



THE BASICS OF BUDGETING

Goals

- **Basic Steps in Creating a Program or Unit Budget**
- **Review a Developmental Budget**
- **General Advice**



Who Are We & What Do We Know?

- Name
- Department
- Budget Responsibility
- What do you want from the workshop?



Bottom Line: Don't buy stuff
you can't afford.

- http://www.spendlesstv.com/videos/steve_martin_snl_dont_buy_stuff_you_cant_afford.html

Basic Steps in Creating a Program or Unit Budget

- Step 1. Identify anticipated sources and amounts of income
- Step 2. Set specific goals for the program or unit
- Step 3. Prepare a detailed workplan for reaching the goals
- Step 4. Identify all the resources (employees, consultants, facilities, and supplies)
- Step 5. Estimating expenses of all resources
- Step 6. Prepare the budget

Step 1. Identify Anticipated Sources of Income

- General Fund – Unrestricted
- Categorical Fund – Restricted

Step 2. Set Specific Goals for the Program or Unit

Before starting on the numbers, answer three questions about the coming year

- 1. What must this program or unit do?**
 - Make a list of the top priority things for next year
 - Quit only when it is a good definition of a successful year
- 2. Who will see that it gets done?**
 - Fix personal responsibility for achieving the goals
- 3. When will it have to be finished?**
 - Assign due dates

Step 2. Set Specific Goals for the Program or Unit

Setting Two Kinds of Program or Unit Goals

- **Outcome Goals**

- Measurable statements of what a program or unit is expected to accomplish during the coming year
- *Example: Enable 50 potential high school dropouts entering 10th grade to complete high school within 3 years*

- **Activity Goals**

- Measurable statements of activities or services that will help the program reach its outcome goals
- *Example: Provide an average of 350 hours of counseling to each of 100 potential high school dropouts during each year of the project*

Step 3. Prepare a Detailed Workplan for Reaching Goals

Sample Program or Unit Workplan

	Action Steps	Responsible Person	Target Date
1	Establish written eligibility criteria	Project Staff	Week 6
2	Design intake forms and procedures	Counselors	Week 6
3	Make initial contacts with schools for referrals	Recruiter	Week 6
4	Reach agreement with four schools for referrals	Recruiter	Week 8
5	Orient school staff to eligibility criteria and referral procedures	Recruiter	Week 10
6	Design outreach and recruitment activities and materials	Recruiter and Project Director	Week 9
7	Begin ongoing outreach and recruitment	Recruiter	Week 10
8	Begin accepting referrals and walk-ins	Counselors	Week 10
9	Screen referrals and walk-ins for eligibility (ongoing)	Counselors	Week 12
10	Enroll minimum 15 eligible students per month (ongoing)	Counselors and Recruiter	Months 4-11
11	Help enrollee begin implementing plan by 6th week after enrollment (ongoing)	Counselors	Months 5-13
37	Prepare and submit final program evaluation and financial reports	Project Director	Month 36

Step 4. Identify All the Resources

- **Employee Wages**
 - **Certificated (1's)**
 - **Classified (2's)**
- **Employee Benefits (3's)**
- **Books and Supplies (4's)**
- **Services, Other Operating Expenses (5's)**
- **Capital Outlay (6's)**

2000-2999 CLASSIFIED SALARIES

210100 -- CLASSIFIED SUPERVISOR

218100 -- CLASS UNIT MEMBER NONINSTRUCTI

238200 -- OVERTIME - CONTRACT EMPLOYEE

238600 -- SUBSTITUTE, NO ADD. COST

Step 4. Identify All the Resources

Employee Wages: Certificated (1's)

- **1201.00 Certificated Managers**
- **1300.00 Instructors Day/Hourly**
- **1304.00 Instructor Hourly/Work Experience**
- **1310.00 Pay-For-Course Prof. Hours**
- **1480.00 Non-instructional Hourly**

Step 4. Identify All the Resources

Employee Wages: Classified (2's)

