



North Orange County Community College District

# **BUDGET ALLOCATION HANDBOOK**

September 2021 Update

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# INTRODUCTION

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The purpose of this *North Orange County Community College District Budget Allocation Handbook 2020* is to provide a detailed description of the process used by the North Orange County Community College District (NOCCCD) to allocate resources.

In addition to the detailed description of the NOCCCD budget allocation model provided in this document, there is a more general overview description of the NOCCCD budget allocation model in the *North Orange County Community College District 2012 Integrated Planning Manual*.

To communicate the NOCCCD budget allocation model to campus constituencies, this *North Orange County Community College District Budget Allocation Handbook 2020* will be available on the District's website. In addition, the Vice Chancellor of Finance and Facilities and the District Director of Fiscal Affairs will schedule annual campus-wide meetings at each site to communicate the NOCCCD budget allocation model. As this step will be repeated each year, the information presented to campus constituencies will also communicate any changes to the model that occurred as a result of the model's evaluation component described in the Evaluation of the Allocation Model section of this document.

Contained within this Handbook is a general description of the NOCCCD Council on Budget and Facilities, the timeline and process for budget development, and guiding board policies and administrative procedures. The next section of the handbook provides a narrative explanation of the budget allocation model.

This *North Orange County Community College District Budget Allocation Handbook 2020* describes the components of the budget allocation model at the District level. Each of the NOCCCD entities, Cypress College, Fullerton College, and North Orange Continuing Education, also has a budget allocation model for the internal distribution of funds including evidence of how budget allocations are linked to campus and District planning.

# COUNCIL ON BUDGET AND FACILITIES

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The function of the Council on Budget and Facilities (CBF) is to make recommendations regarding policies, planning, and other matters related to NOCCCD fiscal resources and facilities. Recommendations from this governance group are forwarded to the District Consultation Council. After consideration of input from the District Consultation Council, and other recommendations, the Chancellor makes the final recommendation which is then submitted to the Board of Trustees for approval.

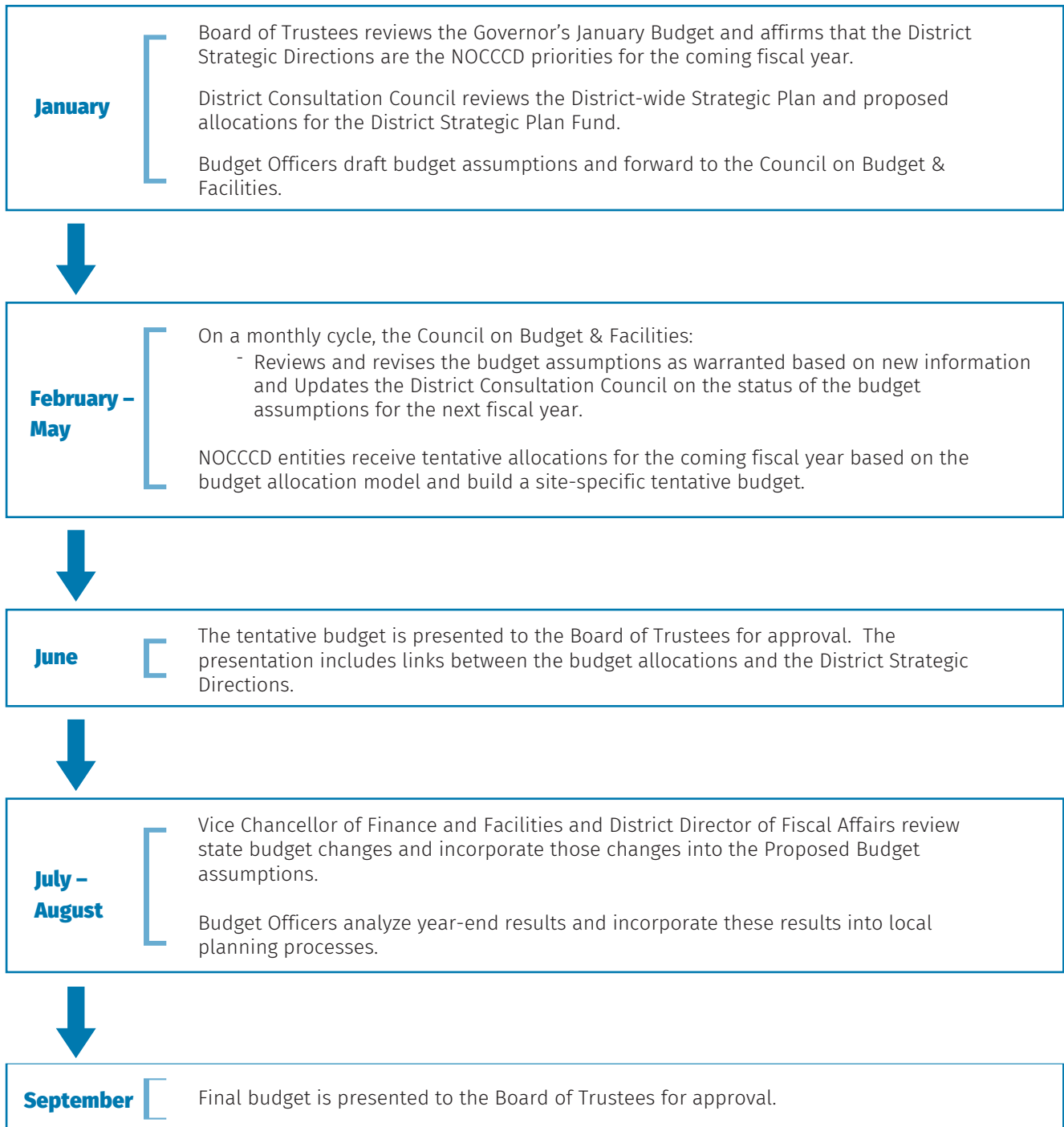
In addition to making recommendations related to NOCCCD fiscal resources and facilities, the purpose of the CBF is to:

- Ensure that NOCCCD resources are tied to the District Strategic Plan and the Comprehensive Master Plan
- Monitor NOCCCD's fiscal solvency
- Review and revise budget assumptions
- Review NOCCCD 5-year Construction Plan, Space Inventory Report, and scheduled maintenance priorities
- Review and discuss implementation of policies related to fiscal resources and facilities
- Coordinate practices as needed related to administrative services
- Serve as a forum for dialogue on ongoing fiscal and facilities activities and reporting
- Review and share information on the state budget including capital outlay funds
- Review the draft budget in its developmental stages

The members of the Council on Budget and Facilities are:

- Vice Chancellor, Human Resources (Chair)
- Vice Chancellor, Finance and Facilities
- Vice Chancellor, Educational Services & Technology
- District Director, Fiscal Affairs
- VP of Administrative Services – CC and FC
- Director, Administrative Services – NOCE
- One faculty from each site appointed by the Academic/Faculty Senate – CC, FC, and NOCE
- Two representatives appointed by CSEA
- United Faculty Representative
- Adjunct Faculty United Representative
- District Management Association Representative
- Confidential Employees Group Representative
- One student from each site appointed by Associated Students – CC and FC

# TIMELINE AND PROCESS FOR BUDGET DEVELOPMENT



*Progress Report on the District-wide Strategic Plan* to describe the progress made toward achieving the District's strategic directions, goals and objectives will be prepared and presented to the Board of Trustees at regular intervals.

# BOARD POLICIES AND ADMINISTRATIVE PROCEDURES

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## **BOARD POLICY 6200 Budget Preparation**

Board Policy 6200 provides specific criteria for the North Orange County Community College District's budget development process.

## **BOARD POLICY 6250 Budget Management**

Board Policy 6250 provides general information related to budget management and budget revisions.

## **ADMINISTRATIVE PROCEDURE 6250 Budget Management**

Administrative Procedure 6250 provides procedures for Board of Trustees approval for budget transfers.

These board policies and administrative procedure can be accessed on the District's website [www.nocccd.edu](http://www.nocccd.edu) by navigating to "Policies & Procedures" under the Board of Trustees section.

# NOCCCD BUDGET ALLOCATION MODEL NARRATIVE

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## Budget Concepts and Principles

The major budget concept is that revenues stay where they are earned. District Services is treated as a fourth budget center and we use a chargeback methodology for Districtwide expenses and shared services between budget centers.

Budget center allocations are expected to align with the NOCCCD Mission Statement and link District Strategic Directions and District Objectives to the resources needed to accomplish these institutional goals.

NOCCCD uses an incremental approach to budgeting. The process each year begins with the previous year's base budget, with adjustments as necessary, based on projections of available revenue for the current year.

The major principles that guide the budgeting process are to:

1. Balance on-going expenditures with on-going revenues;
2. Maintain a 5% reserve for economic uncertainties; and
3. Maintain appropriate autonomy for each NOCCCD entity to use resources in a manner that best addresses the individual entity's needs.

## Budget Centers

The NOCCCD budget model recognizes four budget centers for the purpose of budget allocation and expenditures:

- Cypress College
- Fullerton College
- North Orange Continuing Education
- District Services

The Cypress College, Fullerton College, and North Orange Continuing Education budget centers comprise all budgetary information for these institutions.

