Campus Budget Accreditation Working Document

November 1, 2016

**Standard III: Resources**

The institution effectively uses its human, physical, technology, and financial resources to achieve its mission and to improve academic quality and institutional effectiveness. Accredited colleges in multi-college systems may be organized so that responsibility for resources, allocation of resources, and planning rests with the district/system. In such cases, the district/system is responsible for meeting the Standards, and an evaluation of its performance is reflected in the accredited status of the institution(s).

III.D Financial Resources

Planning

III.D.1 Financial resources are sufficient to support and sustain student learning programs and services and improve institutional effectiveness. The distribution of resources supports the development, maintenance, allocation and reallocation, and enhancement of programs and services. The institution plans and manages its financial affairs with integrity and in a manner that ensures financial stability. (ER 18)

III.D.1.Q1 Does it have sufficient revenues to support educational improvement and innovation?

III.D.1.Q2 Are the institution's finances managed with integrity in a manner that ensures financial stability?

III.D.1.Q3 Does the resource allocation process provide a means for setting priorities for funding institutional improvements?

III.D.1.Q4 Are institutional resources sufficient to ensure financial solvency?

III.D.1.Q5 Does the institution's budget provide sufficient resources for the effective planning, maintenance, implementation and enhancement of DE courses, programs and services, as well as personnel development?

**Description**

De Anza College is committed to maintaining sufficient resources to support and sustain learning programs and services, as well as ensuring that the distribution of resources supports the development, allocation and reallocation, and enhancement of its programs and services with integrity and financial stability. It embodies this commitment by using its mission and goals as the foundation for financial planning as detailed in its Educational Master Plan 2015-2020. This guiding document provides an equity-driven framework for the De Anza College decision-making process by reinforcing the practice of continuous reflection and improvement in budget and planning, which drives the shared governance process providing input to the budget decisions. The document clearly identifies the campus missions and related goals for developing a governance and budget process that is inclusive, transparent, open and understandable. (1)

Unfortunately the district and campus have been experiencing a downturn in its FTES (full time equivalent students). (2) Potential causes for the reduction have been attributed to the economic downturn and resulting cut in funding, changes in the repeatability eligibility and the withdrawal from several instructional service agreements. NEED EVIDENCE As a result, the district has been in stabilization for several years. Efforts continue to increase attendance, including and not limited to more focus on distance education courses, analyzing the institutional data to see if particular groups or instructional areas are in a decline, etc. (13, 14)

The college has sufficient resources to support educational improvement and innovation. Attention to resource allocation starts at the district level with revenue and expense assumptions clearly stated and developed in the budget approved by Board with most attention focused on the unrestricted general fund. (2) These resources originate from many different sources such as apportionment, grants, fundraising, student activities and self-sustaining units. (1) Using its mission, goals and Educational Master Plan, the college is responsible for allocating its portion of unrestricted general fund, grants, bond measures and other monies generated by various activities on campus. To manage the challenges posed by state funding to the district in the last decade, including categorical budget cuts and workload reductions, the various shared governance groups on campus have worked cooperatively to allocate funds to best meet the needs of student learning and programs. (3) As part of this planning process, a conscious decision has been made to use existing reserves to make up for shortfalls in revenue (4). To supplement state funding, the campus has supported the district in passing two General Obligation bonds, has strengthened the grants office, and has established numerous partnerships with business and industry. NEED EVIDENCE (III.D.1 Q1).

