

Standard III: Resources

D. Financial Resources

Columbia College's general fund is a share of YCCD's state apportionment revenue. Reviewed and adopted by District Council, it is based on the prior year allocation (base) and adjusted for FTES growth or decline. The college receives a set dollar rate per FTES (\$5100 for base FTES and \$2000 for growth FTES), after factoring out district administrative and overhead cost. The general fund may also be augmented for other items such as salary and benefit cost increases, COLA, or the receipt of new funds, such as Partnership for Excellence Funds and other grants. In 2004-2005, Columbia College was allocated \$10,070,365 of the district unrestricted fund total of \$78,066,091; Modesto Junior College received \$40,853,106 and the remainder of \$27,142,620 stayed with the District Office¹². \$7,100,000 of these District funds are reserved for overhead costs to support operations for the two colleges. These operations include energy, transportation, facilities, grounds, security and campus business office operations. In addition, the Central Services budget includes district wide purchasing and receiving, accounts payable, payroll, information technology, debt service, retiree benefits, grant development, research and planning and an allocation for part-time equity which is passed on to the college at year end for bonuses. Of the full-time staff surveyed, 53 percent somewhat or strongly disagreed with the statement "Financial resources are adequate to support student learning." (IV.B.3.c.)

Budget Process

The general fund budget process at the college begins with the Educational Master Plan (EMP). (III.D.1.a.) As part of the annual planning process, individual college units complete budget preparations under two separate scenarios. First, the "Scenario A" budget assumes funding levels will not change significantly from the current year to the next. These budgets are used as "place holders" early in the planning and budgeting process. The second scenario includes a section for requests for budget items, if additional funding

is available. These budget item requests are entered into the EMP in the form of mission based projects. (III. D.1.a.) In this manner, allocation of financial resources is aligned with the college's commitment to student learning. Funding requests are collected and prioritized by each unit as part of the EMP process, and then brought forward to be considered for prioritization again by the college's governing bodies. These prioritized requests are used as a guide for resource allocation during the college budget development process. Dialogue occurs throughout this entire process. (III.D.1.a.)

In early spring, the college receives a preliminary general fund budget amount from the District Office for the upcoming fiscal year. This amount may include special allocations for one-time use; i.e., in 2003-04, the district provided a special one-time allocation to seed the implementation of student learning outcomes. As part of the "Scenario A" budget process, salary and benefit costs charged to the general fund for permanent college employees comprise first draft of the budget. Cost information for other operational expenditure items is gathered by the Chief Operations Officer (COO) from instructional and service area plans, consultation with budget managers and staff, historical and incremental cost information, and spending pattern analysis and projection. An expenditure budget is drafted from this information and submitted to budget managers for further review, revision, and inclusion of additional funding requests.

Following input from the college's divisions and budget managers, a draft college general fund budget is presented to College Council. College Council, which has broad representation from faculty, classified staff, student, and administration, serves as the college budget and planning committee. College Council members review the general fund budget to ensure the budget supports institutional goals and priorities, make recommendations for allocation revisions, and have responsibility for adoption of a balanced general fund budget. During the course of the fiscal year, receipts of new monies, which are not designated for a specific purpose, are brought to College Council for allocation recommendations.

¹² Yosemite Community College District General Fund Budget, Final Budget 2004-2005

The disposition of any funds remaining at the end of a fiscal year is also approved by the College Council with the EMP as a guide. (III. D. 1.a-d.)

In addition to the EMP, each year the College Council updates a set of special priorities based upon the budget anticipated and within the context of the EMP. These priorities are based on the YCCD Vision 2010 priorities, and form a more specific plan for Columbia College and act as the vehicle for improving the institution. Dialogue among the representatives of the various college groups represented on the council occurs as these priorities are developed. The college mission is frequently cited as a part of this effort, and all EMP projects are directly linked to the Columbia College Mission. This ensures that the college's primary commitment to student learning is operationalized. These priorities are revised as additional information regarding the budget becomes available during the year. The special priorities are evaluated by the College Council at the end of each year. Of full-time staff who completed the staff survey, 59 percent strongly or somewhat agreed that "The college allocates resources according to the priorities of the EMP."