- **2101.00 Classified Supervisor**
- **2181.00 Class Unit Member Non-instructional**
- **2380.00 Part-time/Overtime/Student**
- **2381.00 Nonstudent Hourly**
- **2382.00 Overtime**
- **2386.00 Substitute, No Additional Cost**
- **2401.00 Non-student Instructional Aides**

Step 4. Identify All the Resources

Employee Benefits (3's)

- **3110.00 STRS-Teachers & Instructional Aides**
- **3210.00 PERS Class/I.A. Non-instructional Other**
- **3424.00 Blueshield-HMO Class**
- **3423.00 Kaiser-Class/I.A. Non-instructional**
- **3434.00 Dental-Other-Academic**
- **3630.00 Workers Compensation Other Academic**

Step 4. Identify All the Resources

Books and Supplies (4's)

- **4210.00 Magazines & Subscriptions**
- **4220.00 Reference Books**
- **4300.00 Instructional Supplies**
- **4430.00 Software**
- **4500.00 Non-instructional supplies**
- **4551.00 Printing**

Step 4. Identify All the Resources

Services, Other Operating Expenses (5's)

- **5112.00 Consultants**
- **5113.00 Independent Contractors**
- **5120.00 Other Contracts/Outside Services**
- **5200.00 Travel & Conference Expenses**
- **5310.00 Dues & Memberships**
- **5630.00 Maintenance Agreements**
- **5640.00 Repairs & Maintenance**
- **5808.00 Advertising**
- **5830.00 Software/On-Site/Internet Service**

Step 4. Identify All the Resources

Capitol Outlay (6's)

- **6220.00 Building Improvements**
- **6400.00 Additional/Improved Equipment**
- **6410.00 Additional Equip. - \$1,000 or More**

