



OAKLAND
COMMUNITY
COLLEGE

2005-06 General Fund Budget Process

**Issued by
College Budget Committee
and
Office of Budget and Financial Planning
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Introduction

Purpose

The purpose of this document is to describe the process used by Oakland Community College to develop and implement its annual General Fund budget.

It is intended to supplement and expand upon the annual Budget Process Presentation presented in January, 2005. PowerPoint slides from the presentation are available on Infomart.

It describes the role and tasks of the College Budget Committee, the Vacancy Committee, and other parties who are involved in the budget process.

A calendar of budget deadlines and milestones is included along with a dictionary of commonly used budget and accounting terminology.

Also included is a reprint of a previously distributed document, "Using Budget Pools."

Audience

This document is intended to be used by all College employees.

College Budget Development

Role of the Budget Committee

The Budget Committee is a standing committee of the College Administrative Services Council. Its purpose is to develop and implement the College's General Fund budget using the budget model, assumptions and guidelines provided to it by the leadership of the College.

The committee consists of the Director of Budget and Financial Planning and the four campus Business Managers. Each Business Manager is responsible for developing and distributing the budget for his/her campus site. The Director is responsible for revenue projections, and DO site and college-wide budgets.

Role of the Vacancy Committee

The Vacancy Committee is a standing committee of the Chancellor's Cabinet. Its purpose is to ensure that the College is appropriately staffed, within financial and other constraints.

The committee consists of the Vice Chancellors, campus Presidents, the Chief Information Officer and the Chief Human Resources Officer of the College.

Role of the College Equipment Task Force

The College Equipment Task Force is an ad hoc team that was created to develop and implement processes and procedures for funding equipment purchases. This was necessitated by the implementation of new accounting rules by the Governmental Accounting Standards Board (GASB 34/35).

The new GASB rules have created a fundamental change in the way the College funds and tracks its equipment purchases. Briefly, all equipment purchases of at least \$5000 including delivery and installation must be “capitalized” as assets and depreciated over the expected useful life of the assets. The depreciation expense creates a reserve of monies that will be used to replace the assets when their useful lives are over. This requirement resulted in the creation of an inventory and replacement schedule of capital assets. New procedures for funding replacements as well as for meeting College needs for non-capital equipment (items under \$5000) are being developed by the task force.

The team includes the Vice Chancellors, the campus Presidents, the CIO, the Director of Budget and Financial Planning, and the campus Business Managers.

Estimating College Revenues

The General Fund budget is based on estimated revenue from property taxes, student tuition and fees, state appropriations, and other sources. The Director prepares revenue estimates using historical information, current updates, college planning information, and any other available information.

Property Taxes: Current Taxable Value and Millage rate are obtained from the Controller. Last year's actual property tax revenue is compared to budget to determine if previous planning was accurate. Growth in Taxable Value is estimated due to net new construction in the district. Property tax revenue is then calculated using the estimated new taxable value.

Tuition and Fees: Tuition is based on an estimate of the number of students and the number of student credit hours (SCHs) that will generate revenue to the General Fund. Generally, it is assumed that SCHs will remain constant at the current rate, in order to provide a conservative estimate of tuition revenue.

- Enrollment reports from the office of institutional research are used as a starting point.
- Any known or anticipated circumstances that could impact enrollments are taken into account.
- Projected SCH and headcount estimates are calculated based on the available information.
- Projected SCHs are multiplied by the current or proposed tuition rates.
- Fees are calculated using the current rates or proposed rates and projected headcounts.
- An allowance for refunds is calculated based on historical data.

State Appropriation: State appropriation revenue is estimated based on most current information from Lansing and the current appropriation level. If the State proposes an increase for community colleges, it is assumed that OCC will receive only one-half the rate of increase due to our unfavorable treatment in the funding formula.

Other Revenue:

Income from Investments: The College earns interest by investing its revenue until it is needed. The College is limited by law to investing in government bonds, bill, and notes; certificates of deposit and savings accounts in banks and credit unions, and certain short-term commercial paper. Investment income is estimated based on the college's investments and anticipated rates of return.

Miscellaneous revenue: Miscellaneous revenue includes revenue sources that are not classified elsewhere. The budget for this revenue category is estimated based on historical data. Revenue and expenses from the Child Care Centers have been moved to their own fund and are no longer included in General Fund miscellaneous revenue.

