Budget Development Handbook

FY2014-2015 Budget

November 2013
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Introduction

The budget serves as a profile of how an organization carries out its mission and advances its vision. The budget development process, therefore, is not only an opportunity to realign budget amounts with spending levels, but more importantly it is a critical opportunity for the College to allocate budgets to better reflect critical service needs. The three points of focus for FY 2014-15 are: 1) the allocation of existing base or permanent budget resources as there is little possibility for additional discretionary funding; 2) implement budget reductions needed to adapt to estimated lower funding from lower student enrollment and 3) provide capital for ongoing operations.

MCCCD’s mission is to provide access to higher education for diverse students and communities. At MCC the budget is expected to focus on the four strategic priorities that promote this mission. Access is expected to continue to be supported through the District Enrollment Growth Funding program as well as the opening of new facilities and renovation of existing space through the District’s $951 million capital development program.

MCC’s Budget Development Handbook is updated each year in order to communicate the calendar dates and required submissions, if any to the District Budget Office. Added to this Budget Development Handbook is MCCCD Budget 101, which provides highlights or overview of Maricopa’s budget. In addition, in the Budget Development Process section, the MCCCD Financial Advisory Council (FAC) information has been added.

MCC is committed to increase the number of students completing associate degrees, certificates and/or successful transfer to one of Arizona’s public or private universities by 50 percent by the year 2020. Attaining this goal will contribute to Arizona’s economic recovery as well as increase the quality of life for a more educated workforce.

MCC’s Budget Development Handbook incorporates much of the District’s Handbook and importantly how the process will operate at MCC.
Initial Key Performance Indicators for Strategic Priorities

MCC’s Strategic Plan 2011-2014, Focus on Success, defines the strategic planning process and the college’s strategic priorities. It also shows how the College’s strategic priorities are aligned to the Districts strategic directions. Listed below are the key performance indicators for the MCC’s four strategic priorities:

**Student Success and Retention:**

- **College Level Retention Rate:** 79% (2011 reporting year (for Fall 2009) NCCBP Median is the target and was 90%)

- **Developmental Course Retention Rate Math:** 68% [2011 reporting year (for Fall 2009) NCCBP Median is the target and was 86%]

- **Developmental Course Retention Rate English:** 80% [2011 reporting year (for Fall 2009) NCCBP Median is the target and was 90%]

- **Developmental Course Retention Rate Reading:** 82% [2011 reporting year (for Fall 2009) NCCBP Median is the target and was 90%]

- **Developmental Student Success in First College-level Math Course:** 59% (2011 reporting year for Fall 2008 Cohort NCCBP Median is the target and was 69%)

- **Developmental Student Success in First College-level English Course:** 73% (2011 reporting year for Fall 2008 Cohort NCCBP Median is the target and was 72%)

**e-Learning:**

- **Retention rate in Online courses:** 69% (compared to 81% in traditional face-to-face delivery. The target is to achieve retention rates in distance learning courses similar to traditional face-to-face courses. Retention rate for all modalities is 79%)

- **Retention rate in Hybrid courses:** 74% (compared to 81% in traditional face-to-face delivery. The target is to achieve retention rates in Hybrid courses similar to traditional face-to-face courses. Retention rate for all modalities is 79%)

- **10% increase in headcount of students taking at least one online course from Fall 2010 to Fall 2011**

- **% of faculty completing Gold Star program out of 290 residential and adjunct faculty who teach online or hybrid (only a pilot has been completed) (This can be broken out just for residential if the Gold Star program is only intended for residential- Roger, please advise)**
Workforce Development:

- 19% increase in AAS and CCL completion from AY 09-10 to 10-11 (combined, CCL stands for Certificate of Completion)
- 3% increase in workforce related FTSE from Fall 2010-2011
- 9% increase in workforce related non-credit enrollment from FY09-10 to FY10-11

Resource Development:

Grant Development

- 40% proposal success rate for FY 10-11 with a target proposal success rate of 55% by FY 12-13 (only had a Grant Coordinator for six months)
- Identify and secure grant funding for each of our Strategic Priorities (only had a Grant Coordinator for six months)

Development (fundraising campaigns/planned giving)

- 81 MCC endowed funds with a combined value of $3.8 million as of FY 2010-11
- 30% annual employee giving rate in FY 2010-11 (up from 1/3 of 1% two years ago)
- 100 Corporate/Foundation/Individual/Trust gifts with a combined value of $250,000 in FY2010-11

Fiscal Year 2014-15 Budget Development

1. 21st Century Maricopa Budget Recommendations

As part of 21st Century Maricopa recommendations, there have been many changes in the Budget Development Process. These changes include the decentralization of funds that were formerly budgeted in the district-wide central accounts. The funding that has been budgeted directly at the Colleges and District Office include:

- Upfront Funding for Enrollment Growth
- Anniversaries Step Increases
- Maricopa Grants
- Preventive & Chiller Maintenance

Additionally, the recommendations include numerous changes to operating practices, which include:

- Partial outsourcing of custodian services (60/40)
2. Budget Request Submission
   For FY14-15 and beyond, it has not yet been determined whether the College will have sufficient resources available to support needs above mandatory expenditure levels. Colleges and the District Office will be notified if it is determined that available resources can support discretionary funding requests; this is unlikely.

3. Fiscal Office Staff Assignments
   College Fiscal Staff are assigned as follows:

<table>
<thead>
<tr>
<th>Jeffrey Darbut, vice president of administrative services</th>
<th>College</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nicole Lash, college budget analyst</td>
<td>General operating fund (fund 110)</td>
</tr>
<tr>
<td></td>
<td>General capital fund (fund 710)</td>
</tr>
<tr>
<td></td>
<td>Bond capital fund (fund 730)</td>
</tr>
<tr>
<td></td>
<td>Grants (fund 3)</td>
</tr>
<tr>
<td>Jeannette Cernetic, cashier &amp; manager of fiscal services</td>
<td>Auxiliary Fund (Fund 2)</td>
</tr>
<tr>
<td>John Moll, manager of personnel planning &amp; reporting</td>
<td>Personnel planning support for all funds</td>
</tr>
</tbody>
</table>
Maricopa Community College District – Budget 101

1. What is a Budget?

A budget is a financial plan of estimated or intended expenditures for a given period, along with proposals for financing them. A budget in which revenues and expenditures are equal is a balanced budget. Total projected revenue must equal total projected expenditures for the Fund.

Why we need a Budget?

(i) The State requires that all community colleges prepare an annual budget on the forms designated by the Auditor General and to present the proposed budget at a public hearing by June 20th prior to adoption. [A.R.S 15-1461];

(ii) MCC develops a budget to ensure efficient and effective use of resources;

(iii) Provide funds for meeting legal mandates; and

(iv) sets forth a financial path toward fulfillment of the College’s Mission and Strategic Priorities.

2. Budget Type

Maricopa relies on the most common and simple budget type: the Incremental Base Budget.

I. The current year budget for General Operating Fund (Fund 1) is the base budget for the next year.

II. Colleges receive funding changes to prior year’s base budget based on available resources for mandatory or requested expenditures. Potential mandatory expenditure changes include: Arizona State Retirement; health benefits; employee anniversary/education increases, contractual obligations; operating expenses for bond construction; employee salary adjustments, compensated absences, ATASS.

III. Colleges base funding is adjusted upward or downward based on changes in student enrollment (full-time equivalent students or FTSE). This process is called Enrollment Growth Funding (“EGF”). The following years’ EGF is calculated using the College’s estimate of FTSE enrollment and is adjusted afterwards when actual enrollment is available.

