

### **C.1.4 (Policy) Budget**

Responsible Department: Vice Chancellor for Finance and Administration

Board Adoption: 8-18-09

Last Board Action: 5-23-12

Last Amended: 11-28-16

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#### **Annual Budget**

The fiscal year for the College District shall begin on September 1 and end on August 31. The Board shall annually adopt a budget on or before September 1 of each year, providing authority to expend funds in accordance with state law, College District policy, and the College District's approved procedures.

#### **Scope**

This policy and Procedure [C.1.4.1](#) apply only to the annual College District current unrestricted funds budget.

#### **Budget Principles**

The budget shall be developed to support the goals of the Board-approved strategic plan of the College District for the academic year stated in fiscal terms. The following principles shall be adhered to in developing the annual budget:

1. In preparing and passing the budget, the administration and Board shall strive to distribute funds in a manner that is aligned with the College District strategic plan to the maximum extent possible. The budget shall reflect an equitable allocation of resources among the many college and district services functions supporting the goals of the strategic plan.
2. The budget shall identify sufficient sources of funds to ensure a fiscally balanced budget.
3. The budget shall reasonably provide for contingencies to meet unforeseen demands.
4. The administration shall provide the Board with key indicators to assist the Board in its deliberations.

#### **Budget Adjustments and Reallocations**

Budget adjustments (movement of budget between accounts) and reallocations of reserve/pooled budget accounts are allowed to support operations and to facilitate implementation of the College District strategic plan.

#### **Line Item Groups**

The line item groups are:

- a. Instructional and General ("I & G"): Instruction, Academic Support, Student Services, Institutional Support, and Operation and Maintenance of Plant;
- b. Public Service;
- c. Scholarships and Exemptions; and
- d. Auxiliary Enterprises.

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Budget adjustments between line item groups require prior Board approval. The following transactions are exempt from this requirement:

- a. Allocations and reallocations to and from the Chancellor's Reserve;
- b. Salary and fringe benefit transactions; and
- c. Allocations and reallocations to and from pooled accounts for specific use as approved by the Board, such as equipment and adjunct faculty salary pools.

#### **Budget Amendments**

The budget may be amended during the fiscal year. Increases or decreases to the total annual current unrestricted operating budget (budget amendments) shall be submitted to the Board for prior approval.

#### **Savings Incentive Program**

Up to 25% of “net savings” (as defined by the Vice Chancellor for Finance and Administration) may be carried forward from the prior year to the next budget year to provide a funding mechanism in each College Presidents’ and Vice Chancellors’ budgets for priority initiatives and to incent a culture of savings. The amount of the carryforward will be based on actual results after the audited financial statements are approved by the Board of Trustees in December. Carry-over amounts not utilized within two years will revert to the district’s fund balance. In January of each year, the Vice Chancellor for Finance and Administration will provide a Savings Incentive Program report to the Board of Trustees.

Activities which allow for carryforward which are excluded from the calculation include:

1. Unused revenues for programs which have been identified and approved by the Board of Trustees as high cost and have special program tuition;
2. Student activity fees; and
3. Remaining balances from capital budget allocations.

The remaining 75% “net savings” will accumulate in fund balance to offset future differences in state appropriation funding levels, revenues under budget and/or other reallocations by the Board of Trustees such as increases to preventive maintenance.

#### **Fund Balance**

The target level for the current unrestricted fund balance is 15% of the annual current unrestricted funds budget.

Procedure [C.1.4.1](#) Annual Operating Budget

*Legal Reference - TACC Policy Reference Manual*

CAAA(LEGAL) – State and Federal Revenue Sources: State

CAAB(LEGAL) – State and Federal Revenue Sources: Federal

CC(LEGAL) – Annual Operating Budget