

## 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\\_sn/dont\\_buy\\_stuff\\_you\\_cant\\_afford\\_.html](http://www.spendlesstv.com/videos/steve_martin_sn/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 10<sup>th</sup> 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 enrollees 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)**

2009-2010 CLASSIFIED SALARIES  
 210100 - CLASSIFIED SUPERVISOR  
 218100 - CLASS UNIT MEMBER-NONINSTRUCTIONAL  
 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)**

- 310.00 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							
Chart	Actual Budget	Budget Adjustments	Current Budget	Actual	Encumbrances	Remaining Balance	P/B Spent
<b>3000-2999 CLASSIFIED SALARIES</b>							
20100 - CLASSIFIED SUPERVISOR	33,960.00	-66.24	33,893.76	16,395.55	0.00	17,508.21	48.9
20100 - CLASS UNIT MEMBER/NONINSTRUCT	174,220.00	-98.00	173,913.00	110,814.50	0.00	62,998.50	63.8
20600 - OVERTIME - CONTRACT EMPLOYEE	900.00	0.00	900.00	0.00	0.00	900.00	0.0
20800 - SUBSTITUTE, NO ACC. COST	0.00	980.24	980.24	980.24	0.00	0.00	100.0
<b>Total 3000-2999 CLASSIFIED SALARIES</b>	<b>209,180.00</b>	<b>-66.00</b>	<b>208,789.00</b>	<b>128,190.29</b>	<b>0.00</b>	<b>65,596.71</b>	<b>61.4</b>
<b>3000-3999 EMPLOYEE BENEFITS</b>							
30200 - 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
30200 - PERS CLASS I.A. NON-INST OTHER	18,708.00	0.00	18,708.00	10,300.37	0.00	7,807.63	54.3
30200 - OASD CLASS I.A. NON-INS ADM/SUP	387.00	0.00	387.00	1,076.52	0.00	-689.52	282.7
30200 - OASD CLASS I.A. NON-INST OTHE	10,864.00	0.00	10,864.00	6,745.95	0.00	4,118.05	62.1
30400 - MEDICARE NONINSTRUCTIONAL	2,631.00	0.00	2,631.00	1,969.75	0.00	661.25	74.9
30600 - PERS NONINSTRUCTIONAL	0.00	0.00	0.00	138.20	0.00	-138.20	-
30210 - DENTAL CLASS I.A. NONINSTRUCT	4,647.00	0.00	4,647.00	1,201.84	0.00	3,445.16	25.9
30220 - BSHIELD POS CLASS I.A. NON INST	15,764.00	0.00	15,764.00	0.00	0.00	15,764.00	0.0
30240 - BSHIELD HMO CLASS I.A. NON INST	28,160.00	0.00	28,160.00	20,796.11	0.00	7,363.89	73.9
30200 - VISION CLASS I.A. NON-INST	1,110.00	0.00	1,110.00	602.87	0.00	507.13	45.3
30300 - A.S. CHRC CLASS I.A. NONINSTR	220.00	0.00	220.00	99.64	0.00	120.36	45.3
30200 - IRA CLASS I.A. NON-INS ADM/SUP	245.00	0.00	245.00	118.02	0.00	126.98	48.2
30200 - IRA CLASS I.A. NON-INS TR OTHER	1,262.00	0.00	1,262.00	880.08	0.00	381.92	69.2
30200 - IWC CLASS I.A. NON-INS ADM/SUP	180.00	0.00	180.00	300.00	0.00	-120.00	200.0
30200 - IWC CLASS I.A. NON-INST OTHER	5,700.00	0.00	5,700.00	3,400.00	0.00	2,300.00	59.4
30200 - LIFE CLASS I.A. NON-INS ADM/SUP	6.00	0.00	6.00	10.38	0.00	-4.38	172.5
30200 - LIFE CLASS I.A. NON-INST OTHER	236.00	0.00	236.00	99.36	0.00	136.64	42.1
30600 - HRC CLASS I.A. NON-INS ADM/SUP	3.00	0.00	3.00	4.85	0.00	-1.85	161.7
30600 - HRC CLASS I.A. NON-INS OTHERS	111.00	0.00	111.00	68.80	0.00	42.20	42.2
<b>Total 3000-3999 EMPLOYEE BENEFITS</b>	<b>93,830.00</b>	<b>0.00</b>	<b>93,830.00</b>	<b>49,966.96</b>	<b>0.00</b>	<b>43,863.04</b>	<b>53.3</b>
<b>4000-4999 BOOKS AND SUPPLIES</b>							
40100 - MAINTENANCE SUPPLIES	53,000.00	4,924.31	57,924.31	23,732.52	28,357.35	5,834.44	41.0
<b>Total 4000-4999 BOOKS AND SUPPLIES</b>	<b>53,000.00</b>	<b>4,924.31</b>	<b>57,924.31</b>	<b>23,732.52</b>	<b>28,357.35</b>	<b>5,834.44</b>	<b>41.0</b>