Examples of other budget methods include Zero-based where all expenditure must be justified annually; Program where expenditures are tied to program objectives; Performance, resources are allocated to meet established performance outcomes; and Responsibility Centered Budgeting where resources are allocated directly to the units responsible for producing additional revenue. While these budget methods may be useful in meeting College or District Office needs on a smaller scale, none have proven as useful as the Incremental Budget which focuses on more consistent resource levels.

3. Components of MCCCD Budget

A. Current Unrestricted Fund (Fund 1) - General Operating Fund or simply General Fund.
**Revenue Sources**

In FY11-12 Proposed Budget, Property Tax Levy is the largest source of revenue, representing over 59% of the total budget, followed by Tuition and Fees (33%), State Aid (1%), and other income and fund balance (7%).

![FY11-12 Revenue Budget (in Millions)](image)

**Expenditures**

Day-to-day operational expenses are paid from Fund 1. The majority of District’s services are dependent on employees. In FY11-12, over 66% of the budget is allocated for salaries and benefits. The graph below shows the Adopted FY11-12 Budget by Major Expense Categories.

![FY11-12 Expenditure Budget (in Millions)](image)

B. **Current Auxiliary Fund (Fund 2)** – includes Revenue Bond Debt Service, and self-supporting programs and non-credit instruction. Projected revenue must equal projected expenditures by college and by fund.
C. **Current Restricted Fund (Fund 3)** -- Federal grants, contracts, gifts, financial aid and Proposition 301 sales tax.

D. **Plant (Capital) Fund (Fund 7)** - Construction, land purchase, equipment, major building remodeling.

### How are new resources allocated?

Additional or incremental resources are allocated to priority needs which are categorized as Mandatory or Discretionary Expenses. Examples of these expenses are listed below.

I. **Mandatory Expenses** are necessary expenses that cannot be avoided. These may be externally and/or internally driven.
   - **Externally driven**: Arizona State Retirement System (ASRS) rate increases, ATASS, and software & hardware maintenance contracts/agreements.
   - **Internally driven**: Education & Anniversary step increases, employee tuition waivers, compensated absences, enrollment growth funding (EGF). Additional tuition revenue from enrollment growth will be allocated to EGF off the top.

II. **Discretionary Expenses** are funded based on resources available and approval from the Governing Board. Examples include: employee salary adjustments, health benefit increases, Prop 301 faculty funding moved to Fund 1; student success programs outlined in the 21st Century Maricopa initiative, bond operating funds for technology and/or new buildings, and other district-wide initiatives.

### Statutory Requirements

1. **Expenditure Limitation**

   Each year an expenditure limitation is set for political subdivisions of the State of Arizona, including the Maricopa Community Colleges. Maricopa’s expenditure limitation is based on our FY 1979-1980 base budget of approximately $52 million adjusted by inflation and a projection of FTSE (growth adjustment). The expenditure limitation is a State Constitutional provision and statutory provision that essentially limits budget growth that is supported by taxes. In Maricopa’s case, the limitation largely effects budgeted growth in property taxes and State Aid.

2. **Property Tax Levy Limit**

   In 1980 Arizona citizens amended the state Constitution and capped primary property tax revenue increases from existing property to 2% per year. This is an additional means of limiting tax increases to small marginal amounts.

3. **Truth in Taxation**

   In the 1996 legislative session, a Truth in Taxation statute was passed requiring political subdivisions to publish notice of and to hold public hearings on proposed tax increases on existing property.
4. Debt

Any Debt increase by local government must be approved by voters. Debt is paid exclusively through the secondary property tax. The most recent debt approved by Maricopa County voters was the 2004 Capital Development program approving the issuance of $951 million in general obligation bonds.

5. Financial Stability Reserve

Set at 8% of total budget each year. This is a requirement of the Governing Board which serves to demonstrate the financial soundness of the Maricopa District. Beyond use as a management tool, it demonstrates to the bond rating agencies that the Maricopa district has prepared for marginal revenue downturns and a sign of good financial planning. Maricopa has attained the highest bond rating available which makes our bonds a desirable investment and results in lower interest rates, debt service payments and secondary tax rates.

Budget Process Time Line Overview

1. June – September: Update current years’ Operating Budget which is the baseline for the next years’ Adopted Budget. Update charge center to reflect any organizational changes or new or discontinued programs.

2. October: College submits its Full Time Equivalent Student (FTSE) projection for the current year and the next year. College funding is increased or decreased at the rate of $2,130 per FTSE.

3. October: Operational Planning & Budget Advisory Committee Kick-off meeting. Communicate operational planning and budgeting process.

4. October – January: Each Division to review its anticipated headcount requirements. Recommendations from Residential Faculty Staffing Committee evaluated. Submit estimated Full-time Equivalent Student (FTSE) enrollment to District.

5. January : Department Chairs submit Course Fees recommendations to District for Governing Board for review and approval; begin briefing student groups about proposed tuition and fee adjustments

6. February: Submit preliminary Budget to District that complies with Funding level.

7. March: Submit final Adopted Budget to District that complies with Funding.

8. April - May: Governing Board Adopts Preliminary Proposed Budget. If there is a salary change proposal, typically Governing Board takes action in the April’s Board meeting.

9. May: Governing Board approves final Adopted Budget.

10. June: Budget moved from Budget Development System (BDS) to College Financial System (CFS); communicate budget overview to College managers.
Department Manager (i.e. Charge Center) Responsibilities

1. Be knowledgeable of the District fiscal reporting processes including definition and use of monies from the various funds,
2. Be knowledgeable of the key District budgeting processes and dates,
3. Be knowledgeable of the College’s strategic priorities and how to link your departments objectives and activities to them,
4. Be knowledgeable of the College’s operational planning requirements and budgeting process and dates,
5. Know the activities and expenses associated with your charge center,
6. Create ways to improve services while lower expenses,
7. Create metrics for key activities within the department,
8. Know when expenditures are operating expense and when they are capital expenditures.
9. Communication with your supervisor,
10. Share metrics and budgets within the department.
Budget Development Process

Maricopa’s 21st Century Recommendations

The consultants made several recommendations regarding Maricopa’s Budget Development process. Their recommendations were:

1) A budget process that:
   a) Aligns available resources to priorities based on institutional missions, goals, and vision of the system
   b) Foster open and transparent communication within and across the system
   c) Assigns accountability to campus decision makers

2) Deployment of new revenue allocation model to support incentives and accountability, no longer just based on FTSE.

MCCCD Financial Advisory Council (FAC)

The Financial Advisory Council is a District-wide advisory committee responsible for making recommendations to the Chancellor’s Executive Committee (CEC) on the budgeting process and budget. CEC in turn makes recommendations to the Chancellor, who ultimately presents budget and tuition and fee recommendations to the Governing Board.

FAC memberships include representatives from the following:

- **Executive Leaderships**: Chancellor, Vice Chancellors, College President.
- **Vice Presidents (VP) Representatives**: VP Academic Affair (VPAA), VP Student Affair (VPSA), and VP Administrative Services (VPAS).
- **Employee Group Presidents**: Faculty, Management & Technology (MAT), Professional Staff (PSA), Maintenance and Operation (M&O), Craft, Safety, and Adjunct Faculty.