The college allocates financial resources to support student learning programs and services; in fact, 82.8 percent of the college's general fund is designated for student learning programs and resources. This is evidence of the institution's commitment to student learning. (III.D.2.a.) Approximately 92% of the Columbia College general fund is assigned to personnel, leaving few funds for innovation or any kind of discretionary fund.

The college seeks to minimize the negative effects of unanticipated expenditures and enrollment fluctuation by maintaining a minimum of a one to two percent contingency reserve amount in its annual general fund budget. For 2004-2005, this amount is \$100,000. This fund is designated for unforeseen financial problems and program opportunities. YCCD also holds a minimum of a five percent reserve to guard against a major financial emergency. The actual amount on reserve in the YCCD 2004-2005 budget was \$3,600,000. (III.D.2.c.) Of the full-time staff surveyed, 66 percent strongly or somewhat agreed that, "The

college practices effective oversight of finances; including financial aid, grants, external contracts, etc."

Communication

Appropriate financial information is provided throughout the college using a variety of means and settings. Financial information is disseminated through the shared governance process of College Council. With representation from faculty, classified, students, and college administration, College Council exercises its responsibility as the college budget committee. Financial information is provided to the college community as a whole through the President's State of the College and All College Meetings, In Service Day addresses, presentations to the Academic and Classified Senates and department meetings. Financial information is also published and available to all staff members through the Columbia College Budget and Fiscal Handbook, Senate Newsletters and minutes from the YCCD Board of Trustees. (III.D.2.b.) When full-time staff were surveyed, 59 percent strongly or somewhat agreed that, "Appropriate financial information is provided throughout the college." "The College Council effectively represents the college community in making budgetary decisions" received a response of 54 percent strongly or somewhat agreed.

Financial Data Management

Datatel Colleague Financials is used to manage financial data. Account balances are generally accurate within a thirty day period from transactions. Internal controls both at the college and the district allow for follow up and comparison between what is planned in the budget process and what is actually occurring. The credibility of the financial data enhances problem solving and decision making processes.

Control of expenditures has been strengthened as a result of the Datatel implementation in 2003. Columbia College purchasing requisitions are initiated at the department level, sent to the vice president or appropriate dean and then on to the COO. Assuming approvals at each level, purchase orders are prepared from the college's requisitions by the District Director of Purchasing and Related Services. All of this is handled electronically using the Datatel system. The district

purchasing director and his staff operate under a philosophy of service; frequently dialogue occurs between the end user and the purchasing staff in order to secure the best product or service at the best price. Purchasing staff recognize that they exercise their commitment to the district's mission by purchasing appropriate supplies and equipment to support student learning. Integrity is ensured by adhering to California Education and Public Contract Codes; only allowing one bidding unless all bids are rejected; never sharing vendors' bids with other vendors; and by refusing gifts or gratuities over one dollar in value. In addition, the purchasing staff are not involved in district fundraising from vendors. Purchasing processes are evaluated from time to time. The process for sale of surplus inventory was outsourced when evaluation revealed that few, if any, profits resulted from conducting private auctions. (III.D.3.)

Budget Oversight

The college president, in conjunction with the COO, holds oversight responsibility of the college budget. As prescribed by California Education Code, Columbia College provides a budgeting and accounting system for financial management of all funds which is in full compliance with the California Community Colleges' Budget and Accounting Manual. A comprehensive set of internal controls including a systemized multi-level approval procedure ensures consistent and effective financial oversight.

Under the leadership of the COO, the college business services office provides accounting support and oversight of every college financial transaction including student fee collection, the distribution of financial aid, student refunds, the receipt of cash deposits, and college-wide purchasing activities. Management of financial aid is the direct responsibility of the college's Financial Aid Manager who reports to the college's COO. The financial aid program is routinely found to be in complete compliance by controlling agencies as well as by the college's external auditors. (III.D.2.d.) The implementation of Datatel has improved the efficiency of financial aid distribution. The integration of the financial aid and student

accounts receivable modules allows financial aid awards to be electronically credited directly to a student's account. Disbursement checks are then generated to the student, net any fee obligation a student may owe. Datatel's automated system replaces a prior silo system requiring laboriously checking student accounts individually and issuing and placing holds on checks for students with outstanding balances. As a result of the automated process, students are able to resolve their obligations to the college and receive their financial aid more quickly. Columbia College's auxiliary services manager holds responsibility for operations of the Manzanita Bookstore and Food Service unit and reports directly to the college COO. Auxiliary operation funds are integrated into the district accounting system and subject to college-wide oversight standards. Auxiliary services have been restructured and are now operating in the black. The Student Activity Fund is monitored by the vice president. (III. D. 2.e.)