The District Services budget center comprises all budgetary information for the Chancellor's Office, Public Affairs, Finance and Facilities, Human Resources, and Educational Services and Technology departments.

This handbook includes information on the allocation of resources to each budget center. However, the individual budget centers have discretion over their budget center allocations. The specific allocation processes for each budget center are determined by the respective budget center's allocation model and planning processes.

## **Building Blocks of the Budget Allocation Model**

### Unrestricted Funds

- Resource Allocation Model
  - Ongoing Funds
  - Self-Supporting Funds
- Prior Year Funds (Carryover Funds)
- Hold Harmless Funds

### Restricted Funds

- Categorical Funds
- Other Restricted Funds

The Ongoing and Self-Supporting Funds are part of the District's new Resource Allocation Model. This activity makes up the structural analysis of the District. More information on the components of the Resource Allocation Model are included in subsequent sections of this book. The Prior Year (or Carryover) Funds and the Student-Centered Funding Formula Hold Harmless funds are considered one-time funds. The One-Time Funds are not considered ongoing as they have no ongoing funding source associated with their activity.



# Resource Allocation Model

The District has implemented a new internal Resource Allocation Model (RAM) in efforts to more clearly align ongoing activities within each of its budget centers.

## Principles

These are the guiding principles that were developed for the new allocation model.

- Recognize the District as the fiscal entity while honoring the unique legacy and culture of each institution
- Use planning and goals to drive the budget process
- Ensure that resource allocation decisions align with the type of funding
- Consider both the inputs and outcomes of proposed budget decisions
- Regularly assess operations and use data to inform the decision-making and planning processes
- Incentivize innovation and program development
- Take a long-term perspective
- Be transparent, simple and easy to explain

## RAM Structure

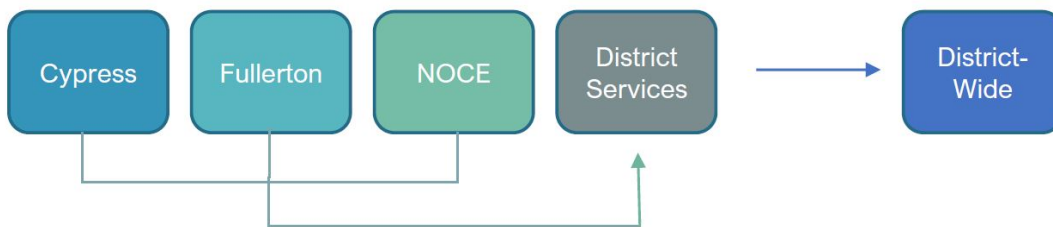
The RAM is a revenue allocation model. It incorporates:

- Student Centered Funding Formula apportionment revenues
- Other state revenues
- Local revenues

It then uses those revenues to cover expenses:

- District-wide shared costs
- All personnel & operating costs by budget center

## Budget Centers



The three educational centers contribute revenue towards district services, creating the 4 operational budget centers. The 4 budget centers then all share in covering the costs identified as institutional, or district-wide costs.

## Revenues

All ongoing and self-supported revenues are identified by budget center, either directly or by allocation formula. Those revenues form the basis for determining the operating budgets by each budget center. All revenue is considered District revenue because the district is the legal entity authorized by the State of California to receive and expend income and to incur expenses. However, the majority of revenue is provided by the taxpayers of California for the sole purpose of providing educational services to the communities and students served by the District. Services such as classes, programs, and student services are, with few exceptions, the responsibility of the three educational centers. It is the intent of the RAM to allocate the majority of funds to the campuses in order to provide those educational services. The model intends to provide an opportunity to maximize resource allocation decisions at the campus level. Each campus president is responsible for the successful operation and performance of their college or center as it relates to resource allocation and utilization. The purpose and function of the District Services in this structure is to maintain the fiscal and operational integrity of the District and its individual colleges and centers and to facilitate campus operations so that their needs are met and fiscal stability is assured. District Services is responsible for providing certain centralized functions, both to provide efficient operations as well as to assist in coordination between District Services and the campuses. Examples of these services include; human resources, business operations, fiscal and budgetary oversight, procurement, construction and capital outlay, educational services, and information technology.