The ground rules for all FAC meetings are:

- This is a safe zone
- Maintain confidentiality; No attribution
- No rank in the room
- Everyone participates; no one dominates
- Keep an open mind
- Agree or disagree only if it makes sense to do so
- Meet each other with a fresh perspective of who we are
- Maintain a ‘view of the whole’
- Help us stay on track
- Only one speaker at a time; do not interrupt
- Be an active objective listener
- Give freely of your experience
- Decision making by consensus
- Invited guests are subject to these ground rules
- Have fun
MCC Operational Planning and Budget Advisory Committee

Broad representation from leadership across the college community provides recommendations to the President on fiscal and resource allocation matters. Members participate in the instructional, student services, and administrative budgeting process that form the college’s operational plans which drive the budget. The Committee promotes alignment of resources with strategic priorities.

Charter:

1. Promotes broad college participation in the budget preparation process that helps to ensure that ideas and funding requirements are identified;
2. Promotes transparency and communication of funding and resource allocation;
3. Representatives of employee groups are able to submit to the College President recommendations on funding allocations for programs and priorities;
4. Preliminary college budgets will be shared with respective employee groups prior to their college’s budget submission;
5. Subcommittees can be created to work on specific matters and make recommendations to the committee-of-the-whole.

Committee Members:

Co-Chair: Jeffrey Darbut, Vice President Administrative Services
Co-Chair: Matthew Ashcraft, Dean of Research and Planning
• James Mabry, Vice President Academic Affairs
• Sonya Pearson, Vice President Student Affairs
• Sasan Poureetezadi, Vice President Information Technology
• Patrick Burkhart, Provost, Downtown Center & Red Mountain Campus
• Sonia Filan, Director, Institutional Advancement
• Rodney Holmes, Dean of Instruction, Academic Affairs
• Roger Yohe, Dean of Instruction, Academic Affairs
• David Dore’, Dean of Instruction, Academic Affairs
• Paul Nunez, President of Faculty Senate
• Robert Soza, President-Elect of Faculty Senate
• Steve Budge, Chair of Chairs, Faculty – World Languages
• Deb Bitter, Chair of Chairs-Elect, Faculty - Nursing
• Emily Weinacker, Associate Dean Human Resources
• Kris Bliss, MAT President, Manager, Children’s Center, Student Affairs
• Barbara Boros, Dean of Enrollment Services, Student Affairs
• Preston Cameron, Department Chair & Faculty - Business, Career & Technical Education (CTE)
• Tom Dyre, PSA President, Desktop Support, College Technology Services
• John Moll, Manager of Fiscal Services, Administrative Services
• Jeanette Cernetic, Manager of Fiscal Service & Cashier, Administrative Services
• Nicole Lash, Budget Analyst, Administrative Services
Budget Development Calendar

- The Budget Development calendar for Maricopa Community College District is driven by the requirements established in the Arizona Revised Statutes. The budget is currently scheduled for finalization on June 15, 2013 at which time the Maricopa Community College Governing Board will hold a public hearing and special meeting to adopt the budget.
- The College creates a calendar of operational planning and budgeting activities that allows leadership to allocate resources to priority programs and activities based on input from a broad group of faculty and staff.
- The College’s budgeting calendar is prepared and maintained by the vice president of administrative services.
- Appendix A shows the MCC budget calendar which is updated frequently.

Base Budget Development

This section of the Handbook provides guidance on the development of the College’s base budget. Instructions on forms regarding the base budget and strategic action plans are included in other sections.

MCC Fiscal Services group will have three opportunities to update its budget using the District’s on-line Budget Development System (BDS):

1) August 15th – December 2nd, 2012
2) December 12th – February 13th, 2013
3) March 12th – March 25th, 2013

Current Unrestricted Fund (Fund 1)

The first parameter for budget development is maintenance of the District’s financial stability policy, which requires balances of at least 8% of General Fund revenues. The district has met this requirement each year since the policy was adopted; each year’s budget reflects resources sufficient to meet the policy goal by year-end.

The College is permitted to “carry-over” surpluses, not to exceed five percent (5%) of its Adopted Budget, to the following year. Further, the College may elect to allocate a portion of the 5% carry-over, not to exceed one and one half percent (1.5%), to its Capital or Fund 7 fund. Carry-forward amounts are considered one-time funds and can only be used for one-time expenditures. They cannot be used for Board Approved Personnel positions.
MCCCD Revenue Budget

Three primary General Fund revenue sources are Property Tax Levies, State Aid, and Tuition and Fees. Other Fund 1 revenue sources include interest income, bad debt recovery, and Carry forward or Fund Balance. Starting FY10-11, Bookstore Commission revenue was moved from Auxiliary (Fund 2) to Fund 1.

4. Primary Taxes

Primary Taxes are the main revenue source in the General Fund, representing over 50% of General Fund Revenue. In 1980 Arizona citizens amended the state Constitution and capped primary property tax revenue increases from existing property to 2% per year. With the exception of FY09-10 and FY10-11, the Maricopa Governing Board has approved a 2% increase on property tax revenues. The Arizona Constitution permits Governing Board to levy the unused capacity from the past. For FY11-12 the Governing Board approved a 3% increase, using a portion of the past unused capacity.

5. Tuition and Fees

Tuition and Fees represent the second largest sources of revenues in the General Fund. The T&F projection are based on estimated credit FTSE projection provided by colleges and additional FTSE capacity projected by the Budget Office. Tuition and fees include Resident Tuition, Out-of-County Surcharge, Out-of-State Tuition surcharge, and Registration fees. The Out-of-County Surcharge rate is set by Arizona Revised Statues 14-1469.01. For FY11-12 the Governing Board approved a $5 increase for resident tuition.

6. State Aid

State Aid used to be the third largest revenue source; it was based on the statutory formula reflective of the most recent enrollment levels. However, given the recession and the State’s budget shortfalls, this formula is no longer valid. For FY11-12 the State Aid dropped to $6.9 Million--1% of the General Fund Revenue Budget. The need to remain eligible for federal stimulus support or “Maintenance of Effort” offered protection from additional state aid cuts in FY 2010-2011. For FY 2012-2013; however, federal stimulus support is not longer available and state aid cuts are a valid concern.

7. Other Revenues

Other revenues include interest income, bookstore commission, student bad debt recovery, and fund balance or carry-forward.

8. Stimulus Funding

Beyond FY10-11, there is no prospect of additional federal stimulus support through the American Recovery and Reinvestment Act (ARRA).

9. Revenue Projections and BDS Update:
The Budget Office develops district-wide revenue projection each year and will update the revenues budget in BDS. **Colleges should not update any revenues in the Fund 1 budget.**

### Funding the Budget

1. Colleges do not receive student tuition or property tax revenues directly. These are collected by the District. Colleges are allocated funds using the Incremental Base Budget method.

2. The College base budget for FY14-15 is the FY13-14 budget adopted by the MCCCD Governing Board.

3. Adjustments to this base budget which will be delineated on the Balancing Numbers or “Push Pull schedule” and may include:
   a. The Enrollment Growth Funding program.
   b. Transfers of budgeted positions between two colleges/District Office divisions which have President/Vice Chancellor approval.
   c. Transfers from centralized District-wide holding accounts, such as Faculty Professional Growth, education and anniversary payments.
   d. Operating funds for capital development program projects opening in FY12-13 and FY13-14, if any.
   e. Salary and benefit increases approved by Governing Board.
   f. Faculty transfer between Units/Colleges. Per CEC (Chancellor's Executive Council) direction, whenever faculty members transfer between units, their salaries and benefits will be transferred in full. The college receiving the faculty member(s) will provide replacement funding at Grade 001 step 8 plus full benefits for this Grade. This applies to all faculty transfers.
   g. Budget cuts as proposed by the Chancellor.