Estimating College Expenses

The Process: Expense budgets are developed by the budget committee in a series of regularly scheduled meetings over a span of several months (see budget calendar). The general process is as follows:

- The budget committee meets to discuss budget guidelines, calendar and factors.
- Enrollment projections and revenue estimates are prepared by the Director and reviewed by the committee.
- Each Business Manager calculates his/her campus factors and submits them to the Director. A **factor** is based on a three-year rolling average of actual costs, divided by a standardized divisor, such as full-time employees, student headcount, credit hours, or a combination thereof.
- The Director averages the campus factors to produce a college-wide factor for each factored object code.
- The Business Managers then apply the college-wide factors to their campus budgets to determine the budget allocations to be distributed on their campuses.
- Objects that are not factored are budgeted on another basis that is consistent across all campuses. Any new costs are budgeted "below the line" i.e., after the factors have been calculated.
- Each site, including campuses and DO, conducts its site-based budget distribution, and prepares a budget worksheet with its budget by account number.
- Business Managers submit their operating budgets to the Director.
- Director incorporates campus operating budgets and DO operating budget into a total college budget and reconciles to the Board-approved budget.

Basis for Calculation of Expense Budgets:

Personnel Costs:

Salaries and wages for the permanent complement of full-time and part-time positions are based on the position control database. Known contractual increases are applied; when the increase is not yet known an estimate is used to determine the new year's budget.

Overtime, overload and adjunct budgets are based on the previous year's costs plus adjustments for contractual and other rate increases.

The student employee budget is based on the previous year's budget plus an adjustment for any rate increase.

Other wages are based on the previous year's budget, adjusted for any rate increases.

FICA and Retirement: FICA is based on the governmental rate and is calculated on the basis of all salaries and wages. Retirement is based on the MPSERS

retirement rate and is calculated on the basis of all salaries and wages except student wages. The state sets the rate, which is effective on October 1 of each year. A weighted average rate is calculated as follows:

20% of old year's rate, plus
80% of new year's rate, equals
Effective retirement rate for the fiscal year

Fringe Benefits: The cost of benefits is expressed as a percentage of all base salaries and wages (not including overtime, overload, etc) of permanent full-time and part-time salaries. The percentage is based on historical costs. The current rate is 18.35%.

Employee Tuition Reimbursement is budgeted as required by contract.

Contracted Personal Services budgets are now included as “personnel” in the budget process. Budgets for these costs are provided from two sources:

- ✓ Temporary vacancy replacements are funded from available salary budgets in the vacant positions.
- ✓ Contracted temporaries are funded from each President’s or Vice Chancellor’s allocation of the budget for these costs.

Non-personnel Costs

Utilities: Utility budgets are developed based on information about rates and utilization from the energy manager, inflation rates for utility costs from the U.S. Department of Labor website, and historical costs.

Staff Development and New Initiatives: Staff development and new initiatives budgets are determined by the College leadership and are incorporated into the budget by the Director.

Travel: The travel budget is calculated using a formula based on full-time equivalent funded positions in the position control database.

\$200 for each FTE faculty.
\$8,000 for each upper-level administrator (D71 and above).
\$2,400 for each administrator below D71.
\$200 for each management staff.

(Note: the amounts in the formula reflect a permanent 20% reduction as part of the 2002-03 budget process.)

Each site receives its travel allocation based on the formula; the site determines how to distribute its travel budget to its department heads.

College-wide travel fund is funded at \$80,000, Board travel is funded at \$24,000, and athletics travel is budgeted at \$50,000 outside the formula.

Operating Expenses: A preliminary estimate of supply and services budgets is prepared by the Director based on the budget model and guidelines. When the Budget Committee has completed its work, the results are reconciled to the preliminary estimate and adjustments are made as needed. Components (objects) and the basis for their allocations are:

<u>Object of Expense</u>	<u>Basis for Allocation (Divisor)</u>
Printing and duplicating	Factor (FT positions + SCH)
Advertising	Factor (SCH)
Telephone charges	Contractual, or 3-yr avg + inflation
Equipment and other rental	Contractual, or 3-yr avg + inflation
Space rental	Contractual, or 3-yr avg + inflation
Licenses and permits	3-yr avg + inflation
Postage and freight	3-yr avg + inflation, plus rate change
Uniforms and uniform cleaning	Contractual
Snow and trash removal	Contractual, or 3-yr avg + inflation
Maintenance and repair services	Factor (FTE positions + headcount)
Other services	Factor (FTE positions + headcount)
Supplies	Factor (FTE positions + headcount)
Lab/classroom supplies	93% of prior year's revenue
Software	3-yr avg + inflation
Books and periodicals	3-yr avg + inflation
Local/inhouse meeting expense	Factor (FTE positions)
Mileage and parking	Factor (FTE positions)
Memberships, dues, subscriptions	Factor (FTE positions)
Insurance	Contractual
Legal Fees	3-yr avg + inflation
Audit Fees	Contractual
Litigation/Claims Expense	3-yr avg + inflation
Credit Card Service Charges	Prior year actual
Bank Service Charges	Prior year actual
Collection Fees	Prior year actual
Dalnet Library Fee	Contractual
Tax Collection Expense	Prior year actual
Millage Election Expense	Prior year actual
Trustee Election Expense	Prior year actual
Financial Aid Match	Prior year actual
Other Grant Match	Prior year actual
Financial Aid Scholarships	Prior year budget + tuition increase