The institution’s finances are managed with integrity in a manner that ensures financial stability. The campus has a long history of transparency regarding financial information to all account holders through shared governance information sharing and advisory committees. (5) In 2009, the Banner enterprise resource system was implemented to enhance research, financial transparency and student access. This state of the art information technology system provides enhanced financial access and query abilities, including fiscal analysis and projections. NEED EVIDENCE Annual and quarterly reports are presented to the Campus Budget and College Council to update constituency groups on the status of unrestricted funding. (6) Annual plans and reports for grants such as SSSP (Student Success and Support Program) and Equity are available on the public website. (7) Campus financial information is also available through district documents such as the Adopted Budget, annual audit and quarterly reports. (8) Internal controls are a key component of ensuring that public funds are being used effectively and there are many policies in place to ensure that standards are being met. (9) The BP 3000 directs designated employees to adhere to certain policies, including internal controls, that will ensure financial stability and integrity (10) (III.D.2 Q2)

The resource allocation process provides a means for setting priorities for the funding of institutional improvements. As a multi-college district, after allocation of salaries, benefits and district wide costs such as audit, utilities and insurance, unrestricted funds are distributed to the campuses based on the average FTES (full-time equivalent student) generated by each campus. Grants may be issued by the state based on either actual campus performance (SSSP/Equity) or at the District level (Instructional Equipment/Scheduled Maintenance) with FTES estimated allotment. Campuses also generate some revenue at the local site, through fundraising or other campus level activities. The campus has control over the allocation of the unrestricted funding of its “B” budget; non-permanent salary/benefits costs, supplies, services and capital outlay, which is approved through the shared governance process as guided by the Educational Master Plan. (4) Program Plans, a self-assessment performed by each department on campus, identify current and future needs and are used to assess, rank and recommend funding as resources become available. (11) Depending on the program requirements, grant and self-generated funds are allocated as appropriate. (7) (III.D.1 Q3) NEED TO CREATE CAMPUS RESOURCE ALLOCATION MODEL

Institutional resources are sufficient to ensure financial solvency. Reserve balances are kept both the district and campus levels to cover unexpected expenses or reductions in income. (2), (4) In the past when expense cuts have become inevitable, the campus has implemented a comprehensive and shared process to identify and implement cost reduction strategies. (3) The planning and budget teams of each division have program reviews processes established to ensure that funds are being used, and continue to be used, in the most effective and efficient manner. (III.D.1 Q4)

The institution’s budget provides sufficient resources for the effective planning, maintenance, implementation and enhancement of DE courses, programs and services as well as personnel development. While De Anza has historically focused on traditional on campus students, with improved technology and changing demand, distance education is becoming an important part of the college fabric. The college recently submitted a Substantive Change Proposal to expand the number of degrees and certificates being offered with more than 50% of online courses at the institution. As part of this proposal the required supporting services were reviewed by both the Dean of Learning Resources and the Institutional Research Office. It showed that the college has “steadily ramped up equitable student services, developed automated processes within the course management system, and has continued to provide regular trainings and instructional design support for online courses. In addition, the Online Education Center has continued to hold Online Advisory Group meetings and conducts regular communication with faculty who teach online.” (14) FOLLOW UP WITH LORRIE

(III.D.1 Q5)

**Evaluation**

The college meets this standard. The institution regularly evaluates its resources and the effectiveness of the allocation process. It has processes in place to deal with significant changes in funding levels, both decreases and increases, as well as methods to determine which departmental areas will most benefit from changes in funding. Planning includes long term assessment of fiscal solvency and reserves to accommodate any sudden changes in funding levels.

**Action Plan**

No action plan is required.

**Evidence for Standard III.D.1**

Educational Master Plan (<http://www.deanza.edu/ir/state-of-the-college-related-information/pdf/EMP2015-2020_3-11-16.pdf>)

Adopted Budget ([http://www.boarddocs.com/ca/fhda/Board.nsf/files/A225GN103409/$file/15-16%20Adopted%20Budget.pdf](http://www.boarddocs.com/ca/fhda/Board.nsf/files/A225GN103409/%24file/15-16%20Adopted%20Budget.pdf))

Campus Budget Archive Files – PBT draft reduction files (<http://www.deanza.edu/gov/campus_budget/resources.html>)

B Budget Standardization Presentation (<http://www.deanza.edu/gov/campus_budget/pdf/2015_16_B_Budget_Standardization_Oct2015.pdf>)