Expenditure Balances

District 72 -- San Bernardino Community College District

As of 3/24/2011

Object	Adopted Budget	Budget Adjustments	Current Budget	Actual	Encumbrances	Remaining Balance	Pct. Spent
2000-2999 CLASSIFIED SALARIES							
210100 -- CLASSIFIED SUPERVISOR	33,960.00	-464.24	33,495.76	16,395.55	0.00	17,100.21	48.9
218100 -- CLASS UNIT MEMBER NONINSTRUCTI	174,729.00	-916.00	173,813.00	110,814.50	0.00	62,998.50	63.8
238200 -- OVERTIME - CONTRACT EMPLOYEE	500.00	0.00	500.00	0.00	0.00	500.00	0.0
238600 -- SUBSTITUTE, NO ADD. COST	0.00	980.24	980.24	980.24	0.00	0.00	100.0
Total 2000-2999 CLASSIFIED SALARIES	209,189.00	-400.00	208,789.00	128,190.29	0.00	80,598.71	61.4
3000-3999 EMPLOYEE BENEFITS							
322000 -- PERS-CLASS/I.A.-NON-INS ADM/SUP	3,636.00	0.00	3,636.00	1,755.47	0.00	1,880.53	48.3
322800 -- PERS CLASS/I.A.-NON-INST-OTHER	18,708.00	0.00	18,708.00	10,900.37	0.00	7,807.63	58.3
332000 -- OASDI CLASS/I.A.-NON-INS ADM/SUP	387.00	0.00	387.00	1,016.52	0.00	-629.52	262.7
332800 -- OASDI CLASS/I.A.-NON-INST OTHE	10,864.00	0.00	10,864.00	6,746.95	0.00	4,117.05	62.1
334600 -- MEDICARE NON-INSTRUCTIONAL	2,631.00	0.00	2,631.00	1,969.75	0.00	661.25	74.9
336000 -- PARS-NON-INSTRUCTIONAL	0.00	0.00	0.00	138.20	0.00	-138.20	-
342100 -- DENTAL CLASS/I.A. NON-INSTRUCT	4,647.00	0.00	4,647.00	1,201.54	0.00	3,445.46	25.9
342200 -- BSHIELD-POS CLASS/I.A.-NON-INST	15,764.00	0.00	15,764.00	0.00	0.00	15,764.00	0.0
342400 -- BSHIELD-HMO CLASS/I.A.-NON-INST	28,150.00	0.00	28,150.00	20,796.11	0.00	7,353.89	73.9
342500 -- VISION CLASS/I.A. NON-INST	1,110.00	0.00	1,110.00	502.97	0.00	607.03	45.3
342600 -- A.S.CHIRO CLASS/I.A.-NON-INSTR	220.00	0.00	220.00	99.64	0.00	120.36	45.3
352000 -- SUI CLASS/I.A. NON-INS ADM/SUP	245.00	0.00	245.00	118.02	0.00	126.98	48.2
352800 -- SUI CLASS/I.A. NON-INSTR OTHER	1,262.00	0.00	1,262.00	860.06	0.00	401.94	68.2
362000 -- W/C CLASS/I.A.-NON-INS-ADM/SUP	150.00	0.00	150.00	300.00	0.00	-150.00	200.0
362800 -- W/C CLASS/I.A.-NON-INSTR-OTHER	5,700.00	0.00	5,700.00	3,400.00	0.00	2,300.00	59.6
392000 -- LIFE-CLASS/I.A.-NON-INS ADM/SUP	6.00	0.00	6.00	10.35	0.00	-4.35	172.5
392800 -- LIFE-CLASS/I.A. NON-INST-OTHER	236.00	0.00	236.00	99.36	0.00	136.64	42.1
398200 -- HHRC-CLASS/I.A.-NON-INS-ADM/SU	3.00	0.00	3.00	4.85	0.00	-1.85	161.7
398300 -- HHRC-CLASS/I.A.-NON-INS-OTHERS	111.00	0.00	111.00	46.80	0.00	64.20	42.2
Total 3000-3999 EMPLOYEE BENEFITS	93,830.00	0.00	93,830.00	49,966.96	0.00	43,863.04	53.3
4000-4999 BOOKS AND SUPPLIES							
451000 -- MAINTENANCE SUPPLIES	53,000.00	4,924.31	57,924.31	23,732.52	28,357.35	5,834.44	41.0

Selection Criteria: District = 72; Program = 9506; Restricted & Unrestricted Filtered By: 72.mstrong.External 1; 72.mstrong.External 2; 72.mstrong.External 3

Expenditure Balances

District 72 -- San Bernardino Community College District

As of 3/24/2011

Object	Adopted Budget	Budget Adjustments	Current Budget	Actual	Encumbrances	Remaining Balance	Pct. Spent
Total 4000-4999 BOOKS AND SUPPLIES	53,000.00	4,924.31	57,924.31	23,732.52	28,357.35	5,834.44	41.0
5000-5999 SERVICES, OTHER OPER. EXPENSE							
520000 -- TRAVEL & CONFERENCE EXPENSES	0.00	850.00	850.00	0.00	0.00	850.00	0.0
555000 -- LAUNDRY, CLEANING & UNIFORMS	570.00	0.00	570.00	323.63	189.37	57.00	56.8
558000 -- FIRE EXTINGUISHER SERVICE	2,500.00	0.00	2,500.00	2,034.88	465.12	0.00	81.4
561000 -- RENTALS	1,000.00	0.00	1,000.00	581.49	418.51	0.00	58.1
563000 -- MAINTENANCE AGREEMENTS	4,800.00	0.00	4,800.00	4,720.00	0.00	80.00	98.3
563100 -- MAINT.AGREE - AC/HEATING	60,881.10	-428.10	60,453.00	43,174.75	15,458.25	1,820.00	71.4
563400 -- MAINT.AGREE - BUILDING	67,434.90	0.00	67,434.90	46,726.05	20,708.85	0.00	69.3
564000 -- REPAIRS AND MAINTENANCE	69,975.00	0.00	69,975.00	41,278.20	11,768.36	16,928.44	59.0
580900 -- OTHER EXPENSES & FEES	7,270.00	0.00	7,270.00	2,670.00	0.00	4,600.00	36.7
583000 -- SOFTWARE/ON-SITE/INTERNET SERV	2,474.00	0.00	2,474.00	1,431.46	0.00	1,042.54	57.9
Total 5000-5999 SERVICES, OTHER OPER. EXPENSE	216,905.00	421.90	217,326.90	142,940.46	49,008.46	25,377.98	65.8
6000-6899 CAPITAL OUTLAY							
622000 -- BUILDING IMPROVEMENTS	2,000.00	0.00	2,000.00	1,360.00	0.00	640.00	68.0
640000 -- ADDITIONAL/IMPROVED EQUIPMENT	1,500.00	-907.33	592.67	592.67	0.00	0.00	100.0
641000 -- ADDL EQUIP-\$1,000 OR MORE	0.00	1,400.00	1,400.00	0.00	1,228.88	171.12	0.0
Total 6000-6899 CAPITAL OUTLAY	3,500.00	492.67	3,992.67	1,952.67	1,228.88	811.12	48.9