Capital Costs

Capital costs are budgeted based on the college's long-range plan that was developed during the millage campaign. Included are:

- Facility and Maintenance Projects.
- Technology Projects.
- Furniture and Equipment (including capital and non-capital items):
 - Capital equipment items (items costing \$5000 or more) are depreciated over the length of their expected useful life. Furniture and equipment replacements are determined from the fixed asset management system. The depreciation expense is budgeted in the General Fund, and serves to create a reserve for future replacements. Actual costs of replacing depreciated capital equipment are charged to the reserve.
 - Replacements of non-capital equipment (items costing less than \$5000) are budgeted in the General Fund and allocated to each campus and DO.

Contribution to Fund Balance

When possible, a contribution to fund balance is budgeted based on the goal of the College to maintain an adequate fund balance.

Campus Budget Process

Process and Timeline

Process:

- Business Manager calculates campus budget to be distributed, based on budget factors and other information formulated by the Budget Committee.
- Business Manager passes out budget packets to Deans and other org managers.
- Packet includes:
 - Cover memo.
 - Previous year's actual expenditures.
 - Current year's year-to-date expenditures.
 - Space for org manager to request proposed budget.
- Deans distribute budget packets to department chairs. Department chairs are to discuss their budget with faculty and staff before meeting with the Business Manager.
- Business Manager meets with org managers to discuss their needs, including furniture and equipment needs, budget reductions, increases, and/or new funding requests.
- Org managers submit their budget requests to the Business Manager, who collates the request into a comprehensive campus budget request.
- Business Manager and President review the campus budget request.
- Total campus requests must fit within available funds. If this does not occur in the first pass, Business Manager will schedule additional meetings with org managers to identify areas that can be reduced or changed. Process continues until the campus budget is in balance.
- Business Manager submits campus budget request to the Director of Budget and Financial Planning.
- Business Manager provides feedback to the campus community as to the status of their budget requests, pending approval by the Board of Trustees.
- After the Board has approved the College budget, the Director places the budgets in the Colleague accounts, and the Business Manager informs the campus community of the approved budget, the date that departments may begin entering requisitions for the new year, and any other pertinent information.

Timeline:

- Deadlines are coordinated with the college budget calendar.
- Org managers receive budget packets in late winter.

- Packets are due back to the Business Manager by early March so that he/she can collate and reconcile the campus budget.
- Budgets are available in Colleague in early June, for the new fiscal year which begins July 1.

Operating Costs

Pooled budgets

- Most operating costs are included in a Supplies and Services budget pool for each organization.
- Department heads are asked to detail their requests by object, with justification.
- Budgets are aggregated and recorded in Colleague in the pools.
- Any amount not placed in an organizational account is held in the campus's undistributed budget account until needed, at which time it is placed in an organizational account by budget transfer.

Components (objects) included in Supplies and Services budget pools:

- **Printing and duplicating (object 77201):** Budget is allocated based upon previous year's expenditure, unless specified by department chair for needed increase.
- **Advertising (77205):** Budget is placed initially in the campus's undistributed account until needed, at which time it is placed in an organizational account by budget transfer.
- **Equipment and other rental (77222):** Budget is placed in the organizational accounts where contractual rental agreements have been established.
- **Maintenance and repair services (77264):** Budget is placed initially in the campus's undistributed account until needed, at which time it is placed in an organizational account by budget transfer.
- **Other services (77279):** Budget is placed in organizational accounts as requested by the org manager.
- **Supplies (77290):** Budget is distributed to organizational accounts based on prior year's expenditures or as requested by org manager.
- **Lab supplies (77292):** Budget is distributed based on previous year's lab fees collected, reduced by a seven percent allowance for refunds.
- **Software (77294):** Budget is placed in organizational accounts upon approval of the software purchase by the campus leadership.

