

THE BUDGET PROCESS

General

The Strategic Planning Committee oversees the implementation of the strategic plan and the budget development process. The Committee is comprised of representatives from across the College. The Committee typically meets every two to three weeks.

The College's annual budget consists of an operating budget and a capital budget.

Operating Budget

The operating budget consists of operating revenues and operating expenses. Operating revenues consist of tuition and fee revenue, room & board revenue, a provision from the endowment, private and federal grants for current year needs, short-term interest income, and other income. Operating expenses consist of all the costs required to operate the college except 'capital expenditures' (described in the next section).

Strategic Focus: The College recently completed the development of its third strategic plan. The strategic plan contains an underlying financial plan that forecasts revenues and expenses during the period covered by the plan. The financial plan, which includes the costs associated with strategic initiatives, is the starting point for purposes of developing the operating budget each year. The purpose of using the strategic plan's supporting financial forecast as a starting point in the budget process is to help ensure a link between the strategic plan and the budget.

Specifics: Each year, the Office of Budgeting and Financial Planning distributes a Budget Letter to all department heads. This letter outlines the preliminary assumptions (such as enrollment, tuition, salary increases, etc.) that will be used in preparing the budget along with procedures to be followed. Shortly thereafter, staff from the Office of Budgeting & Financial Planning meet with each division head and his/her department heads collectively in order to provide an overview of the process and to address any questions or concerns at the outset.

Department heads have approximately two months to develop and document their budget proposals. Budgeting & Financial Planning staff are available to assist each department head as they develop and document their proposals. After all proposals have been documented, the division head then reviews the requests and schedules a meeting with each department head. At those meetings, decisions regarding how each request will be handled are made. Budget requests can be denied, deferred to a future year, met through the reallocation of existing divisional resources, or moved forward in the budget development process for approval.

The Office of Budgeting & Financial Planning then reviews each division's budget program with the respective division head, making any adjustments required to ensure consistency

with the strategic plan, coordination with other division's programs (where needed) and the availability of financial resources. In March, each divisional vice president presents his/her division's budget program in summary form to the Strategic Planning Committee (which includes a student representative), highlighting the more significant requests and total dollar requirements. The Strategic Planning Committee is then free to ask questions and voice concerns regarding the divisional programs.

In the weeks that follow, the president and the division heads meet as a group and review the budget proposals, agreeing on priorities and those areas to be cut in the event that financial resources are not sufficient to cover the divisional programs.

The final institutional budget is presented for approval to the Board of Trustees at their May/June meeting. Once approved, divisional vice presidents communicate final budget data to their respective department heads. The budget becomes effective beginning July 1st of that year.

Capital Budget

The capital budget consists of equipment purchases, facilities renovation, and facilities construction exceeding a cost of \$5,000. Capital spending requires large cash outlays for physical assets having a useful life spanning multiple years. While the majority of individual capital projects involve spending levels of less than \$50,000, many fall in the \$50,000 to \$200,000 range. New construction and major renovations often require substantially larger cash outlays. Because of the high cost and long-term nature of the assets involved, capital spending decisions must be carefully considered before funds are spent.

Any capital expenditure budget requests should be proposed using the same approach used for operating budget requests (described above).