4. The BDS position records will continue to be updated by the District Budget Office through April to reflect new hires, terminations, etc.

5. Colleges who budget inter-fund transfer to/from Fund 1 to/from other funds must also budget revenue or expenditure budgets in the other fund.

### Funding Requests

1. **District-Wide Need:** One 21st Century recommendation was to “Align available resources to priorities based on the institutional mission, goal and vision of the system”. Although FAC approved the strategies to give priority to mandatory costs and to prioritize discretionary expenditures (see page 6), the process of doing this has not yet been determined.
If FAC recommends the solicitation of budget requests, these could be submitted to the Budget Office, tentatively by December 17th. This recommendation would need to be endorsed by CEC. These requests would be presented to FAC in January, 2012 for consideration.

In the past, the following examples were included as District-Wide Budget Requests:

- Technology: Hardware and software maintenance, Library Databases, Library 24/7, Blackboard, and Oracle Database licenses
- Additional personnel or resources for Athletic programs at colleges
- Supplemental funds for utility costs at colleges

2. **Athletic Budget Request**: Prior to submitting Athletic Budget Request, the new athletic programs must be approved by District Athletic Council (DAC) by June 30th and be submitted to the Budget Office by July 1st. No request was submitted for FY12-13.

### Enrollment Growth Funding (EGF)

- The 21st Century Maricopa Project to improve MCCC Effciency and Effectiveness suggested the following:
  
  "New enrollment growth funds should be budgeted within the Colleges’ budgets. If enrollment estimates are not achieved, then the colleges would be required to offset the funds within their own budgets."

- To budget EGF to colleges requires that FTSE are projected for the upcoming year
- Colleges will provide to the Budget Office fairly accurate FTSE projections for the budget year based on past & current growth trends, 45th Day FTSE, etc.
- Enrollment Growth Funding for the projected fiscal year will be allocated to colleges based on these FTSE; Additional fund will be held centrally for FTSE capacity projected by Budget Office.
- For the Estimated FTSE; EG funding will be placed in an EGF account that will be created for each College. Adjustments for under of over estimates will be made to and from this account as needed. Budget Office staff will input or reduce allocations in BDS.
- EGF adjustments will be made in the fall after the audited FTSE enrollments are known. These adjustments will be made along with the Carry-forward funds (i.e. FY09-10 Audited FTSE will be compared with the Estimated FY09-10; EGF funds in FY10-11 will be increased/ decreased via budget transfer). **See Table 1**
- Future base budgets will also be adjusted based on Audited FTSE (i.e. the FY11-12 base will be increased/decreased based on FY09-10 Audited FTSE compared with what was put in the base for FY09-10) – **See Table 1**

### Historic Enrollment Growth Funding Rate
**EGF related to the Dual Enrollment Program**

**Background:**

As result of 21st CM recommendation, Dual Enrollment team made recommendations and was approved by CEC. The recommendations were:

- Coordinating colleges will be required to sign an MOU with the district that itemizes what is required to serve and perform as a coordinating college. Any college that does not meet the requirements of the MOU will be deemed by the district to be unable to continue to serve in this role. In this case, another college will be identified and selected by the district to serve as a replacement coordinating college.

- A college currently offering a course(s) in a high school will continue to offer the course(s) if the coordinating college determines that it is unable to do so; and, until such time that the coordinating college deems that it can offer the course(s).

- Expenses and revenues associated with coordinating colleges offering services to supporting colleges will be studied over the first year of implementation to determine if a shared cost model should be developed and implemented.

- The district will annually report to CEC and the colleges on the effectiveness of the overall DE program which will include survey results from partner high schools and recommendations for program and process improvements.

- The DE 21 Work Team will be charged with making recommendations on how this overall DE recommendation and accompanying provisions can be operationalized and implemented within a reasonable period of time that is determined by the Vice Chancellor for Academic Affairs.

- Hold-Harmless funding will be provided to colleges that experience a FTSE decline resulting from these DE 21 recommendations for two fiscal years beginning in FY 2012-13. The colleges collectively and the District will share an equal cost of 50% for this funding provision that will be based on FY 2010-11 FTSE numbers.

- **HOLD HARMLESS / NET IMPACT Year 1 & 2:** Fund FTSE increases; Decrease FTSE loss amount not paid to High Schools; Contribution to District Hold Harmless Pool
The college shares are based on the overall estimated share to be covered by the colleges, divided by per FTSE cost, with this per FTSE cost of $282 applied to the projected change in FTSE (both growth and losses).

**Funding of Operating Costs Related to New Buildings**

The district has addressed the need for operating cost support for G.O. capital program investments by allocating new district resources on a square footage basis. Operating support for new district wide technology investments (e.g. CFS financial system, HR System, new Student System, etc.) was allocated to district office units and in some instances to colleges for backfill in an amount that equaled approximately 10% of the capital technology investment. Technology investments were made on a request basis (not formula based).

**Maricopa Operating Costs for Capital Investments**

A prevailing guideline in developing an operating cost support level is the assumption that new district resources are not sufficient to fund the entire cost. The expectation is, and has been, that the colleges will partner in the commitment to support capital program operating cost requirements. The college partnership in this effort contributed significantly to the success of the 1994 program. As a result, the recommendation for the 2004 Capital Program is to support new construction at $10 per GSF and no additional support will be provided for renovated. In addition, district wide technology investments may also be supported. Technology project support will be reviewed on a project-by-project basis for those projects that substantiate an operating cost need as part of the overall project budget in the technology plan.

**Guiding Principle**

An overriding principle of this initiative is to:

Insure the physical health and future of new and renovated square footage and to insure that such square footage is operated and maintained in the safest manner possible in order to protect such assets for the future. Therefore funds are provided to help ensure colleges have budget for such immediate needs as utility costs for the new buildings and, more significantly, to maintain appropriate staffing levels in Crafts, M&O and Safety employees to ensure the continued and safe usefulness of these facilities. It is recommended that expenditures be made from such G.O. capital development operating cost support as shall be necessary to fund utility costs appropriately and for staffing to insure proper safety and maintenance in areas such as HVAC, Plumbing, mechanics, electrical, carpentry, painting, safety and other areas as designated by the college.

**Process Guideline**

1) General Obligation (G.O.) Capital Development Program funded new construction will be supported at $10 per gross square foot.

2) No additional operating support will be provided for G.O capital funded renovations.
3) In recognition of higher than anticipated inflation, colleges may subsidize construction cost with other institutional resources in order to maintain the original project scope. Provided there is no increase in planned building size, subsidized new constructions will be supported at $10 per gross square foot.

4) New space eligible for support based on the above criteria will receive full support one month prior to the scheduled project completion date as identified by Facilities Planning and Development. A small portion of these funds may be requested at an earlier date, if the project can be demonstrated to place a burden on existing staff, in order to provide appropriate college project oversight. In particular, it is assumed that these requests might be for some crafts, M & O, Safety or other support staff as deemed necessary by the college, to help oversee the design and development of facilities. These requests should be brought forward to FAC and a process will be put in place for review. At this point the one known criteria is that all requests for the coming fiscal year should be identified by June 30th, and submitted to the budget office by this date. Any advance funding request that would impact FY10-11 funding, regardless of whether the building was completed in FY10-11 or not, would have to be identified by June 30, 2010 in order to be considered in the FY 11-12 Budget Development Process.

5) All allocations will be prorated, if appropriate, in the initial budget year (i.e., if a project is completed in October – operating costs for September through June will be provided in the same budget year with full funding in the subsequent year).

6) Project costs include Furniture, Fixtures and Equipment (FF&E) and budgeted contingency funds.