- **Library books (77310), Book binding (77312), Standing orders (77320), Periodicals (77330), Documents (77332), Pamphlets (77334), Microforms (77336), Audio recordings (77340), Videos and films (77342)** : All budgets are placed in campus library budget(s).
- **Local/in-house meeting expense (77430)**: Budget is distributed to organizational accounts based on prior year's expenditures or as requested by org manager.
- **Mileage and parking (77435)**: Budget is distributed to organizational accounts based on prior year's expenditures or as requested by org manager
- **Memberships, dues and subscriptions (77460)**: Budget is distributed to organizational accounts based on prior year's expenditures or as requested by org manager

Furniture and Equipment (77291, 77820, & 77825)

- Campus receives an allocation from the total College furniture and equipment budget.
- Org managers submit itemized list(s) of requested items.
- All capital requests must be forwarded to the Business Manager after Dean signs off on them.
- Business Manager collates the requests and presents them to the Campus Planning and Budget Council.
- Council approves or denies funding.
- If the vote is yes, the request is funded through the Business Manager
- If the vote is no, the org manager can appeal the decision at the next Campus Planning & Budget Council Meeting.

Photocopier Charge backs (77202)

- This is a new object code that started in 2004-05. The object will be used to separate the cost of photocopier usage from other printing and duplicating charges. This object will NOT be included in the Supplies and Services budget pool, but will be administered and monitored by the Business Manager.

Travel (77410)

- The campus travel budget is calculated in total based upon the following formula, using FTE (full-time-equivalent) staffing from the Position Control database. FTE includes full-time and permanent part-time funded positions, including vacancies.

# of Faculty	\$ 200 each
# of Administrators Above D71 Level	\$ 8,000 each
# of Deans & Directors (D71 & below)	\$ 2,400 each
# of Management Staff	\$ 200 each
- The campus travel budget is held in the campus undistributed budget account until travel requests have been approved.

- Travel requests are submitted to the President's staff meeting for review and approval.
- Upon approval, the Business Manager initiates a budget transfer to release the budget to the appropriate account.

NEW FOR 2005 - Lab Fee POOL

Personnel Costs

- The following personnel costs are budgeted based on the prior year's expenditure or as requested by the org manager:

Adjunct Faculty (71120)

Faculty Overload (71125)

Faculty – Other Payments (71130)

Supplemental Pay Faculty (71160)

Other Exempt Payments (71230)

Classified Overtime (71425)

Other Classified Payments (71430)

- **Student Employees (71801):** This budget is allocated to PASS Department, IIC, and other departments based upon on request by Department Chairs and availability of funds.
- **Other Employees – Tutors (71901):** This budget is allocated to PASS Department & IIC Departments.
- **Contracted Personal Services (77101, 77102, 77103):** This budget is allocated to each campus for temporary services as approved by the President. Note: it is not intended to pay for temporary replacements in vacant funded positions. A separate object code (77109) has been created for temporary vacancy replacements and funding for these needs can be requested from your Business Manager with appropriate justification.

District Office Budget Process

Process and Timeline

The DO budget includes college-wide general and fixed expenses, Bee Center, Pontiac Center, Pontiac Place, and organizations that are part of the DO budget site although housed at the various campus sites, including:

- Media Services (part of IT function)
- Financial Aid Offices
- Enrollment Services
- Recruiting (part of Marketing function)
- Campus Business Offices (part of Financial Services function)
- Placement
- Shipping/Receiving/Mailrooms
- Grounds and Mechanical Maintenance
- Custodial Services
- Utilities
- Public Safety

Because DO does not have a hierarchical campus leadership structure (President and Deans), its budget process differs somewhat from the campus process.

Process:

- Budget Director sends budget packet to each org manager.
- Packet includes:
 - Cover memo.
 - Previous year's actual expenditures.
 - Current year's budget.
 - Worksheet showing:
 - Budget director's suggested budget for upcoming year.
 - Space for department head to request/justify changes.
 - Equipment and furniture request worksheet.
- Org manager can request:
 - Changes to operating expense budget due to new initiatives and mandates.
 - Furniture and equipment (by item, specifics required).
- Org manager returns budget packet to the Director with any changes. The org manager and Director may meet as necessary to discuss and review the request.
- Budget Director prepares budgets for all items that are not assignable to an org manager (see General and Fixed Expenses).
- Total DO budgets must fit within available funds. If not, the Budget Director adjusts requested amounts until the budget is in balance.
- Director provides feedback to the DO community as to the status of their budget requests, pending approval by the Board of Trustees.

- After the Board has approved the College budget, the Director places the budgets in the Colleague accounts, and the informs the DO community of the approved budget, the date that organizations may begin entering requisitions for the new year, and any other pertinent information.