Selection Criteria: District = 72; Program = 9506; Restricted & Unrestricted Filtered By: 72.mstrong.External 1; 72.mstrong.External 2; 72.mstrong.External 3

Step 5. Estimate Expenses of All the Resources

1. Annual Policy Decisions

- **Cost increases** – Will salaries, wages, and operating expenses be increased? If so, by how much? Include planned and contractual wage increases.
- **Cost of growth or savings from reduction** – Any additional expenses/savings related to generating growth or reducing programs or services. May include additional costs/savings from changes in marketing activities, hours/days open for service, and special events.



“With the money we save on gas and repairs, we can actually have a marketing budget for our website.”

Step 5. Estimate Expenses of All the Resources

2. Estimating Salaries and Wages

- List salaries of all authorized positions, including vacancies**
- Budget Overtime**
- Budget Part-time Staff**

3. Estimating Fringe Benefits

- Refer to Past Expenses**
- Check with District Fiscal Services**

Step 5. Estimate Expenses of All the Resources

4. Estimating Other Operating Costs

Identifying Projected Prices

- Increases built into leases and other contracts
- Price changes for services, supplies, materials, commodities, and equipment required to operate programs or services (contact vendors, suppliers)

Identify Changes in Usage or Volume

- Changes in operations likely to reduce or increase the use of supplies, materials, services, equipment, or other non-salary costs (expansion or contraction of services)

