



# Budget Guidebook

Finance Office

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## **OPERATING BUDGET DEVELOPMENT**

Hagerstown Community College must prepare and submit to the Washington County Commissioners, under the laws of the state of Maryland, an annual operating budget for all the operating funds of the College. This budget is prepared in accordance with the principles of encumbrance accounting. All unencumbered appropriations in the operating budget lapse at the end of the fiscal year.

Once the operating budget is adopted by the County Commissioners, the College has the authority to transfer funds among expenditure categories (i.e. salaries and fringe benefits, contracted services, supplies and materials, communications, conferences and meetings, utilities, and furniture and equipment) within a program.

## **BUDGET BASIS**

The fiscal year of the College begins July 1 and ends June 30 of the next year. All unencumbered appropriations in the operating budget lapse at the end of the fiscal year. All lapsed appropriations are carried forward as operating budget fund surplus.

The College's operating budget is prepared on the modified accrual basis of accounting. Revenues are recognized in the accounting period that they become available and measurable. Expenditures are recognized in the accounting period that the fund liability is incurred. Encumbrance accounting is utilized for purchase orders, contracts and other commitments.

## **BUDGET FORMULATION**

The formulation of the College operating budget is the responsibility of the Vice President of Administration. The Director of Finance along with cost center managers are responsible for assuring that budgeted expenditures are subject to the controls established within the accounting system as well as monitor that expenditures by organizational budget managers remain within appropriation balances by category and by program.

As part of its integrated annual planning, budgeting and evaluation model, planning meetings are held with all College units during the fall. To measure institutional effectiveness and monitor

quality assurance, all units are required to discuss unit key performance indicators (KPI). HCC uses ten key indicators related to the strategic goals. The indicators are well integrated into the College's overall Strategic Plan and action plans, as well as ultimately individual unit plans.

Unit plans are built upon the College's vision, institutional priorities, and strategic plans, as well as needs within the unit. Units report projected needs for maintaining productivity and improving results, resources needed to maintain or improve productivity (e.g., personnel, supplies, equipment, facilities), a timeline for each need, persons responsible, and assistance that may be required outside of the department. This information is the foundation for the unit's plan and budget and are incorporated into a comprehensive College plan and resource request.

Once all unit meetings are held, the President holds five days of planning retreats with his executive staff. Although some important long range topics are discussed, most of the executive retreat time focuses upon the College's immediate future; defined as the next two to three years. Cost-benefit discussions and priority setting are core topics crossing all five days.

Resources in the annual plan and budget are divided into three areas: cost center base budgets, productivity funds, and designated funds.

The **cost center base budgets** cover basic ongoing operating functions, including personnel and non-personnel items, such as materials and supplies, contracted services and communication.

**Productivity funds** support the increased costs of unit work, as well as help align actual expenditures with base budgets as dictated by enrollment and related circumstances. These funds are managed by the executive officer for allocation as needed. This centralization at the executive level permits the vice presidents and deans to promote more consistency, equity and greater efficiency with resources within their areas of responsibility. The list below delineates areas commonly supported through the productivity funds:

- a. Faculty alternative assignments

- b. Adjunct faculty, faculty overload and tutorial/independent study
- c. Student workers
- d. Professional development
- e. Institutional memberships
- f. Employee tuition reimbursement
- g. Software
- h. Early College and Opportunity Scholarship Funds
- i. Equipment

**Designated funds** are those funds that are distributed on an annual basis to support and help achieve established institutional priorities and strategic goals. Such funds are allocated for new or for strengthening existing initiatives, programs and services.

**Contingency Funds** are additional funds have been set aside to absorb potential funding cuts and/or enrollment declines throughout the fiscal year, unanticipated expenses, and additional allocations as may be required for program development, new programs and initiatives, and continued enrollment growth.

All of the aforementioned funds support initiatives and activities that have been incorporated into annual operational plans, and the Strategic Plan, the Student Learning Outcomes Assessment Plan, the Information Technology Strategic Plan, the Facilities Master Plan, the Institutional Effectiveness Model and other major institutional documents. HCC's activities follow a continuous cycle of "plan, do, assess, and adjust." Central to this process is integrated planning, implementation of action plans, and the outcomes of the programs and services that contribute to student and community success.

