

REVISION #1

DISTRICT FINANCIAL ACCOUNTABILITY MEASURES

(DBC Recommendation, September 18, 2013)

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. Each College President and the Deputy Chancellor shall be responsible to the Chancellor for the management of the college's and District Office's total budget. Budget management includes maintaining a balanced budget, as well as the efficient and effective utilization of financial resources.
7. 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.

8. If the college ends the year in a deficit greater than 1% of its budget or \$500,000, whichever is **less**, it is required to:
 - Perform self-assessment and review.
 - Submit to the Executive Committee of the District Budget Committee a financial plan that addresses the college's financial health concerns consistent with the measurement criteria as indicated in **Attachment I**.
 - Participate in a quarterly review as requested by the Executive Committee of the District Budget Committee on the college's fiscal condition.

9. If a college has experienced three consecutive years of deficits, or a deficit of 3% or one million dollars, whichever is less, the college shall be required to submit a detailed recovery plan for achieving fiscal stability. The Chancellor shall evaluate the college's recovery plan and may recommend to the Board of Trustees that a special emergency response team be appointed to monitor and regulate the enrollment management and fiscal affairs of the college.

10. The Chancellor shall review the college's fiscal affairs and enrollment management practices as part of the College President's annual performance evaluation. The Chancellor must report to the Board of Trustees any significant deficiencies and take any corrective measures to resolve the deficiencies up to and including the possible reassignment or non-renewal of the college president's contract.

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?

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