## Student Centered Funding Formula (SCFF) Revenue

SCFF Revenue is the amount anticipated to be received by the District as State Apportionment. Apportionment is the primary source of revenue for the District. NOCCCD's total apportionment is comprised of property tax revenues, student enrollment fees, and a state allocation, calculated using the Student Centered Funding Formula. The SCFF uses Full-Time Equivalent Student (FTES) and student headcount data to calculate the apportionment. FTES targets for each college for the upcoming academic year are used to allocate the base funding and assumptions are applied to the headcounts that are used for the additional SCFF components. The SCFF revenue is computed in three parts:

- Base Allocation (70% of the SCFF): This is the enrollment-based component that is most similar to the prior, SB361-based, funding formula. It is the sum of a Basic Allocation funding, derived from the number of colleges and centers in a district, as well as its size, and its funding for Credit, non-Credit\*, CDCP\*, Incarcerated, and Special Admit FTES.

\* Noncredit & CDCP are funded 100% from the Base Allocation and do not participate fully in the other 2 components of the SCFF

- Supplemental Allocation (20% of the SCFF): This is the component of the SCFF that targets equity of access and opportunity for low-income students.

- **Student Success Allocation (10% of the SCFF):** This is the component of the SCFF that targets and incentivizes successful outcomes of California Community College students. This allocation is based on a district's performance in the following eight outcome metrics: Associate's Degrees, Bachelor's Degrees, Associate's Degrees for Transfer, Credit Certificates, Completion of 9+ CTE Units, Transfer, Completion of Transfer Level Math & English in the first year, and Achievement of Regional Living Wage.

The assumptions used for the SCFF as part of budget development are:

- FTES on which we'll be funded will be the same based on targets set by the campuses. If no targets are possible or developed, the prior fiscal year FTES will be used.
- The last available headcounts are used for the Supplemental and Success components of the SCFF, which is in line with the advanced calculations prepared by the state. Ultimately, the headcounts for funding will use the actual current year submitted data.
- The allocated SCFF revenue is limited to the earned revenue.

### **Other Unrestricted Revenues**

The RAM also includes additional unrestricted state revenues received as well as local revenues earned.

State Revenues included are allocated to the campuses based on its proportion of the District's SCFF Base Allocation.

- **Enrollment Fee Waivers:** This budget is made up of 2% of the enrollment fees collected, which are not used to off-set the apportionment calculation, and the amount received from the State for the 2% that otherwise would have been collected from students had they not received fee waivers.
- **Full-Time Faculty Hiring Funds 2018-19:** Funds tied to a calculated increase in the Faculty Obligation Number by the state. This allocation was received in 2018-19.
- **Part-Time Faculty Compensation:** Comprised of reimbursements for office hours and health benefits, and an allocation for compensation. The final amount the District will receive will be based on the total claims submitted system wide against the available funds. We have based our estimate on the prior year allocations, reduced by 15% factoring in estimated reductions from the state.
- **Lottery (Unrestricted portion):** The unrestricted lottery revenue is considered part of the core revenue that is used to fund operations. The District's total allocation is based on FTES and incorporates the early lottery estimates from the state.
- **Mandated Costs:** Allocation based on funded FTES, as part of a block grant to cover compliance costs incurred during the year. Based upon the many uncertainties over the mandated claim process, including the State Controller's Office audits of these claims, the District has elected to opt into the more certain funding offered by participation in the block grant. This decision is evaluated annually to be responsive to changes in the mandated cost reimbursement process.

## **Local Revenues**

- Districtwide Activity revenues consist primarily of interest earned and are allocated in a manner similar to State Revenues discussed above.
- Budget Center Activity are funds that are received for various activities. Each budget center determined their revenue estimates based on their experiences. This also consists of self-supported activities that bring in revenue and are expected to cover their own costs.
- Intrafund Transfers is currently comprised of funds received as RDA revenue that we are contributing towards ongoing resources in the RAM. Allocations are made to the campuses for this contribution on the same basis as the State Revenues discussed above.

## **Revenue to the District Office**

District Services is considered a budget center and is funded based on an agreed-upon allocation of the revenues from the campuses. As part of the implementation of the RAM, several factors were considered in determining an appropriate percentage, including information on the level of service and allocations at other districts. While the District's allocations appeared low compared to the other districts surveyed, higher allocations negatively impacted one or more of the campuses taking them to potential deficits. Therefore, consideration was given to provide an allocation that was sufficient to allow District Services to operate as a budget center yet still leave each campus able to maintain its operations at the current levels (prior to any future increases in costs).

## **Expenses**

The expenses in the RAM are broken out by budget center as well as the shared district-wide expenses.

### **District-wide Expenses**

Districtwide expenses are costs that have been identified and determined to be shared across all entities within the district. Examples of these expenses include retiree benefits, faculty sabbatical costs and related-activity expenditures, districtwide memberships, audit expenses, employee assistance program, hospitality, and a board-designated contribution to the Fullerton Child Care center. Changes to the districtwide expenses may be made directly by the Chancellor or with a request through CBF then approved by DCC for recommendation to the Chancellor. The listing of approved Districtwide expense categories and amounts are included in the annual proposed budget reports.