Timeline:

- Deadlines are coordinated with the college budget calendar.
- Department heads receive packets in late winter.
- Packets are due back in the Budget Office by early March.
- Budgets are available in Colleague in early June, for the new year which begins July 1.

Operating Costs

Pooled budgets

- Most operating costs are included in a Supplies and Services budget pool for each organization.
- Budget is distributed to organizational accounts based on prior year's expenditures or as requested by org manager.
- Or managers are asked to detail their requests by object, with justification as necessary.
- Budgets are aggregated and recorded in Colleague in the budget pools.
- Any amount not placed in an organizational account is held in the site's undistributed budget account until needed, at which time it is placed in an organizational account by budget transfer.

Components (objects) included in Supplies and Services budget pools:

- **Printing and duplicating (77201)**
- **Advertising (77205)**
- **Equipment and other rental (77222)**
- **Space rental (77220)**
- **Licenses and permits (77224)**
- **Postage and freight (77228, 77229)**
- **Uniforms and uniform cleaning (77254)**
- **Snow and trash removal (77260)**
- **Maintenance and repair services (77264)**
- **Other services (77279)**
- **Supplies (77290)**
- **Software (77294)**
- **Books and periodicals (77310 - 77336)**
- **Local/in-house meeting expense (77430)**
- **Mileage and parking (77435)**
- **Memberships, dues and subscriptions (77460)**

Student Financial Aid

Scholarship budgets are increased by the same percentage rate as tuition is increased.

General and Fixed Expenses

These budgets are based on historical costs, current contracts, line-item budget allocations, and any other information received.

- Insurance (fire, liability, etc.)
- Legal Fees
- Audit Fees
- College-wide Subscriptions and Memberships
- Employee Tuition Reimbursement
- Litigation/Claims Expense
- Credit Card Service Charges
- Bank Service Charges
- Collection Fees
- Dalnet Library Fee
- Tax Collection Expense
- Millage Election Expense
- Trustee Election Expense
- Financial Aid Match
- Other Grant Match
- Utilities

Furniture and Equipment

- DO receives an allocation from the total furniture and equipment budget.
- Org managers submit itemized lists of requested items.
- Budget director collates all the requests.
- Requests for computer equipment replacements are forwarded to IT for funding.
- If total remaining requests are less than the allocation, all requests are funded.
- If total remaining requests exceed the allocation, budget director discusses requests with org managers to identify items that can be deleted, delayed or obtained from other sources.
- Budgets are released to Colleague accounts and org managers are notified of items that have been funded.
- Any undistributed budget is retained in the DO undistributed equipment account to accommodate later requests.

Travel

- DO receives an allocation from the total college travel budget based on the funding calculation.
- Board travel is budgeted at \$24,000, which is funded separately from the travel allocation formula.
- College-wide travel is budgeted at \$80,000 which is funded separately from the travel allocation formula.
- Athletics travel is budgeted at \$50,000 which is funded separately from the travel allocation formula.
- Budget director distributes travel budgets based on historical budgets, 3-year average of actual travel costs, and any other pertinent information, ensuring that the distributions do not exceed the site allocation.
- Budget is distributed to the travel accounts when the operating budgets are placed in the accounts, and org managers are notified.

Personnel Costs

Overtime: Overtime is based on budget availability, historical costs and any contractual rate changes.

Contracted Personal Services: Contracted personnel (77101, 77102, 77103) are based on historical costs and any other information received from the org manager. Consulting (77150) is based on contracts in existence, historical costs, and any other information available.

Student Assistants: Budget is allocated based on 3-year average cost. If not all funds are allocated, they are retained in the DO undistributed student assistant account to be released later as circumstances require.