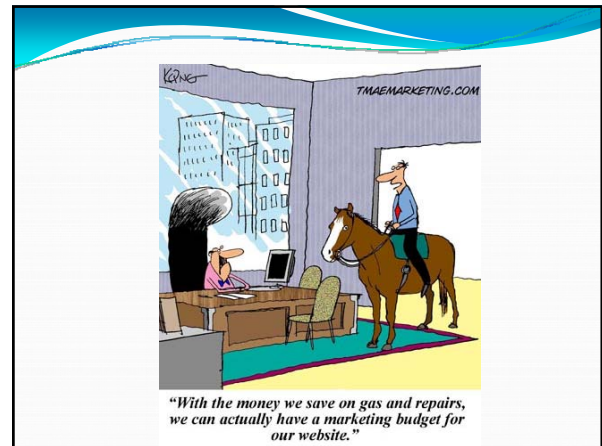
Selection Criteria: District = 72, Program = 9006, Restricted & Unrestricted Filtered By: 72,posting,External 1, 72,posting,External 2, 72,posting,External 3  
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Expenditure Balances							
District 72 - San Bernardino Community College District							
Chart	Actual Budget	Budget Adjustments	Current Budget	Actual	Encumbrances	Remaining Balance	P/B Spent
<b>Total 4000-4999 BOOKS AND SUPPLIES</b>							
	53,000.00	4,924.31	57,924.31	23,732.52	28,357.35	5,834.44	41.0
<b>8000-8999 SERVICES, OTHER OPER. EXPENSE</b>							
80000 - TRAVEL & CONFERENCE EXPENSES	0.00	800.00	800.00	0.00	0.00	800.00	0.0
90000 - LAUNDRY, CLEANING & UNIFORMS	970.00	0.00	970.00	323.63	589.37	57.00	58.8
90000 - FIRE EXTINGUISHER SERVICE	2,300.00	0.00	2,300.00	2,234.86	65.14	0.00	81.4
90100 - RENTALS	1,000.00	0.00	1,000.00	581.48	418.51	0.00	58.1
90300 - MAINTENANCE AGREEMENTS	4,800.00	0.00	4,800.00	4,720.00	0.00	80.00	98.3
90300 - MAINT AGREES - AGEATING	60,881.10	-428.10	60,453.00	61,174.70	15,458.25	1,000.00	71.4
90300 - MAINT AGREES - BUILDING	67,434.80	0.00	67,434.80	46,728.08	20,706.89	0.00	69.3
90400 - REPAIRS AND MAINTENANCE	69,975.00	0.00	69,975.00	41,279.20	11,708.36	16,987.44	59.0
90500 - OTHER EXPENSES & FEES	7,270.00	0.00	7,270.00	2,870.00	0.00	4,400.00	39.7
90500 - SOFTWARE/ON-SITE/INTERNET SERV	2,474.00	0.00	2,474.00	1,431.46	0.00	1,042.54	57.8
<b>Total 8000-8999 SERVICES, OTHER OPER. EXPENSE</b>	<b>215,905.00</b>	<b>421.90</b>	<b>217,326.90</b>	<b>142,940.48</b>	<b>49,008.66</b>	<b>25,377.88</b>	<b>65.8</b>
<b>6000-6999 CAPITAL OUTLAY</b>							
60200 - BUILDING IMPROVEMENTS	2,000.00	0.00	2,000.00	1,380.00	0.00	620.00	68.0
64000 - ADDITIONAL IMPROVED EQUIPMENT	1,500.00	-907.33	592.67	892.87	0.00	0.00	100.0
64100 - ADD. EQUIP \$1,000 OR MORE	0.00	1,400.00	1,400.00	0.00	1,200.00	171.12	0.0
<b>Total 6000-6999 CAPITAL OUTLAY</b>	<b>3,500.00</b>	<b>492.67</b>	<b>3,992.67</b>	<b>1,962.87</b>	<b>1,200.00</b>	<b>171.12</b>	<b>48.9</b>