7) New and major district wide information systems may require additional operating costs. These may receive support on a project by project basis based on the need defined in the district wide project budget request and supporting technology plan. It is not assumed that individual college or unit plans or acquisitions of computing equipment or systems will receive operating costs.

8) Initial funding estimates are based on college master planning as of FY03-04. As college’s complete educational specifications for specific projects, these estimates may be revised. The FAC must review projects prior to submission to CDAC for project initiation approval. FAC will notify Facilities Planning and Development (FP&D) of approved projects. When designs are completed for specific projects, estimates will be updated. Final funding will be at the level set under design. However, the budget office and FAC will monitor changes in funding requirements that occur as projects become more defined through the design process. The FP&D will notify FAC when projects complete the design development stage, and identify changes that have occurred since project initiation. Colleges must confirm the continued need for the project. The FAC must evaluate the college’s need to continue the project and reconfirm operating funds for projects prior to the construction document stage and notify FP&D if the project may continue. The FAC
will not approve continuation of projects toward construction if operating support will not be available to open the facility upon completion.

9) In addition to these costs, there may be some additional budget needs for District divisions that directly support the capital program, such as Facilities, Planning and Development, Business Services, and Legal. These needs will be assessed and presented separately to FAC.

Official Function

The College maintains strict budgetary control over Official Function expenses levels and targets that total expense not exceed the prior year.

Student Bad Debt Allocation:

A portion of MCC’s student bad debt expense is funded by the District. District funding allocation is made by budget transfer to the operating budget annually. The status of future District allocations is to be determined.

For FY2013-2014 bad debt expense is $1.3 million of which $0.5 million is funded by MCC and $0.8 million is funded by the District.

Residential Faculty Staffing

The Residential Faculty Staffing Committee submits recommendations to the vice president of academic affairs each September. Decisions on staffing consider College funding level, student enrollment levels, and increasing residential faculty teaching ratio towards 60 percent.

All staffing requests are reviewed by the President’s Cabinet and its recommendation is forwarded to the President for approval.

Staffing

Division leaders make budgetary recommendations to the President’s Cabinet and its recommendations are forwarded to the President for approval.

Temporary Staffing

The College has implemented strict controls for temporary employees due to lower funding and higher costs associated with the Affordable Healthcare Act. MCCC has issued new procedures effective July 1, 2013.

Contingency

The College will target 2-5 percent of total Fund 1 budget be placed in the College’s contingency account.

New Facility Operating Support Request

In recognition of the need to adequately operate and maintain Maricopa Community College District assets, Colleges/District Office may request operating support for buildings acquired or constructed with resources other than General Obligation Bonds, or for projects supported by a
combination of Bonds and other resources which exceed the planned project scope in the 2004 Capital Development Program.

a. Operating requests should not exceed $10 per gross square foot.
b. Colleges must submit the requests using the prescribed form and may also provide as much supporting information as necessary to help the FAC understand the operating costs and facility use.
c. All allocations will be prorated in the initial budget year.
d. Operating support may be requested for up to a month prior to the scheduled acquisition/completion of the project.
e. Requests should be submitted to the Financial Planning and Budget Office for review by the Financial Advisory Council (FAC) prior to submission to the Capital Development Advisory Council (CDAC).
f. The FAC will review requests to determine whether there is capacity in the General Operating Fund to support the requested operating costs while maintaining support for facilities constructed through the 2004 Capital Development Plan.
g. Facilities which generate auxiliary revenue not related to student fees must contribute auxiliary revenue to offset operating support costs.
h. Facilities open and fully operational as of January 1, 2007 are not eligible to request operating support.

<table>
<thead>
<tr>
<th>NEW FACILITY OPERATING SUPPORT REQUEST</th>
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<tbody>
<tr>
<td>FOR PROJECTS NOT ACQUIRED THROUGH BONDS</td>
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<table>
<thead>
<tr>
<th>College Name:</th>
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<table>
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<tr>
<th>Capital Project Title:</th>
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<table>
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<tr>
<th>Operating Request: $</th>
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<table>
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<th>Building Size in gross square feet:</th>
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<table>
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<tr>
<th>Contact Person Name:</th>
<th>Contact Phone Number:</th>
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Request Explanation

Please provide a brief description of the facility to include information such as the funding source, funds leveraged, operational partnerships, and how the addition of the new facility will help further the strategic plan goals.
College Carry-forward

- College Carry-forward will be transferred to the colleges after the final closing of prior fiscal year in CFS, usually around August or September.

- College Carry-forward will be transferred based on the 5.0% of prior year’s Adopted Budget. Effective FY10-11 carryforward (carryforward of FY10-11 to FY11-12), the 3.5% college carry-forward will be based FY10-11 Adopted Budget less FY10-11 Maricopa Grants Allocation. Maricopa Grants Scholarship will receive up to 3.5% of carryforward which will be used for additional funding for Maricopa Grants at the colleges.

- As of FY 2011-12, the Government Accounting Standards Board will require additional information about carry forward balances in annual financial statements. Maricopa must comply with these requirements and any changes to established practices will be communicated to Colleges and the District Office.

Scholarships (Institutional)

Scholarships budget are reviewed annually. FAC makes recommendation whether to increase total scholarships. Typically scholarships budget are maintained at a level of 6% to 7% of total tuition revenues. Effective FY10-11, the institutional Scholarships moved from Auxiliary Fund 2 to General Fund 1. Where possible, Financial Aid was decentralized to the colleges in accordance with the consultant’s recommendation. The College Fund 1 carry forward for Financial Aid is 3.5% and will be calculated independently of the balance of Fund 1 programs. The carry forward balance for scholarships must be allocated for scholarship programs and is not available to support general operating needs. **No change for FY12-13.**

- Academic Scholarships: Presidential Scholarship, Honor Scholarship, and Chancellor Scholarship. These scholarships are awarded based on the academic criteria or achievements. These scholarships are budgeted centrally and will be disbursed to college accounts to cover actual award.

- Maricopa Grants: Grants that are awarded based on needs. Each college received allocation and amounts are budgeted at college account. Colleges may carry balances of up to 3.5% of approved annual allocation, but unused funds should only be used for these scholarships.

- Hoop of Learning: Each college received allocation and amounts are budgeted at college account. Colleges may carry balances of up to 3.5% of approved annual allocation, but unused funds should only be used for these scholarships.

- Athletic/Talent Waivers: Each college received allocation and amounts are budgeted at college account. Colleges may carry balances of up to 3.5% of approved annual allocation, but unused funds should only be used for these scholarships.

- Special Criteria Scholarships: Woodrow Wilson, Project Challenge, and Life Science Bridges Scholarships. The budgets are held centrally.
Auxiliary Fund (Fund 2)

The Auxiliary Fund includes revenues and expenditures that support a variety of self-supporting activities, including contract training, the Maricopa and Southwest Skill Centers, non-credit instruction, and food services. Revenue sources include student activity fees, tuition from Skill Centers, course fees and other revenues from sales of other auxiliary services.

No additional funds are available for allocation in either Fund 2 or Fund 7 for new issues. With limited Fund 1 resources, District will no longer provide additional funding related to salary and benefit increases in Fund 2, except for Skill Centers. Effective FY2012-13, when creating positions in Fund 2, colleges should reserve additional fund to cover potential benefits and salary increases.

Base Budget Assumptions:

- Current Auxiliary Fund 2 revenue estimates drive the development of Fund 2 expenditures in the on-line budget system; projected revenues must match budgeted expenditures in total and by account.

