

6. Budget Policy

6.1. Purpose. The purpose of this section is to summarize the general budgetary framework of the Board for the operation of the College. The goals of this policy are threefold.

6.1.1. To demonstrate a commitment to budgetary accountability.

6.1.2. To increase awareness and understanding of the Board's budget process and attendant objectives.

6.1.3. To provide criteria for College and Board budget review.

This policy shall relate to Education and General Budgets, Auxiliary/Self-funded Budgets, and Capital Budgets.

6.2. Operating Budget Policy.

6.2.1. The annual budget will be used as a logical extension of the College strategic planning and priority process.

6.2.2. The results of periodic reviews of College programs will be integrated, where appropriate, in budget resource allocations.

6.2.3. Where possible and appropriate, performance measurements and productivity indicators will be integrated with the budget.

6.2.4. Costs will be monitored to insure the minimization of administrative costs and their duplication.

6.2.5. The original budget approved by the Board will represent the College's spending authority. The College is authorized to exceed the final Board-approved spending plan as long as in doing so expenditures do not exceed revenues. Funds rolled forward from a prior year will be considered approved in the year of origination.

6.2.6. The College administration is responsible for managing expenditures within available revenues. On a quarterly basis, reports will be provided to the Board's Business Affairs Committee in the same format as the originally adopted spending plan. Major variances will be explained.

6.2.7. The Business Affairs Committee, with representation from the College as determined by the College President, shall develop the Final Budget Calendar, the Budget Development Policies, and the Budget Development Format, as the specific mechanisms for final budget preparation, subject to the approval of the Business Affairs Committee.

6.3. Revenue Policy.

6.3.1. Annual revenues will be estimated by an objective, analytical process.

6.3.2. Enrollment will be projected for the next three (3) years and will be updated annually.

6.3.3. When proposing tuition and fee increases, the College will consider the impact of such increases upon student access and mitigate any negative impacts to the maximum extent possible.

6.3.4. To the extent possible and appropriate, non-state sources of revenue will be generated to help fund the cost of high priority institutional expenditures.

6.3.5. Fees will be set for other user activities such as recreational services, at a level to support the direct and indirect cost of the activity.

6.3.6. Each existing and potential revenue source will be re-examined annually.

6.3.7. The College administration will work with the Fort Lewis College Foundation as a strategic partner and together will develop annual support goals.

6.4. Contingency Policy. The College will establish a contingency reserve to pay for needs caused by unforeseen emergencies such as state fiscal exigencies and unanticipated expenditures of a nonrecurring nature. This contingency reserve will be established at a minimum of two percent (2%) of the budgeted state funding and tuition.

6.5. Capital Improvement Budget Policy.

6.5.1. The College will develop a multi-year plan for capital improvements and update it annually. This plan shall be a logical extension of the College's strategic planning and priority process.

6.5.2. The College will develop an annual capital budget request based on the multi-year capital improvement plan. Future capital expenditures necessitated by changes in enrollment, changes in academic programming, or changes in economic conditions will be calculated and included in capital budget projections.

6.5.3. The College will make all capital improvements in accordance with its adopted capital improvement plan.

6.5.4. The College will coordinate development of the capital improvement budget with development of the operating budget. Future operating costs associated with new capital improvements will be projected and included in operating budget plans.

6.5.5. The College will use external assistance to finance only those capital improvements that are consistent with the capital and maintenance costs that can be accommodated in operating budget plans.

6.6. Budget Development Policy.

6.6.1. Objectives. The funding system should be:

6.6.1.1. Flexible in its ability to respond to issues and changing circumstances.

6.6.1.2. Stable to allow for longer term planning and priority setting.

6.6.1.3. Responsive to Board Strategic Priorities and College planning in its allocation of resources by function.

6.6.1.4. Reflective of legislative appropriation intent.

6.6.2. Development of Budget Parameters. The College, through its internal budget processes, shall develop budget parameters for submission to the Board through the Business Affairs Committee.

6.6.2.1. The budget parameters will consider at a minimum:

6.6.2.1.1. Enrollment – Institutionally documented estimates.

6.6.2.1.2. Salary Survey – State Department of Personnel.

6.6.2.1.3. Tuition – Consistent with CCHE Tuition and Fee Policy.

6.6.2.1.4. Long Bill directives.

6.6.2.1.5. Need-based financial aid.

6.6.2.1.6. Comparison of rates with peer Institutions.

6.6.2.1.7. Comparison of rates with Colorado Institutions.

6.6.2.1.8. Reserves – This reserve will be established at a minimum of two percent (2%) of the budgeted state funding and tuition.

6.6.2.2. The budget parameters shall include:

6.6.2.2.1. Dollar comparisons by total and source of funds, with current year budget base.

6.6.2.2.2. Dollar comparisons of expenditure distributions with current year budgets.

- 6.6.2.2.3. Discussion of tuition rate proposals based upon the CCHE Tuition and Fee Policy requirements, Long Bill directives, with dollar values and options.
- 6.6.2.2.4. Discussion of relationship between budget resource allocation proposed and the Board strategic priorities, where appropriate.
- 6.6.2.2.5. Graphic data presentation will be provided where appropriate in areas such as enrollment, revenues by source of funds, expenditures, salaries, and tuition.

6.6.3. Format of Budget Parameters

- 6.6.3.1. Highlights depicting the relationship between proposed budget resource allocation, the Board strategic priorities, and the College's planning priorities.
- 6.6.3.2. Major budget parameters highlighted and discussed.
- 6.6.3.3. Enrollment trends discussed including FTE and Headcount for resident, nonresident and total student.
- 6.6.3.4. Revenue sources including General Fund, Tuition and Other Revenue.
- 6.6.3.5. Expenditures.
- 6.6.3.6. Faculty Salary Comparisons – Discussion of faculty salaries compared to peer institutions.
- 6.6.3.7. Cost of Attendance – Historical information showing the cost of attendance including tuition, fees and room and board.
- 6.6.3.8. Tuition and Fee Rates and Comparisons – Discussion of tuition and fees compared to peer institutions.
- 6.6.3.9. Auxiliary Budget Highlights.

6.7. Board Budget Development Calendar.

- SEPTEMBER Board establishes priorities.
- MAY Presentation of budget parameters to the Board Budget Committee.
- JUNE Final budget is developed and presented to the Board.