



Sacramento City College Strategic Planning System

Title:	Financial Management
Plan Type:	Resource Allocation
OPR:	Vice President, Administrative Services (VPA)
Collaborative Group:	Campus Budget Committee
References:	LRCCD Policy & Regulation 8122 LRCCD Annual Program Development Funds (PDF) Schedule Budget and Accounting Manual LRCCD Annual Adopted & Tentative Budgets

PURPOSE and OBJECTIVES: This resource allocation plan is designed to provide planning guidance for allocation of financial resources needed to implement the College's strategic planning process. This plan addresses only a portion of annual funding available to the college and includes a select portion of Program Development Funds (PDF) and Instructionally Related (IR) funding (formerly referred to as EEP-Educational Enrichment Program). The plan outlines annual timing, procedures, division/unit responsibilities and metric measures of merit. Objectives of this plan include:

- Providing a predictable, transparent mechanism for allocation of financial resources available to the college each year.
- Integrating financial requirements into the division/unit and program planning system for the College.
- Developing a system for prioritizing and evaluating needs through the shared governance system.
- Developing tracking tools/metrics for monitoring the status of financial resource management.

PROCEDURES:

1. Discretionary College financial resources will be allocated based on the College Strategic Planning System. This system relies on a data-driven set of strategic goals

and associated strategies that are supported by unit and program plan objectives that are resourced through the applicable resource allocation planning system. Financial resources will be allocated on an annual basis although multi-year planning has been instituted to enhance out-year planning.

a. Due to delays in state and district budget formulation, the planning year budget will be predicated on the execution year funding as depicted in the annual Program Development Fund (PDF) schedule and other applicable source documents. For example, for the 2013-14 planning year, the 2012-13 PDF schedule will be the source document for funding levels. Some sources of annual funding are 'same year', for example Staff Development funding. All data will be updated during the execution year as part of the mid-year review process.

b. The College President will provide fiscal guidance for the planning year via a written memo to the Executive Council, Senior Leadership Team (SLT) and the Budget Committee. This memo will include expected funding levels by fund type and will also highlight specific areas of the strategic planning process that will require emphasis and/or funding priority. This memo will also be the vehicle by which any changes to the funding or expense plan will be transmitted to the college community. Fiscal guidance for the planning year will document expected funding, by source of funds, and how funds will be allocated for the planning year. The principle areas of allocation will include division base budgets, institutional expenses and program plan funding (generally referred to as 'above the line funding' or institutional MOE) and planned allocation for unit plan funding. This latter amount will be the primary focus of the budget committee to further allocate by division and department to meet unit objectives and resource needs.

2. Funding Sources: There are a variety of funding sources that are identified on the district PDF schedule. Some of these are made available to the budget committee for discretionary distribution while others are retained for their principle use and not made a part of the budget committee deliberations. These are identified on the President's budget memo in the source of funds section. For example, Scheduled Maintenance and Special Repairs (SMSR) dollars are not included in the President's memo while lottery funds generally are. Similarly, funds earmarked as 'staff development' are not included but are utilized for staff development purposes only. This decision is predicated on use rules and past practices associated with each source of funds. By far, the largest source of discretionary funds is the College Discretionary Fund (CDF) allocation. This fund source and others are outlined below:

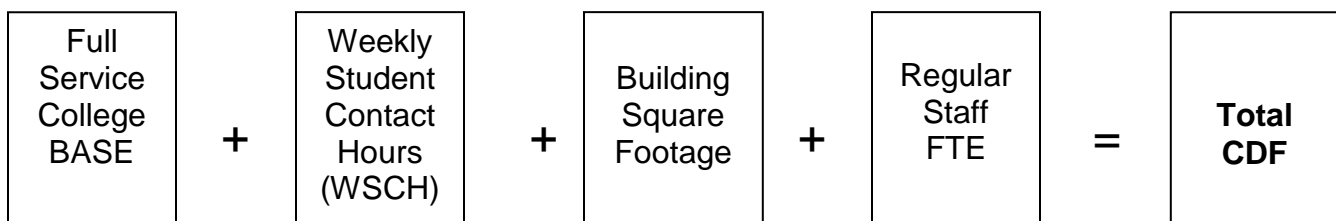
a. College Discretionary Fund (CDF): A majority of the district's revenue comes from the state through program based funding. Elements of program based funding include state apportionment, cost of living allowances (COLA), enrollment growth funds, local property taxes, and enrollment fees. Amounts for salaries and benefits, approximately 80% of the total district budget, are budgeted first, then costs for Facilities Management, Information Technology and other District-wide activities are deducted. The remaining funds are allocated to the four colleges and their education