Planning and funding future growth based upon the College's institutional priorities, strategic goals, outcomes assessment and self-study recommendations may, to some extent, necessitate the reallocation of resources. Such decisions are based upon information from the unit planning

meetings and enrollment trend analyses in all credit and credit-free programs. Positions or funds for positions, as well as support resources, are reallocated if they better meet students' needs, maximize efficiency and support the College's vision and priorities.

## **ANNUAL UNIT PLANNING**

### **INSTITUTIONAL PRIORITIES, STRATEGIC GOALS AND DATA MEASURES**

The Institutional Priorities, Strategic Goals and Unit Data Measures are the foundation of your planning activities. The data measures should be completed and returned along with all other unit planning materials. These, are, in essence, your unit productivity report. Please be sure to complete any columns/rows (dotted cells) that are not populated. If a row is highlighted in pink, you are not expected to complete it this year. The Office of Planning and Institutional Effectiveness will be working with you to ascertain the best way to capture and report this information.

### **HCC FYXX GOALS:**

This form is used to develop goals and strategies in support of HCC's mission, vision and strategic goals. Goals can also help achieve established institutional priorities, as well as new or existing initiatives, programs and services. Be as specific as possible. The goal should be worded in clear action-oriented language as it is to appear in the final version of the plan and budget document. Goals and strategies may be a continuation or refinement of those set in FY XX (note in parentheses – "Continuation from FYXX"). New goals may also span multiple years. If this is the case, make a notation (i.e., Multi-Year FYXX-FYXX).

**Unit** - Complete this line as the unit appears in the catalog/organizational chart. If the unit title is changing in FYXX, please write the new title here.

**Overview/Description of Function** - Describe in sentence format your unit if different from the previous year Plan and Budget.

**Goals for FY XX** -

- Goals must reflect the Institutional Priorities and strategic goals.
- Please use the format that is in the previous year Plan and Budget.
- Write goals that are attainable, manageable and measurable.

**Reporting Relationship** - Indicate, by position title, the individual to whom the unit reports.

## **HCC FYXX ANNUAL UNIT PLAN AND RESOURCE REQUEST:**

### **General Instructions -**

- This form is for all unit plans.
- It should be noted that a cost center may not receive the same allocation in a line item as in FYXX as “reallocation is a reality”.
- With the exception of position reclassifications, status changes and new position requests, all requests must include reasonable cost estimates. Please have these requests reviewed by the Director, Human Resources and your Executive Officer prior to submission.
- When requesting a position reclassification or new position, refer to the “Guidelines for Requesting a Reclassification of Staff Position OR New Position” (provided beginning on page 6 of this document).
- Limit attachments, appendices or additional justification to no more than three (3) files (Word, Excel and/or PDF).

Unit – Complete this line as the unit appears in the catalog/organizational chart.

## **PART I –**

**Strategic Goal/Institutional Priority** – This column should reference the strategic goal and/or institutional priority for which resources are being requested (for example, SG#7 or IP#3).

**Goal** – This column should reference the goal number from the FYXX Goals Form for which resources are being requested.

**Resource Description** – Complete this column if additional financial resources are required to attain goal/strategy. A single goal may have multiple lines in the Resource Description columns. List accordingly, one item per line (sample below). When requesting student workers, include the number of workers; hours per week per worker; and weeks per year per worker.

**Assistance Needed from Other Areas** – Indicate by position, department, and/or unit title(s). This will be shared with the support area(s) cited.

**Columns 5 through 11** – Include the estimated cost of the items listed under “Resource Description”. With the exception of position reclassification, status change, and new position requests, all requests must include reasonable cost estimates. Do not include text in these columns. Totals will calculate automatically.

*Human Resources* – This column includes new positions and overtime. **The Reclassification and Position Status Change forms should be completed and forwarded to your Executive Officer. Requests for reclassification and status change will NOT be reviewed at departmental unit planning meetings but will instead be evaluated at the Executive Officers meetings.** For the cost estimate enter TBD (to be determined). If the request is approved and after the appropriate grade and cost has been determined, budgets will be adjusted accordingly. The cost estimate for overtime should also be entered as TBD. Under the Resource Description column include the position by title and the estimated annual overtime hours. Additional guidelines for completing the Position Information Questionnaires are provided beginning on page 5.