Foundation

The Columbia College Foundation is a separate 501(c)(3) organization governed by its own Board of Directors drawn from a cross section of community leaders. Its primary purpose is to support the mission of the college by providing funds for student scholarships and to serve as a repository of large material donations to the college. Donors support college programs and student scholarships by making direct contributions. A few large donations have provided generous support toward single, large scale investments, such as the Oak Pavilion. The Financial Aid Office generally serves as the contact agent on campus for student scholarship donations. The College Foundation and college scholarship programs award approximately \$76,000 annually in student scholarships. The foundation director and the foundation board share responsibility for maintaining integrity of foundation fund distribution in accord with donor intentions. The accounting function for the foundation rests with the college's COO who serves as assistant treasurer to the foundation board. There have been no reported audit findings for the foundation for many years. The foundation is subject to an annual independent audit to ensure the integrity of its fiscal operations.

Contracts

Columbia College’s contractual agreements with external entities are administered by the YCCD Executive Vice Chancellor through direct negotiation for long term agreements and approvals for short term agreements. All contractual agreements of the college are governed by institutional polices and contain certain provisions to maintain the integrity of the institution. (III.D.2.f.)

Risk Management

Risk management is the responsibility of the YCCD Executive Vice Chancellor. The district is covered by a comprehensive insurance plan that includes liability, property and workers’ compensation. Since 1986, YCCD has participated in the Valley Insurance Program, Joint Powers Agency (JPA) with three other community college districts for the purpose of shared risk. The coverage includes 100% for replacement costs for buildings and contents. YCCD has a deductible of \$5,000 within the pool for property loss. The JPA has a self insured retention of \$50,000.

No contractual obligations regarding long-term debt or the service of this debt accrue to the college as an expenditure item in the college annual budget. These activities are managed at the district level. (III.D.1.c.) The largest future obligation facing the college and the district is the health benefit liability for retirees.

The YCCD Board of Trustees has implemented a policy of maintaining a five percent reserve to provide financial stability and guard against extraordinary shifts in either expenses or resources. (III.D.2.c.) Maintenance of a positive cash flow is the responsibility of the district.

To maintain a positive cash position, when needed, YCCD issues a Tax and Revenue Anticipation Note (TRAN) of five million. The TRAN is outstanding for a period of 12 months. The Stanislaus County Treasurer holds the proceeds from the TRAN.

Financial Audits

The financial management of the college is evaluated through the annual audit conducted by an independent certified public accounting firm. Over the last 17 plus years, involving three different audit firms, there has been only one finding. The district and the college also conduct informal internal audits or reviews regarding the care and diligence in handling budget entries, audit trail constructs and the handling and accounting for cash. (III.D.2.g.)

STANDARD III.D.1: Resources

D. Financial Resources

Financial resources are sufficient to support student learning programs and services and to improve institutional effectiveness. The distribution of resources supports the development, maintenance, and enhancement of programs and services. The institution plans and manages its financial affairs with integrity and in a manner that ensures financial stability. The level of financial resources provides a reasonable expectation of both short-term and long-term financial solvency. Financial resources planning is integrated with institutional planning.

1. The institution relies upon its mission and goals as the foundation for financial planning.
 - a. Financial planning is integrated with and supports all institutional planning.

Self Evaluation (III.D.1.a)

At Columbia College, each unit participates in Program Review. As a part of this process, needs, achievements and related costs for the unit are identified. The reviews are consolidated as approved by the deans and the College Council; the needs from this review then form the Education Master Plan (EMP). The challenge lies in funding these needs, especially during these years of budget cuts. Since approximately 92 percent of Columbia College's budget is designated for personnel, there is very little funding available for other needs. As additional funds and/or unspent funds become available, decisions are based upon the EMP; however, this is not always apparent to the college community.

The only part of this situation that the college controls is how the decisions regarding additional funding and/or unspent funds are to be used. References to the EMP need to be more visible as these decisions are made if the EMP is to have meaning to those involved.