centers for operational costs. This is part of the 20% PDF allocation that is referred to in the district's proportional allocation model referred to as the 'bucket concept'.

The CDF is the largest portion of revenue the college Budget Committee recommends for spending during the annual budget development process. The CDF is used by college units for costs such as supplies, student help, repairs, equipment, travel, and temporary classified staff. CDF revenue that is allocated to the college is formula-driven and based upon factors such as weekly student contact hours (WSCH), the square footage of College buildings, the book value of equipment, and the number of full time staff (FTE). To compute the college's CDF allocation, the district uses the following formula factors:

- Full Service College base – a fixed dollar amount per college that is earned from the state based, in part, on total enrollment. Adjustments to this base amount come to the college as a function of enrollment growth. Reductions are possible if there is a workload adjustment, e.g. when expected enrollment is reduced, year over year. In normal times, growth that is earned in a given year becomes part of the base allocation for the following year.
- WSCH – weekly student contact hours for lecture and lab sections at the main campus and education centers are multiplied by an adopted rate to determine this basis of funding for the block grant. Censuses utilized are fourth week of Fall, Spring and Summer to compute the *average* annual WSCH. Formula: ((Average annual WSCH x Lab Rate \$ amount) + (Average annual WSCH x Lecture Rate \$ amount))
- BUILDING SQUARE FOOTAGE – Total building square footage multiplied by an adopted rate. This portion is historically budgeted for college maintenance and maintenance related supplies. Adjustments are made to account for large spaces like Hughes Stadium and the parking structure.
- REGULAR STAFF FTE-- CDF used for innovation and staff development is computed by applying an adopted rate (district computed) multiplied by total regular and authorized FTE.

COLLEGE DISCRETIONARY FUND (CDF) FUNDING FORMULA



b. Instructionally Related (IR) [formerly Educational Enrichment Program-EEP]: this refers to a group of activities that include extensions of classroom instruction such as athletics, theatre, forensics, student newspaper and includes student-centered, student-focused cultural activities coordinated by Student Development and Counseling Services like multicultural celebrations, Welcome-Back Picnic, People's Day, commencement, orientation and College/University Days. The Instructionally Related Program budget provides financial support for these college programs and activities as part of the college's overall mission. All IR revenue is generated locally as a function of College Store operations so this revenue is returned to the students for student programs.

c. SIEF/LM: State Instructional Equipment and Library Materials fund is allocated by the state through the district to the College. There is no mandated break between the two needs but, rather, is a function of college discretion.

d. Lottery Funds: a portion of California State Lottery proceeds are allocated to K-14 education programs for the sole purpose of purchasing instructional supplies. While this is an annual one-time-only allocation, using a historical precedent, the college has established an annual base budget for divisions that utilize this type of funds.

e. PFE: Partnership for Excellence funds are allocated by the district. A portion of these funds is used to offset rents and leases for outreach centers and other leased facilities. The net amount is available for inclusion in college discretionary spending.

f. Non-Instructional Equipment funds are allocated by the district and are intended to support the purchase and maintenance of classroom furniture and other institutional improvements for student areas like carpets/flooring, white boards, projectors, screens, etc.

g. Non-resident tuition: A portion of tuition fees are returned to the College as a function of the non-resident student population. A portion of these funds are allocated to specific non-resident student programs and a portion to the discretionary funding stream.