*Student Workers* - The column labeled “Student Workers” should include **total hours** for the year (not dollars). Total number of hours should be calculated as follows: # of student workers x # of hours per week x # weeks per year. The formula may be entered directly into the spreadsheet cell. If not using the Excel formula to calculate to totals hours, provide this information in the Resource Description column.

*Professional Development* - Employees are strongly encouraged, and, in some cases, required to take steps to increase their knowledge, skills and overall effectiveness in the work place by participating in approved employee development programs. When estimating the cost for a professional development activity include registration fees, lodging, per diem, mileage reimbursement when using personal vehicles, transportation costs (i.e. airfare) and any other anticipated expense. Use the previous fiscal year mileage reimbursement (.51 per mile) and per diem rates (\$60 per day) when calculating the estimated cost. Professional Development activities may also include activities conducted on campus for various employee groups. In this case include any estimated speaker fees, hospitality, etc.

*Software* – NEW software requests should be included in this column. Maintenance contracts on existing software should not be reflected here but instead included in requests for service and maintenance contracts. These requests are included in “Other” as Service and Maintenance Contracts.

*Renovations & Facility Needs* – Resource Requests should also include facility issues. Be sure to allow for installation costs related to any equipment purchases, account for trade work that is required (plumbing, electrical), include alterations or renovations (painting, carpet, etc.). Consult with the Director, Facilities Management and Planning for cost estimates.

*Furniture & Equipment* - Any unit of furniture or furnishings, whether moveable or fixed, or any instrument, machine apparatus or set of components assembled to complete a system or collection will be considered as an inventorial item of property and should be included in this column. The following guidelines are provided as guidance in making a determination:

1. It retains its original shape and appearance with use.
2. It is non-expendable; that is, if the item is damaged or some parts are lost or worn out, it may be more feasible to repair it rather than replace it with an entirely new item.
3. It does not lose its identity through incorporation or installation into a different or more complex unit.
4. It has a life expectancy of one or more years.
5. It has an estimated cost of \$1,000 or more.

*Other* – This column is used to request items not appropriate for columns 4 through 9. It may include increases to operating line item base budgets. When using the “Other” column indicate the appropriate account code under the Resource Description. Below are examples of line items falling into this category:

**60XX – Contracted Services**

- 6030 - Service and Maintenance Contracts
- 6060 – Consultants
- 6080 – Printing/Advertising
- 6090 – Transportation (not related to professional development)
- 6095 – Hospitality (not related to professional development)

**61XX – Materials and Supplies**

- 6110 – Office Supplies
- 6120 – Instructional Supplies
- 6160 – Reference Materials/Subscriptions
- 6170 – Tools (not meeting criteria for equipment)
- 6180 – Audio Visual Materials

*Note: A separate column is included on the resource request for software.*

**PART 2:**

List groups and associations (for which you are requesting membership funds) that provide faculty and staff in your unit with professional opportunities including training. Provide justification for your request. This section should include continuing and new memberships.

# SAMPLE

## **FYXX GOALS FORM**

**Unit:** Information Technology

### **Overview/Description of Function:**

The Information Technology Department is responsible for managing technology systems deployment, maintenance, and providing staff training on campus-wide administrative computing and technical systems. The department is also responsible for cabling and hardware infrastructure, security systems, servers, telephony, internet and e-mail.

### **Goals for FYXX:**

1. Upgrade the staff training lab to provide technology professional development opportunities to faculty and staff.
- 2.
- 3.

### **Reporting Relationship:**

The Director of Information Technology reports directly to the Vice President of Administration and Finance.