Planning Agenda 20 (III.D.1.a)

The Strategic Planning Process document (see Planning Agenda 1, page 49) will describe and define the relationships between institutional planning, the college mission and institutional goals (special priorities). It will also show how mission and college goals (special priorities) shape the prioritization of resource allocation. The Strategic Planning Document will be used to better inform the college population of these relationships, and the president and COO will consistently refer to the interconnected nature of the EMP process and resource allocation when budget decisions are made and publicized. The College Council will be a major vehicle to inform the college and reinforce the relationship between specific budget decisions and the EMP.

STANDARD III.D.1: Resources

- b. Institutional planning reflects realistic assessment of financial resource availability, development of financial resources, partnerships, and expenditure requirements.

Self Evaluation (III.D.1.b)

There is a strong sense at Columbia College that additional funding is warranted. Columbia College believes that the relatively higher costs of serving students at a smaller institution have not been adequately considered.

Planning Agenda 21 (III.D.1.b)

A Fiscal Review Taskforce will better define what the baseline level of financial resources required for the effective operation for an institution of Columbia's size and breadth. After a baseline level has been determined, the college will be able to better utilize the new EMP application and program review processes to plan and advocate for continued or additional funding as required.

Standard III.D.1: Resources

- c. When making short-range financial plans, the institution considers its long-range financial priorities to assure financial stability. The institution clearly identifies and plans for payment of liabilities and future obligations.

Self Evaluation

Payment of liabilities and future obligations is handled at the district level.

Planning Agenda

Not appropriate at the college level.

Standard III.D.1: Resources

- d. 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.

Self Evaluation (III.D.1.d)

Columbia College has published a Budget Handbook which delineates the budget development process and identifies those who are involved. The development of a Strategic Planning Document (see Planning Agenda 1) will serve to functionally and visibly connect the planning and budgeting processes. The college community needs to become familiar with the Budget Handbook, and there will need to be extensive dialogue regarding the development of a Strategic Planning Process.

Planning Agenda 22 (III.D.1.d)

The COO and president will need to make the Budget Handbook more readily available, and to include it, and a Strategic Planning Document (see Planning Agenda 1, page 49) in college-wide dialogue.

Standard III.D.2: Resources

2. To assure the financial integrity of the institution and responsible use of its financial resources, the financial management system has appropriate control mechanisms and widely disseminates dependable and timely information for sound financial decision making.
- a. Financial documents, including the budget and independent audit, reflect appropriate allocation and use of financial resources to support student learning programs and services. Institutional responses to external audit findings are comprehensive, timely, and communicated appropriately.

Self Evaluation

A review of college financial documents, including the budget and reports from external and internal audits, provides evidence that financial resources are allocated and used appropriately; Columbia College dedicates nearly 83 percent of its budget to student learning programs and services. College business operations has been strengthened over the years in response to external audit findings with respect to appropriate separation of duties consistent with generally accepted accounting principles. More recent audits have not identified any concerns with college financial operations. The college meets this standard.

Planning Agenda

None needed at this time.

Standard III.D.2: Resources

- b. Appropriate financial information is provided throughout the institution.

Self Evaluation

All members of the college community have the opportunity to participate in the budget development process inasmuch as budget requests are included in the EMP process. These requests are reviewed by the deans, vice president and the president and inform the budget development process. Ultimately, the budget is reviewed and approved by the College Council. Every employee unit has representation on this council. The minutes of these meetings, including the budget, are distributed to the entire college community. Unit representatives to the council vary in the quality and quantity of follow-up communication with their members. Typically the president will discuss the annual budget as approved by the College Council in an open forum; the college community has opportunities for questions at that time. In addition, when budget revisions are necessitated later in the year, the president will bring these to the College Council for approval and then announce them to the college community. Budget revisions are also guided by the EMP. The college meets this standard.

Planning Agenda

None needed at this time.

Standard III.D.2: Resources

- c. The institution has sufficient cash flow and reserves to maintain stability, strategies for appropriate risk management, and realistic plans to meet financial emergencies and unforeseen occurrences.

