

SECTION 7.0 - BUDGET

7.1 Introduction

This chapter explains the budget process of requesting funds from the State and the process of allocating them internally to the departments.

7.2 State Appropriation

Hastings is a public educational institution funded primarily by the State. The State delegates to the Department of Finance the responsibility of compiling, reviewing and recommending to the Governor the budget for Hastings. Once the Governor has reviewed the proposed budget, he/she in turn makes changes according to the money available and his/her particular areas of emphasis for funding. The Governor's budget is issued early January.

In February and March, the Legislative Analyst's Office reviews the Governor's budget and Hastings' originally submitted budget, and makes their own analysis of the proposals. The Legislative Analyst's Office publishes a book, Analysis of the Budget Bill, with comments on the Governor's and Hastings' funding requests.

In March, legislative budget hearings are held with the Department of Finance, the Legislative Analyst's Office and Hastings' representatives in attendance.

Usually in June, the Governor signs the agreed-upon budget for Hastings.

7.2.1 Budget Development Procedures

The budget process for the upcoming fiscal year begins in July of the current fiscal year when the Department of Finance (DOF) issues the Budget Preparation Policy Letter which outlines the general guidelines for price increases, salary and benefit increases, and the development of budget change proposals. Basically, the current year's level of funding becomes the baseline budget for the upcoming (or budget) year as adjusted by the following: 1) full-year costs of programs initiated in the current year, 2) deduction of one-time costs incurred in the current year, 3) deduction of prior year's appropriation balances carried forward to the current year, 4) addition of approved price increases, 5) addition of approved salary and benefit increases, and 6) addition of approved Budget Change Proposals increases (BCPs). Therefore the process entails requesting funds a year in advance, based upon the current year's level of funding as adjusted above.

The DOF also requests information regarding the estimated expenditures for salaries and wages for the upcoming (budget) year. The State has authorized a specific number of positions to perform the academic and administrative functions of the College and the State funds only those positions. Total estimated salaries are calculated by listing all the filled authorized positions at their current salary levels, and adding the vacant positions at their entry salary levels. This information is submitted to the DOF as Schedule 7A and is used to determine funding levels for salary increases.

7.2.2 Price Increases

A price increase is an approved percentage on all non-salary, non- equipment expenditures.

7.2.3 Salary Increases

The salary increases are of two types.

- a. General Salary Increases - GSI is a general cost-of-living increase, applicable to all employees.
- b. Merit Salary Adjustments - MSA is the cost of employees moving from one step to another within their salary ranges.

7.2.4 Budget Change Proposals

A BCP is a request for additional funding above the baseline budget. A BCP may be a request for the one-year cost to purchase a piece of equipment, or may be for on-going costs of a maintenance contract for the equipment. The DOF each year provides specific guidelines regarding acceptable topics for BCPs. All Budget Change Proposals are brought to the Board of Directors for approval before submission to the Department of Finance.

The College performs the calculations for price increases, GSI, and MSA and submits them to the DOF on a planning estimate. The program budget manager at the DOF reviews the submission and meets with College officials to discuss his/her proposed, recommended funding levels. At this meeting, any submitted budget change proposals are also discussed.

The College can accept or challenge the recommendations of the program budget manager. If challenged, a meeting with the Director of the Department of Finance is scheduled. Pros and cons of funding are made and the Director then decides his/her recommended level of funding to Governor.

After the legislative hearings, the agreed-upon level of funding appears in the budget for the State. This budget also includes information regarding tuition and fee levels, enrollment data, and narrative regarding the programs at Hastings. See Exhibit F for an example of the College's budget as it appears in the Governor's Budget for the State.

7.3 Non-State Funds

The College administers hundreds of non-State accounts, including scholarship, endowment, and loan accounts. The budgeting for these accounts is the responsibility of the budget manager. In May, budget worksheets indicating the current level and type of expenditures and revenues are submitted to the budget managers. The budget managers are requested to indicate on these worksheets the amount and

types of revenues and expenditures for the upcoming year. The budget managers may only authorize expenditures to the level of current revenues plus accumulated fund balance.

The Chief Financial Officer reviews and approves these budget submissions for validity of type and amount of revenues and expenditures. Once approved by the Chief Financial Officer, the budgets of all non-State funds are brought to the Board of Directors for approval.

7.3.1 Bookstore - (Reporting Requirements)

To facilitate its oversight, an income statement shall be presented to the Finance Committee and Board of Directors on an annual basis summarizing actual fiscal performance for the preceding fiscal year and budgeted performance for the upcoming year.

7.4 Internal Allocation of Funds

7.4.1 Initial Budget Hearings

In May, when the preliminary amount of the State appropriation is known, budget hearings are scheduled for all departments. These hearings can include the Dean, the Academic Dean, a faculty representative, the Chief Financial Officer and the budget manager. The purpose of these hearings is to have all parties informed as to the goals and accomplishments of the departments and to receive the departments' requests for funding.

The College's level of funding the individual department is limited to the total of the State appropriation plus collected tuition, fees, and miscellaneous revenues. The College views the revenues as owned by the College as a whole, and not owned by any one specific department.

It is the policy of the College to attempt to fund every department to the current year's expenditure level. Therefore, the department's estimated full-time salaries (from Schedule 7A) and last year's supplies levels are first funded.

The requests for reclassification of positions, temporary help, overtime, and research assistants are next reviewed. Some departments, such as Records and Security rely upon temporary help and overtime to accomplish their functions. These requests, as well as requests for position reclassifications, are reviewed by Personnel and generally funded to the level recommended by Personnel.

The requests for research assistants are reviewed by the Academic Dean and generally funded to the level recommended by him/her.

New projects and equipment requests suggested by the department heads are reviewed and approved by their supervisor before submission in the budget hearings. These requests are reviewed in the context of the benefits that would be derived for the College from funding them. If the benefits are great, the College makes every attempt to fund the request.

The College's policy is to maintain a reserve in the annual budget. The amount of the reserve will be determined as an element of the annual budget process and reviewed by the Finance Committee as part of its review of the overall budget.

The final internal allocation of the State appropriation is brought to the Board of Directors for final approval.

7.4.2 Mid-year Budget Hearings

In early February, mid-year budget hearings are held for all departments. The purpose of these meetings is to determine that all departments will meet their goals as set the previous May. If not, the department's new goals are reviewed and approved, and the necessary adjustments in funding are made.

7.5 Review Process

Each month the Chief Financial Officer is responsible for reviewing the financial statements to detect and correct any problem areas and to ensure that the College remains fiscally sound.

7.6 Budget Authority

The Dean is authorized to modify budget estimates for activities and functions, and in connection therewith increase or decrease the approved budget and effect the expenditure of these funds accordingly. Authorization is not to exceed \$50,000.00 and is subject to the availability of funds. This authority cannot be invoked if:

- Results in the establishment of a new policy or program, or involves a project with a continuing commitment;
- Requires the transfer from a fund for a purpose other than that for which the fund was established.

Adjustments to the approved budget that are made pursuant to this provision will be displayed as budget variances in the Budget Reports made regularly to the Finance Committee and Board of Directors.

The Dean's authority related to grant management is set out in Section 16., Grant.