Step 5. Estimate Expenses of All the Resources

	A	B	C	D
1	9506 Maintenance	09-10 Budget	10-11 Budget	Comments
2	2000-2999 Classified Salaries	\$237,731	\$ 182,999.00	
3	2101 Classified Supervisor	\$33,960	\$ 33,960.00	
4	2181 Classified Unit Member	\$202,271	\$ 148,539.00	Abolish lead maintenance position <\$53732>
5	2382 - Overtime	\$1,500	\$ 500.00	
6				
7	3000-3999 Employee Benefits	\$88,678	\$ 68,465.00	
8	Total 3220-3983	\$88,678	\$ 68,465.00	Abolish lead maintenance position <\$20213>
9				
10	4510 Maint. Supplies	\$18,000	\$ 53,000.00	Increase necessary for additional LRC and AC supplies, including pool chemicals
11	Alrgae	\$ -	\$ -	
12	Allied Refrigeration	\$ -	\$ 500.00	
13	Ben's Lock and Key	\$ -	\$ 300.00	
14	Best Lumber	\$ 500.00	\$ 300.00	
15	Bob Walker Signs	\$ -	\$ -	
16	Carey Building Supply	\$ -	\$ -	
17	CED	\$ 8,980.00	\$ 8,980.00	
18	CHC Bookstore	\$ 100.00	\$ 100.00	poss add shirts
19	Consolidated Pump	\$ 300.00	\$ 300.00	
20	Crown Locksmith Service	\$ 1,200.00	\$ 1,200.00	
21	Franco Ace Hardware	\$ 2,500.00	\$ 2,500.00	
22	Granger Supply	\$ 300.00	\$ -	
23	Redlands Paint	\$ 300.00	\$ 300.00	
24	Redlands Plumbing & AC	\$ 300.00	\$ 300.00	
25	Riverside Winneleon	\$ 515.05	\$ -	
26	Star Auto Parts	\$ 300.00	\$ 300.00	
27	The Trophy Store	\$ 200.00	\$ 200.00	
28	US Bank Corporation - Cal Card	\$ 4,000.00	\$ 3,000.00	
29	Pro Pipe & Supply	\$ -	\$ 1,000.00	
30	Gnlo's Filter Sales	\$ -	\$ 600.00	Package Unit Filters for AC & LRC
31	Fuller Engineering - Pool Chem	\$ -	\$ 31,000.00	Pool chemicals
32	Total 4510 Maint Supplies to Date	\$ 17,475.05	\$ 48,860.00	
33				
34	5120 Other Contracts/Outside Svcs			
35	None			
36				
37	5550 Laundry	\$570	\$ 570.00	
38	G&K Services	\$570	\$ 570.00	
39				
40	5580 Fire Extinguisher Service	\$3,200	\$ 2,500.00	
41	Industrial Fire Protection	\$2,400	\$ 2,400.00	Increase 11-12 to service FE in LRC and AC
42				
43	5610 Rentals	\$2,200	\$ 1,000.00	
44	Sunstate	\$2,200	\$ 500.00	Reduced due to CHC Lift repaired
45				
46	5630 Maint Agree.	\$0	\$ 4,800.00	
47	Industrial Fire Protection		\$ 4,800.00	Inspect Fire Sprinklers and Hydrants annually, Kitchen Hood inspection bi-annual required to comply with NFPA codes; per ROM from FP 4/15/10, will need to include LRC & AC sprinkler inspections in 11-12.
48				
49	5631 Maint. Agree. HVAC	\$55,500	\$ 78,056.00	\$27556 additional due to cooling tower service, new bldgs--LRC and AC; Annual plan requested \$23500 attributed to new buildings
50	CCI Chemical Corp	\$14,940	\$ -	
51	New Chemical Treatment Company	\$0	\$ 16,000.00	Increase to include additional loop and piping to LRC

Page 1

Step 6: Prepare the Budget

- **Step 1. Identify anticipated sources and amounts of income** – *General Fund, etc.*
- **Step 2. Set specific goals for the program or unit** – *what, who, & when; outcome & activity*
- **Step 3. Prepare a detailed workplan for reaching the goals** – *action steps, who, & when*
- **Step 4. Identify all the resources** – *Chart of Accounts (employees, consultants, facilities, and supplies)*
- **Step 5. Estimating expenses of all resources** – *annual policy decisions (cost of growth, increases), salaries, benefits, other operating costs (projected prices, changes in usage or volume)*
- **Step 6. Prepare the budget**

Maintenance Budget Example

Actions/Activities

Resource Requests

• 1.1 - Objective - Maintain Budgets for Utilities

Evaluate and maintain adequate budgets for utilities

Priority Rank: 1

Start Date: 02/01/2011 End Date: 06/30/2021

Responsible Person: Mike Strong

Goal

1 - Goal - Safe and Operable Campus

Maintain Facilities and Grounds in a Safe and Operable Condition

Priority Rank: 1

Actions/Activities

• 1.1.1 - Action/Activity - Track Utilities

Track utility expenditures to provide accurate projections for the next fiscal year based upon previous years actuals

Start Date: 02/01/2011 End Date: 06/30/2012

Responsible Person: Mike Strong

Resource Requests

• 1.1.1 - Resource Request - Increased utility costs and utilities for additional facilities

Description

Increased electricity, water, and gas utilities

Note: These projected costs may be reduced depending on implementation of energy savings projects.