h. Other fund types: Each year, the College will typically receive one-time or continuing funds designated for specific purposes. To the extent possible, all or a portion of these funds will be made available to the budget committee and identified in the President's annual budget memorandum in the 'source of funds' section.

i. Categorical/Grant Funds: Sacramento City College receives restricted revenue from categorical programs, grants, fiscal agent contracts and other special projects. Restricted funds are used in compliance with guidelines dictated by the funding source, usually the federal or state government. While these funds are handled through a separate planning process at the College they will be tracked and reported by metric measurements as an informational matter. To the extent possible, these type funds will

be integrated into the overall funding strategy for the College. These funds are identified on the President's budget memorandum as 'categorical integration'.

j. Capital Outlay/Bookstore: These are funds generated through enterprise activities or through the district's capital programs that can be made available to the college on an annual basis.

k. Carryover: At fiscal year's end, the VPA will calculate the portion of division base budgets that has not been spent during the preceding year. One half of this amount will be re-allocated to the division that earned the carryover. The other half will be returned to the college and allocated in the next budget year as carryover which is made available college wide through the President's budget memorandum. During constrained budget times, part of the college's financial management strategy is to induce carryovers so as to 'save' funding for a future year. These funds are shown in the other funding section of the 'source of funds' portion of the President's budget memorandum.

3. Institutional Commitments: The College has continuing annual financial commitments that must be allocated each year as part of the annual budget process. These commitments generally fall into three broad categories as outlined below. The intent of the annual budget development process is to balance these institutional commitments with appropriate funding for unit and program plan driven initiatives and programs.

a. At the unit level (department, division, office, area) there are organizational center budgets (OCB) that have been established to account for the unit's general fund fiscal activity. Each organizational center receives an appropriation from the College Discretionary Fund based on the unit's historical operating costs, called the base budget, which is intended to cover costs for supplies, student help, temporary classified, travel, etc. An organizational center may also receive funds recommended by the college Budget Committee for specific equipment purchases requested during the annual budget development process. Requests for regular classified staff or faculty positions are not charged to a unit's base nor reviewed by the college Budget Committee (see classified staff resource plan for this process). In addition to the CDF base budgets that have been established, there are also base allocations established for selected divisions for instructionally related (IR) and lottery funds. These three base funding amounts comprise the base allocations that are considered for each annual budget that is developed.

Appropriations for Base funding are budgeted among accounts in an Organization Center Budget (OCB) based upon the division manager's request or the prior fiscal year appropriations. If an OCB manager desires changes to appropriations among accounts, this may be done by requesting a budget transfer.

At the end of the fiscal year (June 30), a portion (50%) of the unspent College Discretionary Fund base (commonly called a carryover) carries forward to the next fiscal

year for use by the organization. The other portion of the carryover (50%) is returned to the college and included in the available funding calculation. These funds are used to meet other college needs and emergent or critical needs in a given budget year. If the OCB budget is overspent, the budget deficit (commonly called an overrun) will, likewise, carry forward to the next fiscal year and be charged to that unit's next fiscal year base allocation. Similarly, any carryover of lottery funds is split between the division and the college. IR carryover is also split with the division receiving 50% in next year's budget while the other 50% is returned to the budget committee reserve fund.

b. At the institutional level, these ongoing commitments include expenses for a variety of College needs such as marketing and advertising, printing, publications and postage, plant maintenance, safety and security programs, environmental management, non-instructional equipment and infrastructure and other similar type of operating costs. To the extent possible, these costs are to be identified through the Strategic Planning System using a Program Plan that will outline the program and objectives as well as the resource needs in a given fiscal year. The program plan will also cover measures of merit associated with support of the College's strategic goals and directions. Program plans cover campus wide programs and services that are available but the program is managed and resides in a given division with a designated office of primary responsibility (OPR). It is the OPR's responsibility to integrate the program into the division's operation and coordinate appropriate supporting resources through the division unit plan, e.g. personnel needs, facilities, and IT.

c. In addition to ongoing OCB baseline funding and institutional program costs each year, there will usually be special programs and/or initiatives that are identified through the planning process that will require appropriate funding. These items will be identified in the President's budget memorandum for 'above the line' funding consideration each year. For example, while not captured in a program plan, there is an ongoing need to support 'swing space' moves and facility modifications that enable the facility modernization program to be executed. These costs are shown 'above the line' and adjusted each year based on planned construction schedules.

