

MONTEREY PENINSULA COLLEGE
GOVERNING BOARD POLICIES

2000 SERIES ADMINISTRATION & BUSINESS SERVICES

B. Business Services

2106 Budget Standards & Policy

A. Budget Development Actions

To achieve and maintain fiscal stability and to dedicate resources to meet the objectives of strategic planning, Monterey Peninsula Community College District will follow a plan that requires a balanced budget on a year-to-year basis. To achieve each of the standards of the plan, each year the Budget Committee will develop a budget that results in steady and progressive progress in achieving each of the requirements of this Fiscal Plan. While the development of the annual budget occurs through the shared governance process, the Vice President for Administrative Services, serving as the Chief Business Officer, is responsible for submitting a budget to the Superintendent/President that complies with the requirements of this plan.

Budget Development

The annual district budget shall be prepared in conformance with the California Community College Budget and Accounting Manual, and in conformance with provisions of the Education Code. The following standards will be used in development of the annual operating budget:

Operating Budget Standards

Total Salaries and Benefits: Total salary and benefit costs should not exceed 80% of total expenditures. This level is consistent with other California community colleges. Permanent additions to staff levels will be made under one or more of the following conditions:

- (1) Increases in full-time faculty personnel required by increased state funding.
- (2) Additional staff that will result in an increase in FTES revenue.
- (3) Inability to obtain part-time faculty within an academic discipline.
- (4) Workload demands resulting from growth and increased volume of work.
- (5) Enhancements to support services necessary to support development of instructional programs, student retention efforts or increased technology.

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Personnel:

Salary Rates: The Board of Trustees follows a practice of retaining a salary structure that is within the median range of other like agencies. For faculty members, the comparison is made against California community colleges. Classified employees are compared to other community colleges as well as local public agencies. Administrative employees are compared to California community colleges.

Faculty: A Faculty Obligation Number is established by the State of California and is the minimum full-time faculty requirement for the College. The statewide goal for the full-time faculty versus part-time faculty ratio is 75% full time compared to 25% part time.

Classified: Classified employee positions are to be evaluated on a year to year basis to determine where additional employees are needed to support student success, the instructional and service programs, or to enhance the working and learning environment. Support staffing levels are to be considered when evaluating changes to instructional programs.

Administration: Salaries and benefits for administrative employees should be in the range of 5% to 8% of expenditures.

Retirement Incentives: A retirement incentive will be offered only when there are substantial savings available to the College. A retirement incentive is to be an infrequent action.

Maintenance:

An allocation of a minimum of ½ of 1% of the Unrestricted General Fund revenues in excess of permanent staff costs and services agreements will be made each year to preserve and enhance the College's investment in its facilities. These expenditures will be used to address recurring and on-going maintenance needs. In determining work to be performed, the College will refer to the work product of the Educational Master Plan.

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Revenue Standards

State funded growth revenue is actively pursued. Growth revenue is viewed as an essential element in obtaining the resources necessary to meet the Strategic Plan goals of providing and increasing community access to the College's educational services and in bringing high technology into the classroom.

The College will provide contract education services to meet the needs of the community and to maximize non-State funding.

Categorical and grant revenue provided by State and local agencies for specific support purposes is to be pursued by the College when these services are consistent with the objectives of the Strategic Plan.

Funding from the Monterey Peninsula College Foundation will also be sought to assist in providing funding for specific Strategic Plan projects.

Reserve Standards

General Fund Reserve: The target reserve is 10% of the Unrestricted General Fund revenues.

The reserve is to be used for unanticipated changes in expenditures or revenues and to provide some amount of capital that can be used to pursue opportunities.

Other Debt Service Reserve: A reserve of one year's total annual debt payments will be maintained in the Other Debt Service Fund.

Investments: Cash not needed for ongoing operations will be invested with Monterey County or a Local Agency Investment Fund.

Debt and Capital Lease Obligations Standards

Long-term debt and capital lease obligations will not exceed 5% of total unrestricted general fund revenue.

Long-term debt will only be issued to obtain capital equipment or facilities for which State funds are unavailable or insufficient to meet the cost of these projects.

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Prior to financing any project, an assessment will be made to define how that project assists in meeting the goals of the Strategic Plan.

Long-term debt will not be used to pay for operating fund deficits.

Capital lease obligations will only be incurred for capital purchases in excess of \$25,000 and will have a lease term of no longer than five years.

Certificate of Participation issues will not exceed 10 years.

Accounting, Auditing, and Financial Reporting Standards

Independent audits will be performed each year as required by law.

Annual financial reports will be produced in accordance with Generally Accepted Accounting Principles (GAAP), as defined by the Governmental Accounting Standards Board and the California Community College's Budget and Accounting Manual.

An internal control structure will be in place to ensure reasonable accuracy of accounting information, to safeguard assets from loss and to ensure operating policies and procedures are being followed.

Capital Budget Standards

A five-year Capital Construction Plan will be prepared each year. The Plan will be developed based on facility needs identified in the Educational Master Plan.

Each year the College will allocate a minimum of \$25,000 to the Capital Projects funds to obtain the service of professionals to develop Initial Project Proposals, Financial Project Proposals, and other documentation necessary to submit funding requests for capital projects.

A construction management firm will be used as a project manager whenever total cost of a project exceeds \$750,000 at the College.

Every ten years a Facility Master plan will be revised.

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Review of Standards

Each year the Board of Trustees will review the budget standards to determine the appropriateness of application of the standards. If the financial situation warrants a deviation from the parameters established in the budget policies, the Superintendent/President will seek authorization from the Board of Trustees to waive certain provisions of this policy for any specific fiscal year.

B. Budgeting Monitoring Actions

The approved annual budget will be monitored to ensure actual performance is consistent with the budget and that corrective action will occur as necessary.

Monitor and Enhance Revenue Management

An enrollment management team will monitor the status of FTES throughout the course of the year to ensure that target FTES level is achieved. Corrective action will be taken as needed to respond to changing enrollment trends. In developing course offerings, the following guidelines will be considered:

- (1) Credit courses will be offered in favor of non-credit courses so that the higher funding rate per FTES may be achieved.
- (2) Traditional in-district curriculum credit courses and contract instruction will be offered to the extent possible to achieve the maximum available state revenues.
- (3) Contract education courses will be offered to enhance revenues and augment services provided to the community.

In addition to monitoring FTE levels, locally generated revenues such as interest income, non-resident tuition and other miscellaneous sources of funds, will be monitored to determine the accuracy of total revenues.

Monitor District Expenditures and Seek Opportunities to Reduce Expenditures

Spending authorization is granted by the Board of Trustees through adoption of the Final Budget. Prior to authorization of expenditures,

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budgeted amounts will be reviewed to verify that expenditures do not exceed the spending authorization granted by the Board of Trustees. At times, it will be necessary for expenses to exceed budget levels to maintain the operations of the college. When this occurs, other expenditure allocations will be reviewed college wide to determine if any accounts have excess funds available. On a monthly basis, budget adjustments will be made to transfer funds among various programs and accounts to ensure that overall expenditures do not exceed the total budgeted expenditures.

Adopted: May 23, 2000

Revised and adopted: October 25, 2005.