- Since FY1997-98, General Fund revenue budget transfers have been made for Meet and Confer costs. These transfers are made to an account in each division where positions are budgeted. They are budgeted in object code 49901. This assures that revenues and expenditures are balanced by division and by unit. **THESE REVENUES SHOULD NOT BE MOVED OR MODIFIED BY UNIT USERS.**

- Any transfers to/from Fund 2 to/from other funds must be accompanied by an equal transfer in the other fund. Units are responsible for developing their Revenue and Expenditure budgets on-line in BDS and for assuring that projected revenues equal budgeted expenditures by division/fund:

Other Auxiliary Programs (Division 86) – Fund 230

- Other Auxiliary Programs at each college consists of locally generated revenues and expenditures from facilities rentals, library and parking fines, etc.

Course Fees (Division 90) – Fund 250

- Course Fee assessments at each college consist of fitness center fees and individual fees as approved by the MCCCD Governing Board. Please note that all fees must now be approved by the Governing Board. **These fees should partially or fully cover the cost of materials used by students, equipment and repairs to equipment and special staffing needs such as tutors: all costs should directly benefit the course in question.** The fee level should also consider the impact of these fees on accessibility. Course fees should not include indirect costs such as utility costs or clerical/administrative support staff:
salaries, benefits, equipment and supplies, nor should they reflect direct instructional costs (faculty/staff: salaries and benefits, supplies and equipment for these individuals).

- New or revised course fees now can be entered in the BDS through Course Fees Module. The deadline to enter new or modified course fees in BDS is January 30th, 2012, to be included in the February Board’s agenda; and for approval by Governing Board in March.

**Non-Credit / Special Interest / Community Service Programs (Div. 87) – Fund 280**

- Non-credit programs are developed locally by each college for courses offered throughout the academic year that are not supported by the Current Unrestricted Fund 1 budget.

**Out of State Tuition for Courses offered Out-of-State**

- The adopted Tuition and Fee Schedule include a charge for credit courses taken out of state. This applies to both distance and classroom courses. The rate will be increased by the same percentage of regular tuition increase. These revenues and expenditures will be recorded in the Auxiliary fund. Each unit is responsible for creating balanced budgets for this activity. Unclassified Students taking online classes will be charged this same rate.
Current Restricted Fund (Fund 3)

The Restricted Fund (Fund 3) accounts for all restricted activity such as grants, student financial aid and Proposition 301—a statewide November 2000 referendum that raised sales taxes for education (community colleges are required to use the funds for workforce development and training). Revenue sources include federal, state and local funds for grants or contracts, Proposition 301 sales tax revenue and federal financial aid funding.

Revenues that are restricted in use are budgeted in the Current Restricted Fund (Fund 3). The Restricted Fund budget reflects potential financial aid awards, grants, contracts, and Proposition 301 sales tax revenues.

The Budget Office will prepare a preliminary estimate of the Fund 3 budget and submit this to the colleges for review on December 9, 2011. Comments and revisions are requested by January 9, 2012. A Final review will occur later in the spring, prior to preliminary budget adoption in April.

Proposition 301 Budget

In 2000, Arizona voters passed Proposition 301 and increased the sales tax to improve education through 2020. Funds for community college districts broadly target opportunities to assist in workforce development. At Maricopa, the Proposition 301 initiatives have focused on quality instruction; biosciences/bioindustry workforce development; rapid response to the new economy; development of small business; immediate and emerging workforce needs and planned flexibility; and a small revenue reserve contingency. As a voter approved initiative, Proposition 301 funding is not subject to Legislative funding cuts.

Each college and skill center receives a $50,000 base allocation. The most recently established colleges also receive a $50,000 supplemental allocation (CGCC, EMCC, PVCC, and SMCC). The balance of allocable funds is distributed to colleges and skill centers on the basis of the annual occupational FTSE enrollment. Colleges may carry forward unexpended Proposition 301 fund balances.

The Budget Office prepares Prop 301 annual revenue projections. The majority of Prop 301 resources are allocated to fund faculty positions at the colleges. The District allocated total of 39 faculty positions in FY2001-02. In the Adopted FY11-12; there are 23 faculty positions that are budgeted in the Prop 301. The District plans to move two to three Proposition 301 faculty positions to General Fund (Fund 1) each year. Colleges will be notified of which faculty will be affected. The remaining budgets of Prop 301 are allocated to colleges’ workforce development programs.

Please note the following items for FY14-15 budget:

- The district budget office will balance Proposition 301 accounts in the Budget Development System, including Proposition 301 Faculty.

- No other Restricted Fund Budget should be entered in BDS by colleges.
Plant Fund (Fund 7)

The Plant Fund is the capital budget fund. The major source of revenue is from the voter approved 2004 General Obligation bonds program. Since FY08-9, the State of Arizona has suspended Capital State Aid formula funding, due to its own budget pressures. Revenue bonds have been used in the past to meet District requirements; however, Maricopa defeased most outstanding revenue bonds in the summer of 2011 and will make the last debt service payment on the small amount of outstanding revenue bonds in FY12-13. Maricopa has no plans for future revenue bond issues.

Also known as Fund 7, the Plant Fund is MCCCD’s capital budget fund. Plant fund resources include State Aid, General Obligation Bond (G.O. Bond), Revenue Bonds, transfers from other funds, and plant fund carryforward.

As of FY08-9, 100% of Capital State Aid was suspended. It is assumed the suspension will continue indefinitely. Therefore, no allocation will be made to the colleges or district office. Prior to State Aid suspension, Fund 7 dollars were allocated based on the established formula.

Base Budget Assumptions:

- Determination will be made regarding the availability of State Aid funded capital allocations for equipment in FY12-13 reflecting the three categories of New/Replacement, Occupational, and Information Technologies. An allocation methodology, if any, will be proposed by the Budget Office and reviewed by FAC and CEC.

- The Budget Office will update BDS records for all Plant Fund allocations and revenues except loan repayments and interfund transfers. Units are fully responsible for budgeting loan repayments in the Plant Fund budget and the fund in which the payment is made. The same is true for interfund transfers.

Budget Submissions:

Colleges and the District Office remain responsible for the developing the capital budgets, and for the preparation of a schedule of proposed purchases of single items with a unit cost of $20,000 or more. The equipment forms are due to the Budget Office by May 7, 2012.

- Capital Equipment Items and Buildings and Grounds Projects: Please use this form to detail potential purchases and buildings and grounds projects that require Governing Board approval. These forms will be included in the June proposed budget. Governing Board approval of this budget therefore provides approval of these items. No additional approval is needed to proceed. This form is due May 7, 2012.
Guidelines for campus/center to be specifically included in Fund 7 Formula

In the event of a new Bond Program or restoration of State Aid Capital at some future point in time, the overall decision to allocate basic funding to campus/center may be evaluated factoring in many criteria. While new Fund 7 resources seem unlikely for at least the next three to five years and possibly longer, it is important to preserve the understanding that to achieve a threshold for requesting and receiving basic allocations, the following two criteria would have to be met first:

- Clear and formal District approval that the campus/center is to be organized and operated as a comprehensive institution. At present time, such approval might come from District Governing Board or the Chancellor.
- A site visit by the North Central Association Commission on Accreditation (NCA) is required. This establishes and evaluates the purposes of this institution, especially its comprehensive nature.

Should a prospective campus or center meet the above criteria, it can then be considered for receiving independent allocation of funds. Allocations may be basic or basic plus formula.

Instruction for Budget-related Requests

Below are instructions and due dates for requests or forms to be submitted to the Budget Office. Samples of some of these forms are included in the following pages.