OAKLAND COMMUNITY COLLEGE 2005-06 Planning and Budget Process Calendar

<u>Step</u>	<u>College Process/Milestone</u>	<u>Campus/Site Process/Milestone</u>	<u>Participants</u>	<u>Date</u>
1	College conducts planning process.		College Planning Council, Chancellor's Council, Board of Trustees	Apr - Oct, 2004
2	Budget Director receives priorities and guidance from College leadership.		VC Admin, Budget Director	Oct - Nov 2004
3	Enrollment projection is completed for revenue estimate.		Budget Director, Director Institutional Research	Dec 6, 2004
4	Preliminary college budget is determined for continuing operations: current positions, fringes, capital construction, equipment, utilities, and operating expenses.		Budget Director	Dec 10, 2004
5	Factor bases are computed and distributed to Budget Committee members.		Budget Director	Dec 10, 2004
6	Preliminary budget information is shared with Chancellor's Council.		Vice Chancellor Admin	Dec 10, 2004
7		Business Manager reviews factor bases with President.	Business Manager, President	Dec 10 - 17, 2004
8		Business Manager calculates historical averages and campus factors.	Business Manager	Dec 17, 2004
9	Preliminary college budget is estimated for personnel additions, changes and deletions, and related non-personnel expenses.		Budget Director	Dec 17, 2004
10	Preliminary college revenue and expenditure budgets are prepared.		Budget Director	Dec 17, 2004
11	Preliminary budget information is presented to Board of Trustees planning session.		Vice Chancellor Admin	Dec 2004 - Jan 2005
12	College-wide factor summary is compiled and reviewed.		Business Managers, Budget Director	Jan 18, 2005
13	Bureau of Labor Statistics releases inflation rates for 2004.		Budget Director	Jan 18, 2005
14	Preliminary budget information is shared with College Planning Council.		Vice Chancellor Admin	Jan 18, 2005
15	Preliminary budgets are adjusted as necessary to reflect inflation rate.		Budget Director, Business Managers	Jan 25, 2005

16		Budget Communication Presentation & Document are presented at the campus/site.	Vice Chancellor Admin, Presidents, Business Managers, Budget Director	Jan 2005
17		Preliminary budget information is shared with campus/site.	President, Business Manager	Late Jan, 2005
18		Business Manager prepares budget materials and distributes to org managers*.	Business Manager	Feb 2, 2005
19	Cost savings/revenue enhancement suggestions are solicited from the College community.		Budget Director, Business Managers	Feb 2, 2005 - Mar 4, 2005
20		Business Manager meets with org managers * to discuss budget needs.	Business Manager, org managers*	Feb 2, 2005 - Mar 4, 2005
21		Deadline for submission of budget requests to Business Manager.	Org managers*	Mar 4, 2005
22		Business Manager compiles and balances site's proposed budget.	Business Manager	Mar 4 - 18, 2005
23	Business Managers and Budget Director summarize cost savings/revenue enhancement suggestions and forward them to Administrative Services Council for evaluation.		Budget Director, Business Managers	Mar 11, 2005
24	College lodges millage levy with Board of Trustees.		Vice Chancellor Admin	Mar 14, 2005
25	College Planning Council determines funding priorities for new initiatives.		College Planning Council	Mar 18, 2005
26		Business Manager meets with President to review site's proposed budget.	Business Manager, President	Mar 18 - 25, 2005
27		Deadline for submission of campus proposed budgets to Budget Director.	Business Managers, Budget Director	Mar 25, 2005
28	Feedback is provided to College community re: new initiatives.		College Planning Council	Mar 31, 2005
29	Proposed budget detail is compiled and reconciled to preliminary college budget; final revenue estimates and other adjustments are incorporated into the budget.		Budget Director	Mar 29, 2005 - Apr 4, 2005
30	Final budget package is compiled and reconciled.		Budget Director	Apr 5, 2005
31	Feedback is provided to Business Manager re: status of proposed site budget.		Budget Director, Business Managers	Apr 6, 2005
32	Board officers review final budget package at agenda review.		Vice Chancellor Admin, Board officers	Apr 7, 2005
33	Final budget package is distributed to Board of Trustees.		Chancellor's Office	Apr 8, 2005
34		Feedback is provided to org managers* re: proposed site budget.	Business Manager, org managers*	Apr 13, 2005

35	Final budget package is reviewed by Chancellor's Council.		Vice Chancellor Admin, Chancellor's Council	Apr 12, 2005
36	Final budget package is shared with College Planning council.		Vice Chancellor Admin, College Planning Council	Apr 15, 2005
37	Board of Trustees approve millage levy.		Vice Chancellor Admin, Board of Trustees	Apr 18, 2005
38	Budget hearing is held at Board of Trustees meeting.		Vice Chancellor Admin, Board of Trustees	Apr 18, 2005
39	Changes from budget hearing are incorporated into final budget package.		Vice Chancellor Admin, Budget Director	Apr 19, 2005 - May 3, 2005
40	Final budget package with changes is distributed to Board of Trustees.		Chancellor's Office	May 5, 2005
41	Final budget package is presented to Board of Trustees for adoption.		Vice Chancellor Admin, Board of Trustees	May 16, 2005
42	Feedback is provided to Business Managers re: approved budget.		Budget Director, Business Managers	May 17, 2005
43		Feedback is provided to org managers* re: approved budget.	Business Manager, org managers*	May 24, 2005
44	Approved budget is recorded in Datatel financial system.		Budget Director	Jun 1, 2005
45	New fiscal year begins.			Jul 1, 2005
46	Midyear review, budget revision if necessary.	Midyear review of campus/site budget.	Vice Chancellor Admin, Budget Director, Business Managers	Feb, 2006

"Org managers" include College officers, Deans, Directors, Department Chairs, and all other individuals who are responsible for one or more Datatel Colleague organizations, as determined by the campus/site.