### **Budget Center Expenses**

Operating budgets included in the RAM for the budget centers are separated into ongoing and self-supported activities.

### **Personnel**

The budget center operating expenses are comprised primarily of personnel costs. The district's budgets for permanent positions are identified as POSCTL (a.k.a. position control).

The employee groups included in position control are:

- Full-Time Faculty
- Classified staff
- Confidential staff
- Academic managers
- Classified managers
- Executives
- Temporary Special Positions (including instructors, project coordinators, managers, and directors)

At the time of preparation of the POSCTL budget for the proposed budget, the number of positions and salary & benefits costs includes all active positions some of which may have been vacant at the time the data is prepared may then become filled and other positions that may subsequently become vacant. Increases based on step and column movements have also been incorporated.

Adjunct Faculty are another major component of personnel costs. These are included as part of extended day costs and are budgeted separately from position control, as part of the other operating budgets.

### **Full-Time Faculty**

While most positions are determined based on the needs of the budget centers, there is a compliance component to the full-time faculty positions district-wide. A faculty obligation number (FON) is set by the state each year, based on the prior year's FON modified by changes in the FTES. The District must meet its FON or face paying a penalty. Full-time Instructors teaching credit classes, as well as full-time counselor positions are considered towards this obligation.

### **NONPOS (a.k.a. Non-Position Control)**

The remaining operating budgets for each budget center are those costs outside of position control, also referred to as “NONPOS”. This includes estimated costs for Adjunct Faculty and other temporary hourly personnel, costs of departmental and campus office costs (e.g. supplies, services, equipment, etc.) and maintenance needs. As part of the implementation of the new Resource Allocation Model, each budget center is responsible for covering any increases in personnel costs, such as the costs of any negotiation settlements and increases in health plan costs. The budget centers may also set aside some contingency funds to help offset potential, yet unquantified costs.

### **Intrafund/Interfund Transfers**

Budget Centers may have need of supplementing their programs, whether within the ongoing and self-supported funds that are part of the RAM or for programs and funds outside of these funds. Since these transfers are using revenues presented elsewhere, they are also supplemental to the RAM, meaning that they are not used or considered as part of the funds that cover the district-wide expenses nor do they contribute towards the District Services allocations.

### **Chargebacks**

As a final component of the new Resource Allocation Model, as we align costs with the appropriate budget centers, certain expenses were identified that one budget center incurred and which also benefitted another budget center. Primarily, these are for space that is maintained by one campus which is used primarily by another campus’ operations. The chargebacks currently include the following:

- Maintenance & Operations (custodial) personnel Electricity
- Gas
- Water
- Security

## Prior Year Funds

A district's ending balance for a fiscal period is referred to as its fund balance. Fund balance represents a point-in-time fiscal snapshot of a district's financial position. As this balance moves from the end of one fiscal year to the beginning of the subsequent fiscal year, it becomes categorized as one-time. One-time funds are unspent funds that remain after a fiscal year has ended, and primarily result from budgetary "savings." These funds would not necessarily be replicated in subsequent years. It is not fiscally prudent to use one-time funds for ongoing purposes such as to fund expenditures for salaries and benefits of permanent staff. Instead, these funds are more appropriately used to fund one time items or projects. To properly differentiate one-time funds from ongoing sources of funds, the District accounts for these dollars in the One-Time Fund, a sub-fund of the Unrestricted General Fund. The Ending Fund Balance, or Carryover Funds, are broken down into 5 categories\*:

- Nonspendable – This represents resources that are not readily available for expenditures, and includes inventory and cash held in the revolving bank account.
- Restricted – This represents the carryover funds from restricted programs that have legal restrictions for their use by State and federal governments.
- Committed – These are funds that were specifically committed by Board action. The District continues to maintain funds committed to help cover future PERS/STRS rate increases.
- Assigned – These funds are assigned for a specified districtwide purpose or at the budget centers.
- Uncommitted – These are funds which have not been designated for a specific purpose and are held available to use for specific needs that may arise during the fiscal year. However, included here is a contingency set aside per Board Policy 6250 requiring that unrestricted general reserves shall be no less than 5% of unrestricted General Fund expenditures. We continue to base this on the Chancellor's Office definition of minimum required reserve for economic uncertainty.

*\* The District identifies its Fund Balance in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.*

## **Nonspendable Fund Balance**

Revolving Cash: The District maintains a bank account with a \$150,000 balance to facilitate issuing checks that are needed outside of the normal check process and which have associated with them legal requirements for more urgent issuance.

