Overview
Contingency reserve funds are set up each fiscal year. These reserves are established to allow for the flexibility to respond to changing circumstances, unbudgeted inflationary increases, emergencies, or fund new initiatives. The College has three types of contingency reserves: operating reserves, salary reserves and capital reserves.

Operating Reserves are funded annually as part of the operating budget to respond to unanticipated circumstances. Reserves are established within each program at approximately 2% -3% of the total non-salary operating budget pool. These funds are used to cover unanticipated needs that may arise throughout the fiscal year. The funds are typically used to fund unbudgeted inflationary increases, respond to emergencies, new regulations, and new opportunities or to cover cost overruns. Any funds remaining at fiscal year end revert to the College’s net assets.

Salary Reserves are reserves funds that are built up throughout the fiscal year by centrally capturing salary savings from all full time budgeted lines monitored through Position Control. These reserve funds are used to cover increases in salary costs from reclassifications, promotions, new lines added mid year, overtime costs or any other unbudgeted salary expense. Any funds remaining at fiscal year end revert to the College’s net assets.

Capital Reserve is funded annually through a portion of the Facilities Fee. The Facilities Fee is accumulated in a capital fund reserve. Approximately $1.00 per credit of the Facilities Fee is set aside in the reserve annually to cover costs that are capital in nature (repairs, renovations, equipment or furniture). The remainder of the Facilities Fee is used to cover on-going maintenance expenses in facilities. Reserve funds remain and accumulate in the Capital Reserve until used.

Process
A budget review committee has been established and will meet bi-weekly to review requests for additional funding. The committee will review requests for additional funding and may use funding from either the Operating Reserve or the Capital Reserve. Funds allocated from the salary reserve are allocated through approvals by the Position Review Committee or the Budget Office.

The goal of the Budget Review Committee is to review requests for additional funds that may occur during the fiscal year for which a unit or school does not have sufficient funds to cover. The committee will review each request within the context of strategic initiatives, new regulations, emergencies, or other opportunities and determine if funds will be allocated from one of the contingency reserves. Funding must be approved in advance. The committee will not consider reimbursement of funds already spend unless emergency situation exists.

The committee is comprised of Chief Planning Officer, Vice President for Administration and Finance, Associate Provost Personnel and Budget, Associate Vice President of Students Affairs, and a Dean.
The committee will review all requests submitted and may at their discretion meet with the unit head for further discussion prior to making a decision on the funding.

Each unit requesting additional funds will be required to submit to the Budget Office the Additional Funding Request Form along with any supporting documentation. The Budget Office will review the request initially to determine if the Unit has another funding source to cover the request such as operating budget or incentive reserves. If no other source is identified, the Budget Office will bring the request before the committee for review.

Vice President for Administration and Finance will have discretion to allocate funds from the reserve in emergency situations, cover increases in overhead costs such as snow removal, utility increases, increased costs due to new regulations, or to cover any shortfalls in revenues. The Committee will be advised if any such allocations are made.

The Committee will review each request and make a determination if the request warrants additional funds to be allocated from one of the contingency reserves. The Budget Office will notify the individual units of the committee’s decision and allocate the funds accordingly. The Cabinet will be advised on any allocations made from the contingency reserves. Any requests that require funding to continue in future fiscal years will be brought to the Cabinet for approval.