Definitions

Account number: A sequence of numbers that identifies a unit of revenue or expense in the Datatel Colleague financial system. A Colleague account number has four components: fund, location, organization, object code.

Annualized Budget or Annualized Cost: An estimate of need or cost for a full 12-month fiscal year based on an actual expense for a shorter period of time. For example, an expense of \$1,000 per month would equal an annualized cost of \$12,000.

Budget: (a) A systematic plan for the expenditure of a usually fixed resource, such as money or time, during a given period. (b) The total sum of money allocated for a particular purpose or period of time.

Budget Officer: A three-character code in Colleague that denotes the individual who is responsible for developing the budget for a campus or site's General Fund budget (i.e., the campus Business Manager or the Director of Budget and Financial Planning).

Budget Pool: See next section.

Budget Year: The fiscal year for which a budget is being developed.

Capital equipment: Any equipment item that costs \$5000 or more, including delivery and installation. Capital equipment is "capitalized" as an asset on the College's financial statement and depreciated over the useful life of the item, and it is placed on an asset inventory schedule for replacement when its useful life is over. Annual depreciation expense is a General Fund expense. Replacements are funded from capital replacement reserves that accumulate over the useful life of the original item.

Computer Equipment:

Replacements: includes CPU only.

New: includes CPU, monitor, keyboard, mouse and any internal components that are required to make the computer operable (such as additional memory or internal modem).

Depreciation: (a) The process of spreading the cost of a capital asset (e.g. capital equipment or building) over its expected useful life. (b) The expense representing one year's worth of the cost of the capital asset. Depreciation expense is a part of the General Fund budget.

Encumbrance: An obligation to pay for a future purchase or service. An encumbrance is created in Colleague when a requisition is approved or when a purchase order is created, whichever comes first. The encumbrance puts a "hold" on the budget so that it will be available to pay for the purchase or service. When the invoice is paid, the encumbrance is released (returned to zero).

Equipment includes any item of furniture or equipment costing more than \$100 that has a useful life of at least one year. It is further divided into computer vs. non-computer, and capital vs. non-capital.

Expenditure: An expense. The use of budget funding to pay for a purchase or service.

Factor: A method used to calculate a budget for some object codes. A factor is determined by dividing a three-year average of historical costs by some base divisor in order to calculate a college-wide average cost.

Fiscal Year: A 12-month period beginning July 1 and ending June 30. A fiscal year is denoted by the year associated with its end; for example the 2003 fiscal year is the 12-month period ending June 30, 2003.

Fund: (a) A subset of the College's financial resources based on the source of revenue. (b) A three-digit code in Colleague which is a component of an account number.

Location: A two-digit code that is a component of a Colleague account number and denotes the budget officer responsibility of the account number.

Non-Capital Equipment: Any non-computer equipment item that costs less than \$5000 including delivery and installation. Non-capital equipment is purchased from the campus or site's General Fund non-capital equipment budget. One exception exists: non-capital equipment items costing less than \$1000 may be purchased from Lab Supply budgets if the items are intended for lab or classroom use.

Non-Computer Equipment: All equipment that is not defined as "computer equipment" including computer-related items such as desktop printers, scanners, and PDAs.

Object: A five-digit code that is a component of a Colleague account number and denotes the nature of the expense. For a complete listing, see the document titled Object Code Definitions on Infomart.

Organization: A six-digit code that is a component of a Colleague account number and denotes the cost center (department, discipline, activity, office, etc.) to which the account number belongs.

Org Manager: An individual who is responsible for one or more Colleague organizations and their budgets.

Pooled Budget: See next section.

Using Budget Pools in Colleague

What is a Budget Pool?

In Datatel's Colleague Financial (CF) software, account numbers can be grouped into pools for the purpose of budgetary control. If you were familiar with the previous accounting system you will recall that a similar budget function existed in CUFS and Advantage. In CUFS and Advantage it was called a unit of appropriation; in CF it is called a budget pool, or pooled budget.