Shared Governance Website (<http://www.deanza.edu/gov/>)

Example of financial information presented to College Council: (<http://www.deanza.edu/gov/college_council/notes/CCMins_06_09_16.html>)

SSSP-Equity home page (<http://www.deanza.edu/sssp_equity/>)

District financial information (<http://business.fhda.edu/financial-reports/index.html>)

District Business home page (<http://business.fhda.edu/>)

BP 3000 (<http://www.boarddocs.com/ca/fhda/Board.nsf/goto?open&id=9TTLNL57597E>)

IPBT Program Reviews (<http://www.deanza.edu/gov/IPBT/program_review_files.html>)

IPBT Home Page (<http://www.deanza.edu/gov/IPBT/instructionalbudget.html>)

Institutional Research and Planning Home Page (<http://www.deanza.edu/ir/>)

Substantive Change Proposal (http://www.deanza.edu/accreditation/Substantive\_Change\_Proposal\_to\_Board.pdf)

**III.D.2 The institution’s mission and goals are the foundation for financial planning, and financial planning is integrated with and supports all institutional planning. The institution has policies and procedures to ensure sound financial practices and financial stability. Appropriate financial information is disseminated throughout the institution in a timely manner.**

III.D.2.Q1 Does the institution review its mission and goals as part of the annual fiscal planning process?

III.D.2.Q2 Does the institution identify goals for achievement in any given budget cycle?

III.D.2.Q3 Does the institution establish priorities among competing needs so that it can predict future funding? Do institutional plans exist, and are they linked clearly to financial plans, both short-term and long-range?

III.D.2.Q4 Does the financial planning process rely primarily on institutional plans for content and timelines?

III.D.2.Q5 Can the institution provide evidence that past fiscal expenditures have supported achievement of institutional plans?

III.D.2.Q6 Does the governing board and other institutional leadership receive information about fiscal planning that demonstrates its links to institutional planning?

III.D.2.Q7 What is the ending balance of unrestricted funds for the institution's immediate past three years? Is this amount sufficient to maintain a reserve needed for emergencies?

III.D.2.Q8 How does the institution receive its revenues? Does this receipt pose cash flow difficulties for the college? If so, how does the college address cash flow difficulties? (e.g., Certificates of Participation (COPS), loans)?

III.D.2.Q9 Has the institution sufficient insurance to cover its needs? Is the institution self-funded in any insurance categories? If so, does it have sufficient reserves to handle financial emergencies?

**Description**

The institution reviews its mission and goals as part of the annual fiscal planning process at both the district and campus levels. The district has several plans that identify the District Technology Plan

District Facility Plan

District Strategic Plan Goals

Mission Statement

Annual budget

Quarterly Review to Board

Fiscal Self Assessment

Quarterly Updates of Campus Finances (Campus Budget)

State Budget Updates

Educational Master Plan

Equity Plan

Student Success Plan

The college has set financial institutional metrics which are reviewed annually as part of the master plan: http://deanza.edu/ir/state-of-the-college-related-information/pdf/Institutional%20Metrics.pdf

**Evaluation**

**Evidence for Standard III.D.2**

**III.D.3 The institution clearly defines and follows its guidelines and processes for financial planning and budget development, with all constituencies having appropriate opportunities to participate in the development of institutional plans and budgets.**

III.D.3.Q1 Where or how are the processes for financial planning and budget recorded and made known to college constituents?

III.D.3.Q2 What mechanisms or processes are used to ensure constituent participation in financial planning and budget development?

**Description**

**Evaluation**

**Evidence for Standard III.D.3**

***Fiscal Responsibility and Stability***

**III.D.4 Institutional planning reflects a realistic assessment of financial resource availability, development of financial resources, partnerships, and expenditure requirements.**

III.D.4.Q1 Do individuals involved in institutional planning receive accurate information about available funds, including the annual budget showing ongoing and anticipated fiscal commitments?