Rationale

Additional resources required as new infrastructure and buildings are constructed (Parking lot lighting, math and science modulars, parking structure, instructional pool)

Resource Type: Ongoing

Expenditure Category: Facilities

First Year Cost/Savings: \$30,000.00/\$0

Second Year Cost/Savings: \$100,000.00/\$0

Third Year Cost/Savings: \$0.00/\$0

Developmental Budget Example

72 San Bernardino Community Col
Example BY PROGRAM-UNRESTRICTED

DEVELOPMENT BUDGET REPORT

#J512 BD0510

03/14/11 PAGE 1

FU: 01 GENERAL FUND

PG: 9999 Benefits Example

ACCOUNT CLASSIFICATION Fu Ls Si Prog SubP Object Type	FY 10-11			--AC DETAIL--		FY 10-11			FY 11-12			Benefits
	BUDGET	ADJ	FTE	AMOUNT	FTE	EXPENSE	PRELIMINARY BUDGET	ADJ	FTE	AMOUNT	FTE	
1301.00 SUBSTITUTES DAY/HOURLY 01-00-09-9999-0000-1301.00-9999	0		0.00			336.58	0		0.00	400 ⁰⁰		45.24
* TOTAL: 1301.00 *	0		0.00			336.58	0		0.00			
2380.00 PART-TIME/OVERTIME/STUDENT 01-00-09-9999-0000-2380.00-9999	2,200		0.00			2,136.00	0		0.00	2,200 ⁰⁰		0
* TOTAL: 2380.00 *	2,200		0.00			2,136.00	0		0.00			
2381.00 NONSTUDENT HOURLY 01-00-09-9999-0000-2381.00-9999	3,861		0.00			36.00	0		0.00	2,400 ⁰⁰		104.64
* TOTAL: 2381.00 *	3,861		0.00			36.00	0		0.00			149.88

Subtotal: \$5,000

Total Budget \$5,149.88

A Resource Checklist

- **Human Resources/Payroll**
 - Salaries, benefits, cost-of-living-adjustments (COLA), and minimum wage increases
- **Fiscal Services**
 - Financial statements, expense reports, economic assumptions, inflation, calendar dates
- **Your Boss**
 - Goals for the department, expectations, any other agendas
- **Subordinates**
 - Goals for the department, ideas that might not have occurred to you, previous experience, agreement on what they must do to support you

Typical Approaches/ Considerations

- **Travel Expenses**
 - planned conference/training agenda for the year
- **Seasonal Expenses**
 - seasonal trends?
- **Irregular Expenses**
 - annual/semi-annual expenses
- **Expenses Related to Headcount**
 - established guidelines for office supplies per position

General Advice

- **Plan the Plan**
 - Keep the calendar loose enough to allow for planning
- **Planning is a Means, Not an End**
 - Good planning should not get in the way of operations
- **Keep it Friendly**
 - Those managing the process should bend over backwards to be warm, fuzzy, and accommodating
 - Help the people who are helping you
 - Assemble common data everyone will need
 - Develop and share standard spreadsheet templates and planning models
- **Get the Right Tools**
 - Personal Computers, spreadsheet software, and trained people

General Advice

- **Control Wiggle Room**
 - Don't allow each layer in the organization to add "wiggle room"
- **Have a Budget Philosophy**
 - How will departments be evaluated? Communicate the philosophy to everyone, early
- **Minimize Damage From Bad Processes**
- **Good Planning Isn't Created – It Grows**
 - It's impossible to implement a good process immediately
 - It is possible to destroy an organization by force-feeding a superb budget process for which it is not ready
 - Always consider how much planning-process growth the organization can tolerate in the coming year

PLANNER'S RULE

THE PRESIDENT GETS ALL THE WIGGLE ROOM –
EVERYONE ELSE MUST BE ACCURATE