A budget pool consists of one or more expenditure account numbers (poolees) that are linked to a budget account number (an umbrella). The budget for the entire pool resides in the umbrella account, while costs are charged to the poolees. This provides the org manager with flexibility in his/her budget to meet the needs of his/her organization, but also requires the manager to be aware of spending patterns and needs throughout the year so as not to run out of funds before the year is over.

Are all account numbers put in budget pools?

Not all account numbers are linked to budget pools. Some account numbers are never part of a pool, while others are generally grouped into one of three pools within an organization:

How are account numbers grouped into pools?

In the General Fund, an organization can have several line-item budgets and up to three budget pools. Other funds may have different set-ups, but here is how it works in the General Fund:

1. **Line-item budgets** are not pooled. Each line-item account has its own budget. These include salaries and wages, temporary services, consulting, travel, and financial aid awards, among others.
2. A budget pool is established for all the **fringe benefit account numbers** in an organization using umbrella object code 79001. This umbrella is linked to object codes for retirement contributions, FICA, medical insurance, dental insurance, etc.
3. A budget pool is established for **supplies and services** in an organization using umbrella object code 79002. This umbrella is linked to object codes for supplies, various services, local meeting expense, mileage and parking, etc.

4. A budget pool is established for **equipment and furniture** in an organization using umbrella object code 79003. This umbrella is linked to object codes for both capitalized and non-capitalized equipment and furniture.
5. A budget pool is established for **lab fees** in an organization using umbrella object code 79005. This umbrella is linked to object codes for lab supplies, equipment less than \$1000, and various services.

Why do I need to know about budget pools?

Every org manager needs to be aware of budget pools because the pools are used to control spending from the budget. The budget is in the umbrella account, and many poolee accounts can "roll up" to that umbrella. So, if you had a budget of \$100 in your 79002 umbrella account and chose to spend the entire \$100 on mileage, you wouldn't have any budget left for supplies, printing, or any of the other accounts in that pool.

How can I tell if an account number is part of a budget pool?

Inquiry screens and budget reports will give you this information. The most commonly-used inquiry screen is **ACBL**. If an account number is part of a budget pool, the umbrella account number is displayed at the bottom of the screen, and the budget information reflects the entire budget pool. If the account number is not pooled, the line-item budget information is displayed.

The budget report **GLSA** (the Account Availability Report) is a good report for showing the budget pools and line-item budgets. Budget pools are indicated by an umbrella account number followed by a set of indented poolee account numbers.

Show me how it works.

The example below is in the format of a GLSA report generated from Colleague Financial. You can see the poolee accounts listed under each umbrella account.

```

ORGANIZATION: 6200888 - Sample Organization

  GL Account                                     Allocated Budget
111-91-620888-77102 Temp Services (Agencies)                20,000.00
111-91-620888-77202 Photocopier Chargebacks                  45.00
111-91-620888-77410 Overnight Travel-Domestic
3,200.00
111-91-620888-79002 BGT POOL-Supplies&Services
7,000.00
    111-91-620888-77201 Printing & Duplicating
    111-91-620888-77222 Equip & Other Rental
    111-91-620888-77228 Postage
    111-91-620888-77264 Maintenance & Repair Services
  
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111-91-620888-77279 Other Services
 111-91-620888-77290 Supplies
 111-91-620888-77294 Software
 111-91-620888-77298 Other Chargebacks
 111-91-620888-77310 Library Books
 111-91-620888-77430 Local/Inhouse Meeting Expense
 111-91-620888-77435 Mileage & Parking
 111-91-620888-77460 Membership Dues/Fees & Subscr

111-91-620888-79003 BGT POOL-Eq&Furn	3,000.00
111-91-620888-77275 Non-cap Computer Eq <\$5000	
111-91-620888-77291 Non-cap Equip <\$5000	

In this example, the first three account numbers are line-item budgets. Each account has its own budget amount, and CF will prevent requisitions from being entered against the account if its budget is insufficient.

The 79002 umbrella budget account number has a budget of \$7,000. All of the account numbers listed under the umbrella "roll up" to that budget, so this organization has a total budget of \$7,000 for all printing, equipment rental, postage, maintenance services, supplies, etc. As the account manager spends his/her \$7,000, he/she charges the expenses to the appropriate poolee accounts. CF adds up all the expenses in the poolee accounts and compares the total to the budget in the umbrella account. If there are not enough funds left in the budget, CF will not allow requisitions to be entered against any of the poolee accounts.

In the same fashion, this organization has an umbrella account for its \$3,000 budget for equipment and furniture, and all the equipment and furniture account numbers "roll up" to it.