4. Discretionary Funding Allocations: The difference between available funding and institutional commitments represents the College's ability to meet additional financial needs in a given fiscal year. These needs will be identified through the unit planning process and will include IT, facility and financial requests. They will be prioritized based on the projected effectiveness of unit and program plan objectives in achieving the College's strategic goals and directions. This discretionary funding allocation will be identified in the President's annual budget memorandum. The budget committee will be responsible for integrating facility, financial and IT requests in order to develop the annual budget recommendation submitted to the President. The funds made available for unit plan funding will be balanced with base allocation and program plan/above the line funding needs to achieve a balanced, executable budget plan for the coming academic year.

5. Mid-Year Review: During the execution year, the Vice President of Administrative Services (VPA) is responsible for conducting a mid-year review of actual financial data and trends. The results of this review will be reported to the Executive Council, President's Cabinet, Senior Leadership Team and Budget Committee and appropriate adjustments to the discretionary funding allocation will be made for the current execution year or adjustments will be carried forward and integrated into the next planning year. With constrained budgets, the use of carryover mechanisms and forward funding will be evaluated to help offset known or projected cuts to annual funding in future years.

Financial Resource Allocation Process and Timing* Summary

TIMING*	WHO	WHAT
Jul - Aug	VPA, BSO, Divisions and Units	Complete all year end summaries and analysis of ending balances, carryovers, overruns and status of continuing and one-time-only (OTO) funds.
Aug - Sep	CSPC	Review data and all elements of the College Strategic Planning System to determine the goals and priorities for the next planning cycle.
Sep - Dec	Budget Committee	Review previous FY year-end financial reports. Review status of expenditure from last FY budget committee work. Review College Strategic Planning System and the financial resource allocation plan and procedures. Review LRCCD Tentative and Adopted Budgets. Review above the line funding proposals and institutional program plans. Begin work on recommendation matrix for financial resource allocation process to include integration of financial, facilities and IT requests.
Oct - Nov	DO / VPA	District office completes work on the execution year Program Development Fund (PDF) schedule. Assess other funding sources and Instructionally Related (IR) resource availability.
Oct - Dec	Units	Complete work on unit plans with detailed objectives, measures of merit and resource needs for the planning year. Work prioritization through the College Service Area.
Oct – Nov	Program Plan OPRs / VPA / President	Determine program plan resource needs and update all program and institutional plans as appropriate. Review emergent priorities with College President and VPA for inclusion in the President's budget memorandum.
Dec	VPA & College President	Complete work on the President's budget memorandum for financial planning. Assess funding sources, institutional, unit and emergent commitments and discretionary funding availability for the planning year. Provide recommendations for priority funding considerations as appropriate.
NLT EOM Dec	President	Finalize budget memorandum to provide fiscal guidance for the planning year. Distribute to the Executive Council, Budget Committee and Senior Leadership Team.
Dec	VPA	Complete work on mid-year review of execution year spending plan. Revise funding, commitments and discretionary funding levels as appropriate. Brief College President. Provide summary memorandum to Budget Committee, Senior Leadership Team and Executive Council.
Mar - Apr	Budget Committee	Review and prioritize for allocation all budget requests for the planning year. Consider data assessments, strategic direction of the college and prioritization recommendations from divisions and College Service Areas. Integrate IT, facility and financial

		requests based on unit plan objective prioritization review.
NLT May 1	Budget Committee	Present recommendations to the President for final approval and funding for the planning year. (IT, financial and facility allocations).
May	College President	Approves final financial allocation recommendation for the planning year. Provides feedback to the budget committee and briefs Executive Council and Senior Leadership Team.
June	VPA	Based on approved discretionary spending and budget committee recommendations approved by the President, complete allocations of funding to the divisions/units as appropriate and set up annual budgets for institutional spending.