Self Evaluation

The district issues a Tax and Revenue Anticipation Note (TRAN), when needed, of \$5 million to buffer fluctuating funding cycles. The proceeds from this note are used to enable the district's colleges to maintain a positive cash flow at all times. Financial stability is further ensured by holding sufficient reserves at the district and college levels. At this time, the board has determined that a reserve of five percent is appropriate for the district; in addition, the college maintains a reserve of at least one percent. This combination is sufficient to maintain a positive cash flow and to provide protection against enrollment declines and unanticipated expenditures. The district's reserves are in accord with the state chancellor's office recommendation and strengthen the district's credit rating. Participation in the Valley Insurance Program Joint Powers Agency has provided adequate insurance coverage for the district. Issuance of a TRAN, reserve amount and insurance coverage are reviewed annually by the Executive Vice Chancellor, Fiscal Services and the board. Thus, the college meets the standard.

Planning agenda

None needed at this time.

STANDARD III.D.2: Resources

- d. The institution practices effective oversight of finances, including management of financial aid, grants, externally funded programs, contractual relationships, auxiliary organizations for foundations, and institutional investments and assets.

Self Evaluation

Oversight of finances, including management of financial aid, grants, externally funded programs, contractual relationships, and auxiliary organizations for foundations is effective and appropriate at Columbia College. Institutional investments and an inventory of assets are the responsibility of the district. The college Financial Aid Office has consistently received excellent reviews from controlling agencies. Categorical allocations such as VTEA, DSPPS, and EOPS are carefully monitored and allocated at the college. External contracts are reviewed at the district level to protect the college's interests before these agreements are signed. The college audits have been excellent with no exceptions reported in recent audits. The college meets this standard.

Planning Agenda

None needed at this time.

Standard III.D.2: Resources

- e. All financial resources, including those from auxiliary activities, fundraising efforts, and grants are used with integrity in a manner consistent with the mission and goals of the institution.

Self Evaluation

The Columbia College Foundation operates as a separate 501(c)(3); the appropriate use of its funds is audited annually by an independent auditor. There have been no reported auditor findings for several years. Auxiliary funds are integrated into the district accounting system and therefore are subject to college-wide oversight standards. Financial management of these funds is audited annually by an independent auditor. Findings have been rare; one finding was

reported over the past 17 years. The college meets this standard.

Planning Agenda

None needed at this time.

STANDARD III.D.2: Resources

- f. 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.

Self evaluation

The college meets the standard.

Planning Agenda

None needed at this time.

Standard III.D.2: Resources

- g. The institution regularly evaluates its financial management processes, and the results of the evaluation are used to improve financial management systems.

Self Evaluation

Implementation of Datatel Financials software in 2003 has strengthened the college's ability to manage finances. It has taken some time for every account manager to obtain clearance to access the information needed to oversee appropriate accounts. Appropriate training has been provided. Financial management processes are continuously reviewed and revisions are made as deemed appropriate. The implementation of a new software package has facilitated ongoing evaluation and continuous improvement of financial management processes. The college meets the standard.

Planning Agenda

None needed at this time.

Standard III.D.3: Resources

3. The institution systematically assesses the effective use of financial resources and uses the results of the evaluation as the basis for improvement.

Self Evaluation (III.D.3)

Budget cuts in recent years have provided opportunities to regularly examine the use of college financial resources. At this point the college is committed to its current basic curricular offerings and does not believe that significant additional cuts can be absorbed and still maintain the current mission. In fact, improvements in the level of funding are needed if the college is to continue to support its current offerings. This will be particularly the case as new facilities funded by the recently passed bond measure are brought on line.

Planning Agenda 23 (III.D.3)

(See Planning Agenda 1, page 49, regarding the development of a Strategic Planning Document that will define the interconnections of evaluation, planning and budgeting) This document will reinforce the connection between evaluation and resource allocation. The Strategic Planning Document will have a planning calendar that will include regular evaluation of the planning process.

Documents

Audit Management Letters and Reports

Budget Handbook

Columbia College Council Meeting Minutes

Columbia College Foundation Minutes

Columbia College Special Priorities 2003 - 2004

Educational Master Plan (EMP)

Columbia College Budget 2004 – 2005

Special Priorities 2003 – 2004

YCCD Board Minutes

YCCD Final Budget 2004-2005

YCCD Vision 2000

