

## **Approved Strategic Budgeting Framework May 13, 2008**

The President and Vice President for Financial Affairs shall review all new funding and other available resources, and make a joint determination as to the amounts that are available to be distributed annually by established formula to accomplish departmental STRATEGIC OBJECTIVES. Both one-time and continuing sources shall be reviewed and considered.

One-time sources of available funding include cash carryover identified from the previous fiscal year and established Board reserves. Consideration shall be given to the adequacy of Board reserves so that sufficient resources are set-aside for emergency expenditures and other contingencies. Funding from one-time sources may be set aside to accomplish institutional STRATEGIC DIRECTIONS, as follows:

**Strategic Direction # 1 - Thoughtfully prepare our organization and our people for changing and dynamic times.**

**Strategic Direction # 2 - Promote high quality, accessible learning experiences through responsive programs of distinction aligned with current & future opportunities.**

**Strategic Direction # 3 - Embrace and invest in technology and modern facilities.**

**Strategic Direction # 4 - Enhance the quality of life for individuals, families, the community and region, and positively influence the economy.**

**Strategic Direction # 5 - Recognize and extend our global reach.**

The remaining one-time resources are available for distribution by established formula in the following fiscal year, and these resources shall be used to accomplish STRATEGIC OBJECTIVES.

Continuing sources of available funding include new state and local appropriations; current year and projected recaptured/redistributed state aid; institutional revenue adjustments necessary due to real and projected enrollment changes and other economic conditions; and current year expenditure reductions that arise from discontinued programs, expiring early retirement commitments, and other necessary adjustments that have been identified. In determining the amount of continuing resources available for distribution through the established formula, consideration shall be given to **FIXED COST INCREASES**, such institution-wide compensation adjustments, including cost-of-living allowances and related benefit changes, projected health insurance premium changes, professional development units awarded, early retirement benefits, scholarship budget changes, utilities and insurance costs increases, and cost adjustments that affect the institution as a whole. Consideration shall also be given to establishing continuing funding pools to accomplish institutional STRATEGIC DIRECTIONS. The remaining continuing resources are available for distribution by established formula in the following fiscal year, and these resources shall be used to accomplish STRATEGIC OBJECTIVES.

Thus, resources are allocated to each category at these levels:

<b>INSTITUTIONAL LEVEL: FIXED COST INCREASES</b>
<b>INSTITUTIONAL LEVEL: STRATEGIC DIRECTIONS</b>
<b>DEPARTMENTAL LEVEL: STRATEGIC OBJECTIVES (by established formula)</b>  <b>1. Trustees/President's Office</b> <b>2. Learning</b> <b>3. Student Services</b> <b>4. College Relations</b> <b>5. Administrative Services</b> <b>6. Institutional Effectiveness</b> <b>7. Institutional Development</b>

Distribution of one-time and continuing funding to major functional areas shall be accomplished by a formula for the purpose of creating budgets to implement STRATEGIC OBJECTIVES identified in action plans. Distribution shall be based on two components, which include a fixed and variable distribution. The fixed distribution is an equal flat amount distributed across-the-board to each major functional area. The variable distribution consists of two drivers. Variable one is driven by the number of Trustees and full-time permanent employees assigned to each major functional area as certified by the Human Resources Department on at March 15 of each year. Variable two is the relative percentage of actual Operating Fund expenditures for the previous fiscal year as certified by the Vice President for Financial Affairs. The amount to be allocated to the fixed distribution and each variable distribution is determined through the use of established factors. The factor pertaining to the fixed distribution is set accordingly to ensure that each major functional area receives a base amount to accomplish the STRATEGIC OBJECTIVES that have been approved through the action planning process. Similarly, the factors for each of the variable distributions have been set accordingly to recognize the relative number of personnel and the budgeting scale for each of the major functional areas. Each major functional area shall allocate funding toward its STRATEGIC OBJECTIVES, according to priorities that have been collaboratively determined through the action planning process.

Factors shall be reviewed and adjusted annually. In fiscal years after FY-09, adjustments to the total amount allocated may be further adjusted to recognize the successful implementation of strategic objectives.

**NOTES:**

1. Factors should be set after an evaluation of STRATEGIC OBJECTIVES proposed.
2. Formula test data is estimated; actual data to be certified after Distribution Formula principles have been established.
3. Other variable drivers may be considered as additional or replacement drivers, such as FY-08 budgeted amounts, consideration of estimated number of part-time employees supervised, mission-importance/critical scaling, FTE employees from IPEDS data, number of departments within each major functional area, etc.