III.D.4.Q2 Does the institution establish funding priorities in a manner that helps the institution achieve its mission and goals? Are items focused on student learning given appropriate priority? What other documents are used in institutional planning?

**Description**

**Evaluation**

**Evidence for Standard III.D.4**

**III.D.5 To assure the financial integrity of the institution and responsible use of its financial resources, the internal control structure has appropriate control mechanisms and widely disseminates dependable and timely information for sound financial decision making. The institution regularly evaluates its financial management practices and uses the results to improve internal control systems.**

III.D.5.Q1 Are funds allocated, as shown in the budget, in a manner that will realistically achieve the institution's stated goals for student learning?

III.D.5.Q2 What do the audit statements say about financial management?

III.D.5.Q3 Is the institutional budget an accurate reflection of institutional spending and does it have credibility with constituents?

III.D.5.Q4 Are audit findings communicated to appropriate institutional leadership and constituents?

III.D.5.Q5 Does the institution have an annual external audit to provide feedback on its processes?

III.D.5.Q6 Does the institution review the effectiveness of its past fiscal planning as part of planning for current and future fiscal needs?

**Description**

**Evaluation**

**Evidence for Standard III.D.5**

**III.D.6 Financial documents, including the budget, have a high degree of credibility and accuracy, and reflect appropriate allocation and use of financial resources to support student learning programs and services.**

III.D.6.Q1 Are funds allocated, as shown in the budget, in a manner that will realistically achieve the institution's stated goals for student learning?

III.D.6.Q2 What do the audit statements say about financial management?

III.D.6.Q3 Does the institution provide timely corrections to audit exceptions and management advice?

III.D.6.Q4 Is the institutional budget an accurate reflection of institutional spending and does it have credibility with constituents?

III.D.6.Q5 Are audit findings communicated to appropriate institutional leadership and constituents?

**Description**

**Evaluation**

**Evidence for Standard III.D.6**

**III.D.7 Institutional responses to external audit findings are comprehensive, timely, and communicated appropriately.**

III.D.7.Q1 What information about budget, fiscal conditions, financial planning, and audit results is provided throughout the college? Is this information sufficient in content and timing to support institutional and financial planning and financial management?

III.D.7.Q2 Does the institution provide timely corrections to audit exceptions and management advice?

III.D.7.Q3 Has the institution received any audit findings or negative reviews during the last six years? Have these been addressed in a timely manner?

**Description**

**Evaluation**

**Evidence for Standard III.D.7**

**III.D.8 The institution’s financial and internal control systems are evaluated and assessed for validity and effectiveness, and the results of this assessment are used for improvement.**

III.D.8.Q1 Are the institution's special funds audited or reviewed by funding agencies regularly?

III.D.8.Q2 Do the audits demonstrate the integrity of financial management practices?

III.D.8.Q3 Are expenditures from special funds made in a manner consistent with the intent and requirements of the funding source? Are bond expenditures consistent with regulatory and legal restrictions?

III.D.8.Q4 Does the institution review its internal control systems on a regular basis? Does the institution respond to internal control deficiencies identified in the annual audit in a timely manner?

**Description**

**Evaluation**

**Evidence for Standard III.D.8**

**III.D.9 The institution has sufficient cash flow and reserves to maintain stability, support strategies for appropriate risk management, and, when necessary, implement contingency plans to meet financial emergencies and unforeseen occurrences.**

III.D.9.Q1 What is the level of the institution’s unrestricted fiscal reserve?

**Description**

**Evaluation**

**Evidence for Standard III.D.9**

**III.D.10 The institution practices effective oversight of finances, including management of financial aid, grants, externally funded programs, contractual relationships, auxiliary organizations or foundations, and institutional investments and assets.**

III.D.10.Q1 What processes does the institution use to assess its use of financial resources?