Selection Criteria: District = 72, Program = 9006, Restricted & Unrestricted Filtered By: 72,posting,External 1, 72,posting,External 2, 72,posting,External 3  
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### Step 5. Estimate Expenses of All the Resources

- 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.



### Step 5. Estimate Expenses of All the Resources

- Estimating Salaries and Wages**
  - List salaries of all authorized positions, including vacancies
  - Budget Overtime
  - Budget Part-time Staff
- Estimating Fringe Benefits**
  - Refer to Past Expenses
  - Check with District Fiscal Services

### Step 5. Estimate Expenses of All the Resources

- 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

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### 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

**Account/Activity:**  
**Business Objective:**  
 • S.1 - Objective - Maintain Budgets for Utilities

**Priority Rank:** 1

**Account/Activity:**  
 • S.1.1 - Utility and Expense Campus  
 Maintain Facilities and grounds in a Safe and Operable Condition

**Account/Activity:**  
 • S.1.1.1 - Utility/Accounting - track utilities  
 Track utility expenditures to provide accurate projections for the next fiscal year based upon previous years actuals

**Account/Activity:**  
 • S.1.1.1.1 - Resource Request - Decreased utility costs and utilities for additional facilities  
 Description:  
 Increased electric, water, and gas utility  
 Notes: These projected costs may be reduced depending on implementation of energy savings projects.  
 Rationale:  
 Additional resources required as new infrastructure and facilities are constructed (Parking lot lighting, math and science modules, parking structure, instructional yard)  
 Resource Type: Ongoing  
 Expenditure Category: Facilities  
 Fiscal Year Start/End: 01/01/2011-01/01/2012  
 Second Year Start/End: 01/01/2012-01/01/2013  
 Third Year Start/End: 01/01/2013-01/01/2014

## Developmental Budget Example

ACCOUNT CLASSIFICATION	FY 10-11 BUDGET AMOUNT	FY 10-11 FTE	AC DETAILS	FY 10-11 BUDGET AMOUNT	FY 10-11 FTE	FY 11-12 BUDGET AMOUNT	FY 11-12 FTE	AC DETAILS	Benefits
1101.00 BENEFIT/STIPEND/STIPEND	0	0.00		336.58		900.00			45.67
* TOTAL: 1101.00 *	0	0.00		336.58		0			
2385.00 PART-TIME/STUDENT/STUDENT	2,500	0.00		2,138.00		2,200.00			
* TOTAL: 2385.00 *	2,500	0.00		2,138.00		0			
3381.00 BENEFIT/STIPEND	3,863	0.00		38.00		2,400.00			104.67
* TOTAL: 3381.00 *	3,863	0.00		38.00		0			
<b>Subtotal: \$5,000</b>									<b>\$149.88</b>
<b>Total Budget \$5,149.88</b>									

## 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
- **Minimizing 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**