Inventory: Inventory maintained for some supplies, and which by itself is not spendable.

## **Restricted Fund Balance**

These are the Restricted funds which may carryover their unused funds. If expenditures outpace the available funds, then the fund balances will show as negative. In such circumstances, additional available general fund resources are required to supplement the shortfall.

Health Services: Cypress College and Fullerton College each maintain a student health center, which is partially funded by health fees collected. Those fees may only be used for allowable health service expenditures.

Instructional Equipment: Funds remaining from allocations by the state for instructional equipment.

Parking: Each campus maintains parking on-site and charges a fee for non-employees to park on campus. The parking fees collected from parking permits and day passes may only be used towards costs associated with the maintenance of and security for the campus parking lots.

Lottery: As a community college, we receive a share of the lottery funds collected by the state and designated for education. The restricted lottery funds may only be used for instructional purposes as identified in Ed Code.

Veteran's Services: funding received to provide education benefits for veterans, which are held and disbursed per the direction of the Department of Veterans' Affairs.

Administrative Allowance: Cypress College and Fullerton College both participate in the Federal financial aid programs (i.e., PELL, FWS, SEOG). Those programs provide an administrative allowance to help defray some of the costs associated with administering the financial aid to students.

## **Committed Funds**

Committed funds can only be used for the specific purposes determined by formal action of the Board of Trustees. For example, in 2016, the Board took formal action to commit funds to cover future PERS/STRS rate increases.

## **Assigned Fund Balances**

These carryovers consist of:

- One-Time Funds allocated to the various budget centers.
- Funds assigned by the budget center for activities and needs identified by that budget center.



## **One-time Funds Allocated**

These are carryover funds that are considered to be in the Districtwide category and are allocated to the different budget centers for specific purposes. These allocations are discussed at various standing committees, including the Council on Budget and Facilities (CBF) as well as the District Consultation Council (DCC), and are approved at DCC.

The one-time funds are to be used for the purposes for which they were designated. Any of the One-Time Fund Allocations that remain unused once their purpose is complete will be returned to be included in future allocations.

## **Funds Assigned by the Budget Centers**

Each budget center maintains control over funds that have been conserved from the previous year. These assigned funds are allocated to needs as identified by that budget center. These items are usually one-time in nature, rather than on-going costs.

## **Uncommitted Fund Balances**

**Board Policy Contingency:** As discussed previously, the District maintains unrestricted general reserves at a level no less than 5% of unrestricted General Fund expenditures, including debt service, transfers, and payments to students.

**Unallocated Resources – Districtwide:** These are unallocated, contingency funds maintained and which can be allocated at the discretion of the board. Any allocations out of contingency is submitted to the board as a regular part of ongoing operations for board review and approval.

**Unallocated Resources – Budget Centers:** These are unallocated funds maintained at the budget centers that also have been conserved from the previous year. Any unassigned funds remaining at the budget center are available to be allocated at the discretion of the budget center to supplement operations and is also submitted to the board for review and approval.

## **Hold Harmless Allocation**

As part of the multi-year transition into the new SCFF, a provision was added to ensure that districts would receive no less than they did for 2017-18, plus COLA, which is 2.71% for 2018-19 and 3.26% for 2019-20, and 0.00% for 2020-21. Funds received under the hold harmless allocation have not been used in the ongoing funding incorporated into the RAM. The District will use the hold harmless funding to supplement RAM, if needed, and has included it in the discussions of uses for one-time funding. The hold harmless funding was initially proposed for the first 3 years of implementation of the SCFF. It was subsequently extended as the SCFF continued to be modified.

## **Restricted General Funds**

The Restricted funds are used to account for resources available for the operation and support of the educational programs that are specifically restricted by laws, regulations, donors, or other outside agencies as to their expenditure. Restricted moneys are generally from an external source that requires the moneys be used for specific purposes.

The District's restricted funds can be separated into two groups:

- Categorical funds which earn revenue based on the expenses as they are incurred
- Other Restricted funds which provide revenue for specific purposes, thus the unused balances can be accumulated since the revenue is considered earned when received.

# EVALUATION OF THE BUDGET

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## Evaluation of the Allocation Model

In October of each year, the Council on Budget and Facilities will evaluate the allocation model for both the process and those allocations that are formula driven, and will prepare a report to the District Consultation Council. The primary current formula-driven allocation is the amount provided towards funding District Services as a budget center. Each budget center will provide input via their respective representative(s) on the Council on Budget and Facilities.