*** Specific timelines and due dates will be determined by the Planning Division (PRIE) in coordination with the appropriate OPR and/or collaborative group.**

MEASURES OF MERIT: Several measures of merit and financial summaries will be utilized throughout the year to track the college’s financial position. They will include:

- CDF Spend Rate: CDF allocations to all units will be tracked on a quarterly basis using the unit’s pre-determined quarterly spend plan. Absent a unit/division plan, a 25%/quarter spend plan will be assumed.
- IR Spend Rate: IR allocations/spend rates to requesting units will be tracked on a quarterly basis.
- Lottery Spend Rate: Allocated lottery fund spending rates will be tracked on a quarterly basis and compared to the division/unit’s spend plan.
- Year over year spending comparisons will be generated for selected expense areas, e.g. temporary employees, travel, etc.
- Year-End Summaries: An assessment of end year balances and carryover values will be captured in preparation for the next planning cycle.
- Categorical/Grant Spend Rates: Categorical and grant allocations are tracked on a quarterly basis for expenditure against planned expenditure rate. Provide tracking data to program managers to ensure an efficient year-end closing.

RESOURCE

REQUIREMENTS: Normal administrative procedures and overhead

DATE:

31 August 2007 basic plan
5 November 2007 Update
31 August 2008 Update
26 August 2009 Update
1 November 2011 Update
19 October 2012 Review / Update
1 August 2013 Review / Update

REVIEW CYCLE:

Annual

Sacramento City College
Financial Resource Request Form
Example Only: See NOTE below

DEPARTMENT/UNIT/AREA: _____ **EXAMPLE ONLY** _____

Unit POC: _____ Phone: _____ Email: _____

Planning Year: _____ Date of Request: _____

Unit Objective (s):

**NOTE: Required information shown on this form is typical of what is needed to support a financial resource request. The actual request form is part of the unit planning forms which are available at INSIDESC >> PLANNING & RESEARCH
ALL Requests MUST be submitted electronically as part of the unit planning process.**

VP/President's Assigned Priority from Unit Planning Process:

Measures of Merit/Expected Outcome:



Financial Resource Requirement:

Continuing CDF Base Augmentation: _____ Amount: _____

Nature of Request:

Maintenance of Effort (MOE): _____ New Initiative: _____ Emergent/Urgent: _____

OTO Base Augmentation: _____ Amount: _____

Nature of Request:

Maintenance of Effort (MOE): _____ New Initiative: _____ Emergent/Urgent: _____

Continuing IR Base Augmentation: _____ Amount: _____

Nature of Request:

Maintenance of Effort (MOE): _____ New Initiative: _____ Emergent/Urgent: _____

OTO IR Base Augmentation: _____ Amount: _____

Nature of Request:

Maintenance of Effort (MOE): _____ New Initiative: _____ Emergent/Urgent: _____

Equipment (non-IT) Purchase: _____ Amount: _____

Nature of Request:

Maintenance of Effort (MOE): _____ New Initiative: _____ Emergent/Urgent: _____

Major IT Purchase: _____ Amount

Nature of Request:

Maintenance of Effort (MOE): _____ New Initiative: _____ Emergent/Urgent: _____

Rationale/Justification:

OTHER NEEDS: Identify additional resources needed to support this request (space/facility, equipment, classified staff, IT, etc.). If NONE, so state.

Rankings/Prioritization:

Dept/Unit/Area Ranking: _____ of _____

Dept/Unit/Area Chair/Supervisor: _____

Division Ranking: _____ of _____

Division Dean/Director: _____

Vice President/ President Ranking: _____ of _____

Vice President/President: _____

Budget Committee Ranking: _____ of _____

Comments:

Tri-Chair Signatures: _____

President's Decision:

Approved for Funding: _____ Disapproved: _____

Signature: _____ Date: _____