

DAVIDSON-DAVIE COMMUNITY COLLEGE

Business Services

BUDGET PROCESS

PROCEDURE 6.2.1.1

I. Nature of Process

The budget process is an ongoing process and occurs on several levels and dimensions concurrently. Although this process can be explained in discrete phases or functions, in reality, the functions are interactive and occur simultaneously. For example, at the same time the expenditures and review/adjustment functions for one fiscal year occur, the projection and allocation functions of the next fiscal year may be occurring. The budget process involves the state legislature, State Board of Community Colleges, Presidents' Association, Trustees' Association, Board of Trustees, and various groups within the College.

The process for developing an annual budget for the next fiscal year occurs in large part while the budget from the current fiscal year is being implemented. The process includes the following functions: (1) projection of anticipated revenue, (2) needs assessment and identification, (3) allocation of resources, (4) expenditure of resources, (5) review and adjustment and (6) realignment of resources. These functions interact on at least the following three levels within the College: program/department level; college area level (instruction, student services, and general administration); and total college level.

The development of an annual budget for the next fiscal year usually begins with the projection of needs, which occurs after enrollment data for the Spring Semester is available and continues into summer. In years when budget information is made available to the College earlier in the year, the College begins the needs assessment and allocation functions earlier. The Board is informed of projections of anticipated revenue and identified needs and is provided an opportunity to indicate priorities. Anticipated changes in College programs and services, such as addition or deletion of programs or shifts in enrollment patterns, are reviewed by the Board. The Board reviews and approves the College's budget request for the upcoming fiscal year, which begins July 1. Each fiscal year the Board approves an annual College spending plan for that year. Changes to that plan are approved by the Board and the State Board of Community Colleges.

II. Projection of Anticipated Revenue

Projection of revenue involves one or more of the following steps, which may occur simultaneously:

Projection of anticipated revenue for the upcoming year – this step usually begins as soon as enrollment data for Spring Semester is available. This projection is based upon an estimate of anticipated FTE and involves applying the estimated FTE to the funding formula.

- Baseline needs are applied against the estimated revenue – for example, the funding required to sustain existing full-time faculty and staff levels is applied to the estimated revenue in an effort to identify discretionary funds which may be utilized for part-time personnel, supplies, etc.
- Update of projections – projections are updated periodically throughout the period of January through June. The timetable for updating the projection of revenue is influenced by factors such as the following:
 - State revenue estimates,
 - North Carolina Community College System priorities and funding changes
 - College enrollment trends, and pending curriculum changes, additions or deletions.

III. Needs Assessment and Identification

For budget purposes, the focus is on three broad areas: personnel, other costs (travel, supplies, equipment repair), and equipment. Needs assessment is guided by awareness of at least three influences: (1) anticipated revenue available, (2) expenditure patterns and trends in recent years, and (3) actual need. These elements bring an element of reality to needs identification and influence expectations. For example, a unit may decide that only the most pressing unmet needs may be addressed in a time of declining revenues.