# SAMPLE

## Hagerstown Community College FYXX Annual Unit Plan and Resource Request Unit: Information Technology

### PART 1:

Goal/ Strategy	Resource Description	Assistance Needed from Other Areas	Human Resources (New Positions and Overtime)	Student Workers (hours)	Professional Development (cost)	Software (cost)	Renovations & Facilities Needs (cost)	Furniture and Equipment (cost)	Other (cost)
1	10 Computers							10,000	
1	Advanced Outlook Training for IT Staff				1,500				
1	New Position - IT Training Staff		TBD						
1	Consultant to conduct specialized Training (Account Code 6060)								5,000
				-	\$1,500	\$0	\$0	\$10,000	\$5,000

### PART 2: List institutional memberships that provide professional opportunities and provide valuable information in support of your unit:

Part 2: List memberships that provide professional opportunities and provide valuable information in support of your unit:				Justification
Organization	Membership Type	New/Renewal	Dues	
EDUCAUSE	Institutional	Renewal	1,000	This organization helps OT leaders manage, and use information technology to shape strategic decisions. The programs and services focus on analysis, advocacy, community building, professional development, and knowledge creation to support the transformative role that IT can play in higher education.
			\$ 1,000	

## Guidelines for Requesting a Reclassification of Staff Position, Position Status Change or New Position

### Reclassification of Staff Position or Status Change

#### What is a Reclassification?

Reclassification is defined as the assignment of a position in one classification/grade to another classification/grade determined by the increase or decrease in the level of responsibilities of the position. There are two kinds of reclassifications: (1) upward to a grade higher than the current position classification/grade, or (2) downward to a grade lower than the current position classification/grade.

#### What is a Status Change?

A status change may be requested to increase or decrease the number days or hours per week for a particular position. A status change also includes requests to move position from a temporary to regular status.

#### When should a Position be Reviewed?

When the duties and responsibilities of the position change significantly, either in the kind of work performed or in the level of responsibility required. Changes to the position can occur naturally over a period of time or as a result of an organizational change.

Please Note: Reclassification is not an assessment of the personal merit or attributes of the occupant of the position. A greater volume of the same or similar work or isolated occurrences of higher duties are not justifications alone for a reclassification. For instance, the following elements are not considered as reclassification factors:

- The employee has obtained a degree, license(s), or certification(s) that are not a requisite requirement to function in the position.
- The employee has reached the maximum of the salary grade.
- Comparisons with other jobs when those jobs are improperly classified.
- Unusual diligence or hard work is performed in the position.
- Volume of work produced by an employee.
- Relative efficiency.
- Qualifications of the employee beyond the minimum required by the duties to be performed.
- Recruitment difficulty.
- Retention of an employee with another job offer with higher pay.
- Length of service
- Financial need.

- Comparing the position to similar position(s) in external market without a comprehensive market survey/study.
- Personality, gender, personal trait or characteristic

**Example 1** - A support staff member currently inputs data into Excel spreadsheets, Access databases, and/or Datatel. The staff member may be given additional responsibilities or duties to input class/course data into a campus-wide database. The primary function is data entry of similar information however the volume of data entry has increased. The duties have increased to a certain degree, but it has not significantly changed the nature of the position. A reclassification would not be considered.

**Example 2** – A position requires a bachelor's degree, 3-5 years of relevant experience with knowledge of database management. The occupant was hired possessing the minimum requirements. In the two years after being hired into the position, the person became certified in specific database management software. As a result, the occupant's proficiency and skills in database management dramatically increased. Even though the occupant's skills sets exceed the minimum requirements, a reclassification would not be considered. However, if in the future the position's requisite skills would include certain database management certification(s), then the position may be considered for a reclassification.

**Example 3** – An exempt level position supervises an office of five employees, oversees the day-to-day office functions and work flow. The position reports to a department manager. Due to growth in the organization and the work that the unit is now responsible for, the position was reviewed to enrich the job responsibilities and duties to include budgeting and planning, and monitoring the overall impact that the growth has on the unit, and developing quarterly reports for the division director and president. As a result, the position's duties significantly grew in the kind of work to be performed and the level of responsibilities in the department. A reclassification would be considered.

Who should determine if a reclassification is necessary?

The immediate supervisor of the position should recognize when substantial changes have occurred and contact the executive officer (dean, vice president or president) of their division to discuss the position changes and request a reclassification review. The executive officer must support the request before the reclassification review is considered by College administration. All reclassification requests are made during the unit planning process.