III.D.10.Q2 How does the institution demonstrate compliance with Federal Title IV regulations and requirements? (Federal Regulation)

III.D.10.Q3 How does the institution ensure that it assesses its use of financial resources systematically and effectively?

III.D.10.Q4 How does the institution use results of the evaluation as the basis for improvement?

**Description**

**Evaluation**

**Evidence for Standard III.D.10**

***Liabilities***

**III.D.11 The level of financial resources provides a reasonable expectation of both short-term and long-term financial solvency. When making short-range financial**

**plans, the institution considers its long-range financial priorities to assure financial stability. The institution clearly identifies, plans, and allocates resources for payment of liabilities and future obligations.**

III.D.11.Q1 What evidence of long-term fiscal planning and priorities exits?

III.D.11.Q2 Does the institution have plans for payments of long-term liabilities and obligations, including debt, health benefits, insurance costs, building maintenance costs, etc.? Is this information used in short-term or annual budget and other fiscal planning?

III.D.11.Q3 Does the Institution allocate resources to the payment of its liabilities and funds/reserves to address long-term obligations? Are resources directed to actuarially developed plans for Other Post-Employment Benefit (OPEB) obligations?

**Description**

**Evaluation**

**Evidence for Standard III.D.11**

**III.D.12** **The institution plans for and allocates appropriate resources for the payment of liabilities and future obligations, including Other Post-Employment Benefits (OPEB), compensated absences, and other employee related obligations. The actuarial plan to determine Other Post-Employment Benefits (OPEB) is current and prepared as required by appropriate accounting standards.**

III.D.12.Q1 Is the institution fully funding its annual OPEB obligation (Annual required contribution [ARC])? At what level is the contribution being funded?

**Description**

**Evaluation**

**Evidence for Standard III.D.12**

**III.D.13 On an annual basis, the institution assesses and allocates resources for the repayment of any locally incurred debt instruments that can affect the financial condition of the institution.**

III.D.13.Q1 What is the level of locally incurred debt?

III.D.13.Q2 What percentage of the budget is used to repay this debt?

III.D.13.Q2 Does the locally incurred debt repayment schedule have an adverse impact on meeting all current fiscal obligations?

**Description**

**Evaluation**

**Evidence for Standard III.D.13**

**III.D.14 All financial resources, including short- and long-term debt instruments (such as bonds and Certificates of Participation), auxiliary activities, fund-raising efforts, and grants, are used with integrity in a manner consistent with the intended purpose of the funding source.**

III.D.14.Q1 Is there an annual assessment of debt repayment obligations, and are resources allocated in a manner that ensures stable finances?

**Description**

**Evaluation**

**Evidence for Standard III.D.14**

**III.D.15 - The institution monitors and manages student loan default rates, revenue streams, and assets to ensure compliance with federal requirements, including Title IV of the Higher Education Act, and comes into compliance when the federal government identifies deficiencies.**

III.D.15.Q1 What is the default rate for the past three years?

III.D.15.Q2 Is the default rate within federal guidelines?

III.D.15.Q3 Does the institution have a plan to reduce the default rate if it exceeds federal guidelines

III.D.15.Q4 Are student loan default rates, revenues, and related matters monitored and assessed to ensure compliance with Federal Regulation?

**Description**

**Evaluation**

**Evidence for Standard III.D.14**

***Contractual Agreements***

**III.D. 16 Contractual agreements with external entities are consistent with the mission and goals of the institution, governed by institutional policies, and contain appropriate provisions to maintain the integrity of the institution and the quality of its programs, services, and operations.**

III.D.16.Q1 What contractual agreements exist, and are they consistent with institutional mission and goals?

III.D.16.Q2 Does the institution have appropriate control over these contracts? Can it change or terminate contracts that don't meet its required standards of quality?

III.D.16.Q3 Are funds allocated, as shown in the budget, in a manner that will realistically achieve the institution's stated goals for student learning?

**Description**

**Evaluation**

**Evidence for Standard III.D.16**