## Closing the Loop – Budget Allocation is linked to District Strategic Directions

In order to meet the Accreditation Standard III.D3, which requires that the District/Institution(s) systematically assess the effective use of financial resources and use the results of the evaluation as a basis for improvement, the following component is included in the budgeting process:

- All expenditures related to the Strategic Plan Fund will be tracked separately to provide Budget/Financial information to the Project Leader for inclusion in their year-end report.
- When appropriate, funding requests shall identify how the use of resources relates to the five District Strategic Directions and/or Comprehensive Master Plan.

# APPENDIX A - PERSONNEL BUDGET PROCEDURES

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## Budgeting Full-Time Faculty Positions

### **Filled position**

A position which is not vacant on July 1 will be budgeted for the next fiscal year at the incumbent's class and step of the Regular Contract Faculty Salary Schedule, including class and step advancement increments.

### **Vacant position**

A position that is vacant on July 1 will be budgeted for the next fiscal year, until deleted, at the mid-range of the Regular and Contract Faculty Salary Schedule; currently Class D, Step 08.

If the position is filled with a permanent replacement by the start of the fall semester, the budget will be adjusted from Class D, Step 08 to the actual replacement class and step.

If the position is filled with a permanent replacement after the start of the fall semester, the budget will remain at Class D, Step 08, as provided above. If the replacement class and step exceed the budgeted class and step, the Budget Center will fund the difference. The position will be budgeted at the actual replacement class and step for the subsequent fiscal year.

A position that becomes vacant subsequent to July 1 as the result of a resignation, retirement, termination or promotion will remain budgeted for the fiscal year at the class and step of the employee vacating the position. If the position is filled with a permanent replacement during the fiscal year and the replacement class and step exceed the budgeted class and step, the Budget Center will fund the difference. The position will be budgeted at the actual replacement class and step for the subsequent fiscal year.

Unexpended funds in the position account at the end of the fiscal year will revert to Budget Center carryovers.

### **Position Vacancy Due to Unpaid Leave of Absence**

A position that is vacant due to an unpaid leave of absence will be budgeted for the fiscal year at the incumbent's regular class, step and percent of employment. Unexpended funds in the position account at the end of the fiscal year will revert to the Budget Center carryovers.

### **Position Vacancy Due to Sabbatical Leave of Absence**

A position that is vacant due to a sabbatical leave of absence will be budgeted for the fiscal year at the incumbent's regular class, step and percent of employment. Unexpended funds in the position account at the end of the fiscal year will revert to Budget Center carryovers.

### **Position Vacancy Due to Phase-In Retirement**

A position that is vacant due to participation of an employee in the reduced workload program (phase-in retirement) will be budgeted for the fiscal year at the incumbent's class, step and reduced-load percent of employment.

The budget center will be responsible for temporary hourly FTE replacement costs for the percentage of employment that is phased into retirement, during the period of vacancy as provided in the sections above.

#### **Position Vacancy Due to Paid Load Banking Leave of Absence**

When an overload assignment is load banked, the budget center's 12000, 13000, or 14000 allocation, as appropriate to the assignment, will be reduced in an amount equal to the cost for the assignment.

When load banking leave is taken using the load banked assignment, the budget center's 12000, 13000 or 14000 allocation, as appropriate to the assignment, will be augmented in an amount equal to the cost of the load banked assignment used for the leave.

#### **Position Vacancy Due to Paid Medical Leave**

A position that is vacant due to an employee's use of paid medical leave will be budgeted for the fiscal year at the incumbent's regular class, step and percent of employment.

The budget center will be responsible for funding the cost of temporary replacements while an employee is using paid leave.

#### **Addition of New Positions (No Existing Vacancy)**

New mandated positions (e.g., required to maintain the District's full-time faculty obligation pursuant to regulation), if approved, will be funded by the Budget Center

### **Reassignments**

#### **Reassigned Time**

Where a faculty member is provided reassigned time for United Faculty duties pursuant to contract, the budget center will be responsible for the temporary hourly FTE replacement costs during the period of the reassigned time.

Where a faculty member is provided reassigned time in conjunction with a grant and the reassigned portion of the faculty member's regular salary is funded by the grant, the budget center will be responsible for funding the temporary hourly FTE replacement costs during the period of the reassigned time as provided in the section above. The unexpended funds in the faculty position account at the end of the fiscal year will revert to District-wide carryovers.

Additionally, the budget center will be responsible for funding the cost of temporary replacements in all other circumstances for which a faculty member is provided reassigned time.

#### **Temporary Reassignment of Faculty Member to Interim Management Position**

When a faculty member is temporarily reassigned to an interim management position within the District, the faculty position will be budgeted for the fiscal year at the incumbent's regular class, step and percent of employment. Unexpended funds in the faculty position account at the end of the fiscal year will revert to the Budget Center carryovers.