#### What is the process to have a position reclassified?

Following are the necessary steps to request a reclassification review:

##### **Step One**

In late summer, the immediate supervisor of the position discusses the position changes and offer documented justification with the area executive officer (dean, vice president, president). The area executive officer must support the request before going to Step Two.

##### **Step Two**

In early-to-late-Fall depending on the date of the unit planning meeting the immediate supervisor completes a Position Information Questionnaire Form for Reclassification and Position Status Change. A revised job description must be attached with changes, additions and/or deletions in **BOLD**. The immediate supervisor of the position and the area executive officer must sign the Position Information Questionnaire. The forms will be collected by the area executive officer and reviewed at the Executive Officer planning meeting. **This information/request should not be included on the individual unit's resource request.** If the request is approved and after the appropriate grade has been determined, budgets will be adjusted accordingly.

##### **Step Three**

Executive Officers work with Human Resources to ensure all requests have been processed and received by the Director, Human Resources. Requests not received and processed by Human Resources will not appear on the list for review.





#### **Step Four**

In January, the Director of Human Resources makes recommendations to the executive management team concerning the reclassification requests that were made. **At this time cost estimates will be provided by Human Resources.**

#### **Step Five**

By early March, the executive management team will either approve (contingent upon funding) or deny the request. The decision will be documented on the Position Information Questionnaire.

#### **Step Six**

After the executive management team has made the decision and funding sources have been secured, the area executive officer will communicate the decision to the immediate supervisor and the employee in the position.

#### **Step Seven**

By mid-Spring, The Director of Human Resources will communicate by letter to the employee in the position concerning the decision with a copy of the letter sent to the immediate supervisor of the position and area executive officer.

### **Guidelines for Requesting a New Position**

A new position may be requested when there has been significant growth in a department that has maximized the available personnel resources, or to staff a new program. All means to accommodate additional work in the office should have been explored before making a request for a new position.

#### What is the process to request a new position?

Following are the necessary steps to request a new position:

### Step One

In late summer, the immediate supervisor discusses the proposed new position with the area executive officer (dean, vice president, president). The area executive officer must support the request before going to Step Two.

### Step Two

In early-to-late-Fall depending on the date of the unit planning meeting, the immediate supervisor completes a Position Information Questionnaire Form for New Position. A draft job description **must** be attached to the justification form. The immediate supervisor of the position and the area executive officer must sign the Position Information Questionnaire Form. The form and the job description are included in the unit planning materials that are sent to the Dean of Planning and Institutional Effectiveness prior to the unit planning meeting. In addition, bring to the unit planning meeting the original justification form with the original signatures and the draft job description. **For the cost estimate on the Annual Unit Planning and Resource Request enter TBD (to be determined).** If the request is approved and after the appropriate grade has been determined, budgets will be adjusted accordingly. Please remember that a submission of a request and any positive comments that are made during unit planning meeting discussions does not constitute approval of the request, unless agreed upon by all and actually recorded during the meeting.

### Step Three

Executive Officers work with Human Resources to ensure all requests have been processed and received by the Director, Human Resources. Requests not received and processed by Human Resources will not appear on the recommendation list.

### Step Four

In January, the Director of Human Resources makes recommendations to the executive management team concerning the new position requests that were made during the unit planning meetings.

### **Step Five**

By early March, the executive management team will either approve (contingent upon funding) or deny the requests. The decision will be documented on the Position Information Questionnaire Form for New Position.

### **Step Six**

After the executive management team has made the decision, the area executive officer will communicate the decision to the immediate supervisor.

### **Step Seven**

By mid-Spring, the Director of Human Resources will communicate by letter to the immediate supervisor concerning the decision with a copy of the letter sent to the area executive officer.

## **SYSTEM BUDGETARY CONTROLS OVER EXPENDITURES**

Spending limits established are entered into the accounting system so that effective accounting control can be established. Detail expenditure reporting plays an important part in the monitoring of the budget, thus cost center managers are given “self-service” access to budget tracking reports within Colleague for their respective departments. Web Advisor access is granted and encouraged as the method for managing budgets. Cost center managers can view their adjusted budgets, actual expenditures, encumbrances, and available balances. They are to take corrective measures, such as curtailing expenditures or transferring funds from one budget line to another as needed.

