

## Operating Standards and Measures for Monitoring and Assessment of College Fiscal Conditions

To ensure sound fiscal management and provide a process to monitor and evaluate the financial health of colleges within the District, the overall assessments of a college's financial condition will include, but not be limited to, the following operating standards:

1. College's budget shall be balanced in terms of funds available for appropriation throughout the fiscal year. Should funds available be reduced, corresponding expenditures are expected to also be reduced.
2. College shall be expected to develop its long-term enrollment plan to meet its education mission, and maintain enrollment data on all disciplines and instructional programs. The enrollment data shall include, but not be limited to, FTES, student headcount, teaching faculty productivity by discipline area, average class size, class sections offered, and cost per FTES.
3. College shall be expected to maintain position/assignment control on all personnel assignments, both academic and classified, to ensure that costs do not exceed budget.
4. College shall develop its annual college financial plan and provide to the Chancellor timely college budget and expenditure reports and/or fiscal analyses to assist in monitoring the financial health of the college.
5. At a minimum, the college shall provide to the Chancellor quarterly status reports on expenditures and on the college's overall fiscal status.
6. College is required to set aside 1% of its revenue as a college reserve. If a college's expenditures or projected expenditures exceed its revenue, college shall be required to submit a self-assessment and review to the Chancellor, and to develop a written action plan to satisfactorily address the identified fiscal concerns.
7. **College requires management assistance or financial relief:**

If college ended a year in deficit greater than 1% of its budget or \$500,000, whichever is greater, it is required to:

- Perform self-assessment and review.
- Submit to the Allocation Grant Task Force a financial plan that addresses the college financial health.
- Participate in a quarterly review as requested by the Allocation Grant Task Force on the college's fiscal condition.
- If a college has experienced multi-year deficits, the college may be required to submit a detailed recovery plan for achieving fiscal stability.

College in this category shall be required to submit a self-assessment and review to the Chancellor and the AGTF, and to develop a written action plan to satisfactorily address the identified fiscal concerns consistent with the measurement criteria as indicated in **Attachment I**.

## ATTACHMENT I

### **Measurement Criteria**

1. Deficit Spending
  - Is the college deficit spending more than 1% of its revenue budget over multiple years?
  - Is the deficit spending addressed by ending balance, college reserve, or built-in growth revenue?
2. College's Overall Instructional Measures:
  - Is teaching faculty productivity (FTES/FTEF) greater than or equal to 510?
  - Is average class size greater than or equal to 34?
  - Are costs per FTES by instruction, instructional services, student services, maintenance and operations, and other non-instructional support services greater than or equal to average costs among small or large colleges within the district and statewide average?
  - Are administrative costs per FTES greater than or equal to average costs among small or large colleges within the district and statewide average?
3. Full Time Faculty Hiring Obligation
  - What is the college's full-time and part-time ratio and obligation (excluding faculty over-base)?
4. College Expenditures and Staffing Trends over the last five years
  - Is percentage of budget allocated to salaries and benefits at or less than district-wide average?
  - Is the college using one-time funds to pay for permanent staff or other ongoing expenses?
  - Is faculty, administration, and classified staffing level comparable with other colleges within the District?
  - How do expenditures by activity (instructional, instructional services, student services, and non-instructional activities) compare to other colleges in the district?
  - How do the release and reassigned FTEF and expenditures such as release times for bargaining unit and department chair non-instructional activities compare to other colleges in the district?
  - How do utilities and other non-salary operating expenditures by activity compare to other colleges in the district?
5. Enrollment Management
  - Does a college have a multi-year plan for enrollment growth and class sections offered? Does a college's plan address changes in the class offerings and the maintenance of instructional productivity (FTES/FTEF)? Has the enrollment been stable over the last five years?
  - Are academic and classified staffing adjustments consistent with the enrollment decline?

- Does the college continuously analyze its enrollment trends and class offerings?

6. College's Overall Educational Program Evaluation

- Is a college's enrollment and fiscal plan consistent with its overall educational program mission?
- How does the college change in its behaviors in response to AB1417 accountability report analysis?

## **ATTACHMENT II**

### **Information to be Used to Perform the Assessment:**

College's Self- Assessment and Review  
Apportionment Attendance Report  
Enrollment Projection  
Instructional Measures (FTES/FTEF)  
Average Class Size  
FTES and Expenditures ranking  
College Quarterly Financial Status Report  
Monthly Projection and College Financial Plan  
Unrestricted General Fund by Activity  
College Expenditure Trends over last five years  
Full Time Faculty Hiring Obligation  
Release Times and Reassigned Times  
Other Available Information (Enrollment data, Fiscal Data, Staffing Plan, etc...)

### **Other Suggested Criteria:**

FTES per FTEF by discipline  
Percentage of Weekly Faculty Contact Hours (WFCH) taught by full-time and part-time faculty  
Cost per FTES for each program and compared with other colleges and districts  
Adequate/Proper Reserve Level or Ending Balance  
Cost reduction measures to preserve revenues and mitigate further potential deficits

### **Other Items for Discussion**

Deficit repayment schedule  
Emergency loans for financial relief  
Required actions to curtail and manage spending if certain conditions exist