the Chancellor’s Cabinet and the
9 President’s Councils. Proposed budget targets are discussed with the Chancellor’s Cabinet
10 and District Council. Priorities are set and as State Budget information becomes available
11 budget allocation decisions are made.
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13 **References:**

14 Education Code Section [70902\(b\)\(5\)](#); Title 5, Section [58300 et seq.](#)
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16 **Procedure Last Revised:** April 11, 2007