Expenditure to budget monitoring is achieved through the use of Colleague or Web Advisor inquiries and reports by cost center managers. Cost center managers are educated on the process of retrieving these reports by themselves upon hire. They receive a Finance packet of information which details the various Colleague inquiries and reports that they can utilize. Further, we conduct Colleague Finance Web Advisor training throughout the course of the year. The Organization Budget Status Report GLBS contains critical information necessary to

effectively monitor organization expenditures. The information contained within the report is as follows:

- Organization and program
- Account code and title
- Adjusted budget, year-to-date activity, encumbrances, and available balance

Cost center managers may request to adjust expenditure budgets as deemed necessary. The transfer must be made within the same cost center and the justification for the transfer should be clearly documented. The form should be approved by the appropriate organization managers according to the Level of Authority assigned in Colleague based on position and forwarded to the Finance Office for entry. The accounting associate who enters this information ensures all approvals have been obtained and verifies that the transfer is allowable (within program, etc.). The VP of Administration and Finance and/or Director of Finance periodically reviews the Adjusted Operating Budget by program within Colleague to ensure that it ties to the Original Operating Budget (barring any program transfers or increases that have been approved by the County).

## **BUDGET REVISIONS**

The budget is a planning and financial tool. In certain circumstances, it may be necessary to deviate from or adjust the original plan and/or budget. In such circumstances and to ensure accountability, mid-year requests for budget revisions including requests for additional funds or cuts to excess allocations will be reviewed and prioritized by the President's Executive staff.

Cost Center Managers have the flexibility to move allocated operational funds from one line item to another throughout the fiscal year without completing this process. Operational line items DO NOT include salaries (including student workers), benefits, memberships, professional development, lease agreements, software, furniture and equipment. These funds are considered institutional productivity and designated funds.

## Procedures for Budget Revisions

Cost Center Managers will complete a Budget Request Form for each goal, priority, event, activity, etc. The goal, priority, event, activity, etc. should be listed in the “Justification” section of the form along with supporting rationale for the request.

1. Within the same cost center

Approval of Cost Center Manager

2. Between cost center within the same function

Approval of Cost Center Manager(s), responsible Senior Manager(s)

3. Across functions

Approval of Cost Center Manager(s), responsible Senior Manager(s), Vice-President of Administration and Finance

4. Salary/Benefits (Subclass 50 and 51) line items

ALL requests require the approval of the Cost Center Manager(s), responsible Senior Manager(s), and Vice-President of Administration and Finance

5. Capital (Subclass 70 and 71) line items

ALL requests require the approval of the Cost Center Manager(s), responsible Senior Manager(s), and Vice-President of Administration and Finance

6. Required documentation

Supporting documentation including but not limited to an explanation for the revision, copy of invoice, purchase order, quote, etc.

## **ANNUAL BUDGET REPORT TO MHEC (CC-5)**

After the adoption of the Operating Budget and prior to the beginning of the fiscal year (July 1), a report (CC-5) is submitted to the Maryland Higher Education Commission (MHEC). This report summarizes the adopted budget with the following exhibits:

- **Exhibit I** - Summary Statement of Revenues
- **Exhibit II** - Summary Statement of Current General Operating Funds
- **Exhibit III** - Educational and General Expenditures of the Unrestricted Current Fund by Function and Object
- **Exhibit IV** - Summary Statement of Educational and General Expenditures by Fund and Object Classification
- **Exhibit V** - Computation of Adjusted Cost per Full-time Equivalent and Percent of Local Contribution
- **Exhibit VI** - Estimated Credit and Equated Credit Enrollment
- **Exhibit VII** - Verification of Comprehensive Liability Insurance
- **Exhibit VIII** - Five-Year Projections for Full-time Equivalent Students and Cost per Full-time Equivalent Student
- **Exhibit IX** - Summary of Other Sources of Unrestricted Current General Revenue
- **Exhibit X** - Out-of-County/Out-of-State Minimum Tuition/Fee Rate Calculation