The budget center from which the faculty member has been reassigned will be responsible for funding the temporary hourly FTE replacement costs as provided in the sections above. The budget center to which the faculty member is reassigned to the interim management position will be responsible for funding the cost of the employee's interim management position salary, from the existing management vacancy position and/or from other budget center funds.

### **Other**

Budgeting for full-time faculty positions in circumstances not described by this procedure will be determined by the Vice Chancellor of Finance and Facilities, in consultation with the Vice Chancellor of Human Resources, following a discussion at Chancellor's Staff, as deemed necessary based upon the circumstances of the matter.

## **Budgeting Management, Classified, and Confidential Positions**

### **Filled Position**

A position which is not vacant on July 1 will be budgeted for the next fiscal year at the incumbent's range and step of the appropriate salary schedule, including longevity, professional growth increments, and shift differential, if applicable.

### **Vacant position**

A position that is vacant on July 1 will be budgeted for the next fiscal year at Step A of the appropriate salary range for the position, excluding shift differential, if applicable.

If the position is filled with a permanent replacement prior to establishment of the final budget, the position budget will be adjusted to the actual replacement step, including longevity, professional growth increments, and shift differential, if applicable.

If the position is filled with a permanent replacement after the establishment of the final budget, the budget will remain at Step A, as provided in the section above. The budget center will be responsible for funding any costs which exceed the position budget for the fiscal year in which the replacement occurs. The position will be budgeted at the actual replacement step, including longevity, professional growth increments, and shift differential, if applicable, for the subsequent fiscal year.

Unexpended funds in the position account at the end of the fiscal year will revert to the budget center's carryover. The budget center will be responsible for funding the cost of temporary replacements during the period of the vacancy.

### **Vacation Payoff**

The budget center is responsible for funding any vacation payoff in the fiscal year during which the vacancy occurs.

### **Maximum Duration of Vacancy**

A vacant position must be replaced or eliminated within twelve (12) months of the last paid day of employment of the employee vacating the position. Exceptions must be authorized by the Vice Chancellor of Human Resources and the Vice Chancellor of Finance and Facilities.

### **Position Vacancy Due to Unpaid Leave of Absence**

A position that is vacant due to an unpaid leave of absence will be budgeted for the fiscal year at the incumbent's regular range, step and percent of employment, including longevity, professional growth increments, and shift differential, if applicable.

Unexpended funds in the position account at the end of the fiscal year will revert to the budget center's carryover. The budget center will be responsible for funding the cost of temporary replacements during the period of the leave.

### **Position Vacancy Due to Paid Medical Leave**

A position that is vacant due to an employee's use of paid medical leave will be budgeted for the fiscal year at the incumbent's regular range, step and percent of employment, including longevity, professional growth increments, and shift differential, if applicable.

The budget center will be responsible for funding the cost of temporary replacements while an employee is using paid leave.

## **Reclassification**

### **Temporary Reclassification**

The budget center will be responsible for funding the cost resulting from the temporary reclassification of an employee, including benefits, longevity, and shift differential, if applicable, during the period of the temporary reclassification.

### **Permanent Reclassification**

The budget center will be responsible for funding the cost resulting from the permanent reclassification of an employee in the fiscal year during which the reclassification occurs, including benefits, longevity, and shift differential, if applicable.

## **Increase in Percentage or Months of Employment**

### **Temporary Increase**

The budget center will be responsible for funding the cost resulting from the temporary increase of an employee's percentage or months of employment, including benefits, longevity, professional growth increments, and shift differential, if applicable, during the period of the temporary increase.

### **Permanent Increase**

The budget center will be responsible for funding the cost resulting from the permanent increase of an employee's percentage or months of employment in the fiscal year during which the increase occurs. The position will be budgeted at the permanently increased percentage or months of employment in the subsequent year.

### **Addition of New Position (No Existing Vacancy)**

A new position, if approved, will be funded by the budget center.

### **Elimination of Position**

If the elimination of a position is approved, the budget center's operating allocation will be augmented in an amount equal to the salary at Step A of the range for the position, plus benefits. The savings in salary and benefits will revert to the responsible budget center in the current year.

## **Other**

Budgeting for management, classified and confidential positions in circumstances not described by this procedure will be determined by the Vice Chancellor of Finance and Facilities, in consultation with the Vice Chancellor of Human Resources, following a discussion at Chancellor's Staff, as deemed necessary based upon the circumstances of the matter. The savings in salary and benefits will revert to the responsible budget center in the current year.



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