Budget Request Form (District-wide initiatives only)

- Budget Requests for district-wide initiatives are pending further consideration by the Financial Advisory Council and the Chancellor’s Advisory Council. Colleges and District Office will be notified of a process including due dates if it is determine that resources are available support additional funding requests.

Tuition and Fee Schedule and Course Fee Changes

- Units will receive a copy of the current tuition and fee schedule to update with any changes to current and/or proposed fees. Please note that ALL course fee changes (increase, decrease, elimination) require Board approval. The revised schedule for FY12-13 will be due on January 30th, 2012.

Capital Equipment Form

- The Budget Office will send reminder email for the Capital Equipment Form in April 2012. The due date for the Capital Equipment Form is May 7th, 2012. The Capital Equipment Form must be entered through BDS Capital Equipment Request module.
The threshold for equipment requests is $20,000 per item/unit as set by FAC in Fall of 2003.

**Early Operating Requests**

In accordance with the 2004 Capital Development Program Operating Support Guidelines, colleges may request an early allocation of a small portion of the operating support for new and renovated space. Operating support for the 2004 capital program is a shared commitment between the District and the college. If colleges can demonstrate that a project will place an undue burden on existing staff, however, they may request a limited early draw of operating support in order to ensure appropriate college project oversight. The primary intent is to permit the hiring of Crafts, M & O, Safety or other support staff positions that are necessary to the successful planning, construction or opening of a specific bond project.

**Criteria for Early Operating Support Requests:**

1. Colleges may request support to assist with institution wide bond project planning or to backfill for a position reassigned to bond projects.

2. The primary intent of Early Operating Support is to allow hiring of Crafts employees, but does not preclude colleges from submitting justification to hire other required specialties. Colleges may not request funds to support consultants.

3. Colleges may request Early Operating Support from a specific 2004 bond supported project to support one position.

4. Approved Early draws of Operating Support will begin after the project receives conceptual approval. Funding will not begin prior to actually filling a position. As an example, if a college received approval for Early Operating Support assuming an October conceptual approval date; however the project did not receive conceptual approval until November and the hiring process did not conclude until December, then the college would receive Early Operating Support beginning in December.

5. All allocations will be prorated as appropriate in the initial request year. For the fiscal year in which the facility tied to the Early Operating Support opens, the Early Operating Support for that year will net against the facility operating support.

6. Requests that impact the budget in two fiscal years must be submitted to the Financial Advisory Council (FAC) by June 28 (e.g., June 28, 2011 for FY13-14). The FAC will review and make recommendations on the Early Operating Support Requests in accordance with its approved Budget Process. Early Operating Support funding constitutes an ongoing obligation and colleges will not need to submit continuation-funding requests in subsequent years.

It is the intent that Early Operating Support requests must fit within the District’s available resources and will not drive the computation of a particular year’s operating cost set aside.
## Annual Report on Compliance with Non-Credit Course Charge POLICY

<table>
<thead>
<tr>
<th>Policy Title: Non-Credit Course Charges</th>
<th>Definition:</th>
<th>Process Description</th>
<th>Who reviews and approves?</th>
<th>Any notable exceptions?</th>
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<tbody>
<tr>
<td>With respect to the setting of charges for non-credit courses offered by the Maricopa Community Colleges, the Chancellor shall follow the parameters for setting non-credit private course offering and non-credit public course offerings, as applicable to the course and individuals taking the course.</td>
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<tr>
<td>1. Develop and implement charges for non-credit private course offerings. Private course offerings are for customized training for individual businesses or public agencies. Course pricing is market based and negotiated with each individual business or public agency. Such pricing is considered to be a “safe harbor charge”, which shall be calculated to recover, at a minimum, total estimated direct costs.</td>
<td></td>
<td>Please describe how your process meets these requirements, including costing based on estimated direct costs and market conditions/negotiations. Please use examples as appropriate.</td>
<td>Please describe who is involved in the review of this process and who authorizes the final charge.</td>
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<tr>
<td>2. Develop and implement charges for non-credit course offerings. Non-credit public course offerings are for customized personal interest instruction. Enrollment is open to all individuals. Each individual is personally responsible for payment of all course charges. Such pricing is considered to be a “safe harbor charge” and shall be developed based upon estimated direct costs, but not exceed total estimated direct costs plus 75% for other charges associated with course offerings. Pricing may be developed based on aggregate costs for all non credit public offerings by a college to allow for cost and revenue sharing to offer the broadest mix of courses possible.</td>
<td></td>
<td>Please describe how your process meets these requirements, including costing based on estimated direct costs and market conditions/negotiations. Please use examples as appropriate.</td>
<td>Please describe who is involved in the review of this process and who authorizes the final charge.</td>
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</tbody>
</table>
3. Develop charges using the definition for direct costs, as appropriate. Direct costs are for services and products directly associated with providing a course. These may include salaries and benefits, supplies, capital equipment, travel, transportation, lodging, facility or equipment rental, postage, marketing, bank credit card charges, and admission charges.

N/A; answer included above

4. Develop charges using the definition for other charges associated with course offerings, as appropriate. Other charges are for shared services and products that support non-credit course offerings but are not directly associated with a specific course. These may include direct and indirect administrative overhead (administrative salaries and benefits, supplies, postage, marketing, travel, memberships), and charges for future development of new courses.

N/A; answer included above

**Budget Document & Links**

The following are links of Budget Office Website and many documents that we post in the website. Please bookmark these sites for future access.

**Accessing Budget Documents on the Web:**

The Budget Development Handbook, Financial Plan, and other documents are available on the web. Most of these documents are in the PDF format.

1) Go to the Financial Planning and Budget Office page at:
   
   [http://www.maricopa.edu/business/budget](http://www.maricopa.edu/business/budget)

2) From here, click on the box titled “Budget Development Process/Handbooks” or other links listed in the left navigation and choose the items you want.

3) For best result, save the document in your computer for future viewing and printing.

**Budget Development System (BDS) Access**

Access to Budget Development System (BDS) should be made through Help Desk request. BDS should be accessed using Internet Explorer 7.0 or higher.

The following is the link to BDS: [https://bds.dist.maricopa.edu/psp/budgets/](https://bds.dist.maricopa.edu/psp/budgets/)
MCCCD Budget Office Contacts

To provide better service to the College and District Office Budget Coordinators, effective 7/1/2010 each budget analyst will handle all funds for the specific units. Please contact one of the budget analysts to answer any question or concern related to their unit budget or Budget Development System (BDS). Below are list of Analyst name, email, phone, and assigned units for each Analyst. You may also contact Gaye Murphy or Lulut Clow.

<table>
<thead>
<tr>
<th>Name &amp; Title</th>
<th>Susan Horner Principal Budget Analyst</th>
<th>Mike Trier Senior Budget Analyst</th>
</tr>
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<tbody>
<tr>
<td>Phone</td>
<td>480-731-8512</td>
<td>480-731-8514</td>
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<td>Email:</td>
<td><a href="mailto:susan.horner@domain.maricopa.edu">susan.horner@domain.maricopa.edu</a></td>
<td><a href="mailto:michael.trier@domain.maricopa.edu">michael.trier@domain.maricopa.edu</a></td>
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Helpful Website Links, References, & Guidelines

Arizona Revised Statutes (ARS)

The following are list of Arizona Revised Statues related to Maricopa Community College District Budget:

- A.R.S. 15-1461: District Budget; Annual Estimate; Computation; Notice; Hearing; Adoption
- A.R.S. 15-1461.01: Truth in taxation notice and hearing; roll call vote on tax increase; definition
- A.R. S. 15-1471: Expenditure Limitation; Overrides
- A.R.S. 15-1469: Attendance of nonresident state students; payment of cost by county of residence
- A.R.S. 15-1469.01: Payment of community college nonresident state student cost
- A.R.S. 42-17051: Limit on county, municipal and community college primary property tax levy
- A.R.S. 42-17052: Values furnished by county assessor and fire districts
Course Fees Guidelines

Special Course Fees Guidelines – FAC Approved 2/12/2010

The Maricopa Community College District Governing Board expects that students will contribute to the normal basic costs of their education through the payment of tuition and registration fees. With Board approval, Colleges may charge a special course fee to offset unique course costs that exceed the normal basic costs that are covered by tuition. The special course fee provides additional funding for extraordinary materials/services or access to specialized equipment/software necessary to meet the stated course competencies.

Colleges may not charge a special course fee to cover normal basic operating expenses or any of the following costs:

1. Specialized instructional equipment for which there is no written equipment replacement plan and which is available to students who do not pay a course fee
2. Access to general academic support services such as libraries or other general use equipment and facilities that other students use without paying a fee
3. Salaries for administrative staff
4. Academic advising
5. Health and safety equipment in general education instructional spaces required to carry out course activities such as equipment required by the Occupational Safety and Health Administration including safety shields, respirators and eyewash equipment. This restriction does not apply to safety equipment that is highly specialized and unique to an occupation or that requires custom fitting
6. Travel expenses for extended Field Study which are not refundable should the student withdraw from the course prior to the travel occurring
7. Dual enrollment courses for high school students
8. Text books, electronic text books, or other materials and supplies readily available from the bookstore. Exceptions may be made for courses delivered through competitive distance learning agreements where marketing the course fee as part of the overall course delivery costs would simplify the process or increase Maricopa’s competitive advantage.

Process

The Financial Planning and Budget Office shall include in the annual Budget Development Handbook the calendar due dates and prescribed format for submission of any changes to current and/or proposed course fees. All course fee changes (increase, decrease, elimination) require Governing Board approval. Colleges will have an opportunity to update established course fees or new fees on existing courses two times per year. Generally the Governing Board will review most requested course fee changes at the February Board meeting, with final approval in March. If necessary, Colleges may also submit course fee changes for review and approval at the September Board meeting.
Colleges are encouraged to submit requests for establishment of a new fee for a new course within the regular fee update calendar. This will enable the Governing Board to fully evaluate the combined impact of student tuition and fees.

**Justification**

It is anticipated that most courses will not require an additional fee; therefore, Colleges must justify all requests to establish or increase a course fee. If the extraordinary costs of a course are reduced or eliminated, then the course fee must be adjusted accordingly at the next regular submission cycle. In addition, Colleges must notify the Governing Board of any substantial change in the special course materials, services, equipment, etc. that would materially alter the justification for the fee as previously approved. Colleges may request a course fee to address the following two types of resource needs: extraordinary instructional materials/services and specialized equipment/software replacement.

10. Extraordinary Instructional Materials/Services

Extraordinary instructional materials/services include supplies and activities that are unique to a course and necessary to achieve the stated course competencies. All students who pay a fee should have a reasonable opportunity to benefit. Examples of specialized materials/services are as follows:

- Materials/supplies consumed or retained by the student when the course ends including specialized or custom fitted safety equipment
- Transportation or admission costs related to field trips that are a required part of the curriculum
- Participation in or access to specialized course-specific instruction including small class sizes or stipends for mentor teachers as mandated by an oversight accrediting body such as nursing, dental hygiene or other such regulated professions or required by a certifying state agency such as the Arizona Department of Education
- Access to or rental of specialized equipment, software, media or facilities
- Maintenance and repair of specialized equipment, software, media or facilities
- Access to highly specialized instructional support services and tutoring provided in addition to the instructor of record
- A “pass-through” fee for course related materials

11. Specialized Equipment/Software Replacement

Specialized equipment/software replacement refers to support for planned replacement of dedicated instructional equipment/software that reaches the end of its useful life. The equipment must be dedicated for use by students in courses that pay the special fee. Examples of specialized equipment/software replacement include the following:

- Video camera and editing equipment
- Computerized medical equipment
- Specialized safety equipment unique to an occupational course
- Dedicated Computer Lab Site licenses for specialized software
- Furnishings required to ensure appropriate operation of special equipment
Course fee revenues for specialized equipment/software replacement must be deposited into the specific course fee charge center and expensed for capital purposes. Any year end balances may be carried over in accordance with a written replacement plan.

**Administration**

Special Course fees will be monitored following two acceptable methods: 1) detailed cost information for all components of the special course fee, or 2) a written equipment/software replacement plan. The administration of these methods will be as follows:

12. Detailed cost information
Detailed cost information shall be used for all components of each special course fee for extraordinary instructional materials/services. The detailed cost information will be prepared and maintained by college staff. This information will be reviewed periodically at the discretion of the District’s internal audit department.

13. Written equipment/software replacement
Colleges must have a written replacement plan that specifies the equipment/software, replacement cost, useful life, the projected number of student users, and a replacement schedule. Colleges must establish charge centers for the specialized equipment/software purchase or replacement component of course fees. Departments that share specialized resources may establish a joint charge center and prepare a single course fee plan. This written replacement plan will be reviewed periodically for reasonableness and compliance at the discretion of the District’s internal audit department.
Glossary

Arizona State Retirement System (ASRS): The mandatory retirement system for all Maricopa employees. Contribution rates are set annual by ASRS, as a percentage of salary; the contribution rate includes the pension plan with health insurance plus long-term disability. Contributions by employees are matched by MCCCD.

Compensated Absences: The accrued liability by Accounting for vacation benefits that employees have earned but have not yet taken.

Employee Benefits: MCCCD budgets for the employer’s share of benefit costs for each filled and vacant position. These benefits include: Social security (FICA) and Medicare, Arizona Retirement (ASRS), health insurance (Flex benefits), worker’s compensation, life insurance and disability insurance.

Enrollment Growth Funding: A formula based funding allocation based on full time student equivalent (FTSE) growth.

Expenditure Limitation: This is a provision of the State Constitution and Arizona Revised Statutes that limits the expenditure of local tax revenues (e.g. primary property taxes and State Aid). The limitation is set by the Economic Estimates Commission (EEC) by applying growth in enrollment (FTSE) and inflation over a base budget year.

Full-time Student Equivalents (FTSE): A calculated estimate of enrollment, based on credit hours divided by 30 (the number of credits in a year that is considered to be full-time). In the case of Skill Centers or ABE/GED students, clock hours are used and divided by 640.

Property Tax Levy: Arizona property tax levy comes to MCCCD in two different categories:

Primary Property tax (based on homeowner’s Limited Property Value) – all revenue goes to the General Fund 1 to support staff salaries and operations of all colleges.

Secondary Property tax (based on homeowner’s Full Cash Value) – all revenue goes to the Plant Fund for the annual payment of debt service on General Obligation Bonds. This revenue cannot be used for general operations.

Tuition Waivers: Waivers are a release from obligation to pay all or a portion of the normal charges for tuition and fees. When MCCCD Governing Board waives tuition/credit hour costs, it is agreeing to use institutional funds to cover the loss of revenues represented by the waiver. Waivers used to reduce the cost of attendance for employees or their spouses or dependents are considered an employee benefit and are charged to the appropriate expense account. The types of waivers that the Governing Board may grant are specified in state law.