

Standard Nine

FINANCIAL RESOURCES

The institution has adequate financial resources to achieve, maintain, and enhance its programs and services. The level of financial resources provides a reasonable expectation of financial viability and institutional improvement. The institution manages its financial affairs with integrity, consistent with its educational objectives.

A. Financial Planning

A1. Financial planning supports institutional goals and is linked to other institutional planning.

Descriptive Summary

The *Innovation and Planning Council* (IPC) is the shared governance committee that evolves, amends and guides the planning and policy making process for the College. Members of the committee are drawn from all campus constituencies.

Each spring, the IPC develops the *Annual Implementation Plan* for the following year. This plan is developed based on the *Cuyamaca College Strategic Plan*. Priorities set by the Academic Master Plan, Facilities Master Plan, Technology Plan, and other planning groups are presented to the IPC for use in setting the plan priorities. These priorities include human, fiscal, technical and physical plant needs.

The Campus Budget Committee, with representatives from all campus constituencies, uses the priorities set by IPC to review all funding of priorities. Each budget unit is expected to submit its budget request based on its responsibility for accomplishing its part of the College goals (e.g., Academic Master Plan, Technology Plan, etc.).

Analysis

The College has made tremendous strides in its planning processes since the last accreditation visit in 1995, implementing all

of the recommendations made by the visiting team. The model created at the College has, in fact, received statewide notice and excellent reviews. The College has institutionalized this comprehensive planning process, with planning occurring on multiple levels. Financial resource planning is based on institutional goals (*Master Plan 2000*, the Strategic Plan 1995-2000, *Learning for the Future*) and is linked to other planning efforts such as the Annual Implementation Plan and the Academic Master Plan. Most important, it is an “open” process that involves representatives from all campus constituencies. This has brought about buy-in and understanding of the financial situation by the members of the College community.

Plan

The College will continue to refine the ongoing, comprehensive planning process in order to ensure that financial planning supports and reflects institutional goals. Additionally, the College will continue to share its planning model with other interested community colleges.

A2. Annual and long-range financial planning reflects realistic assessments of resource availability and expenditure requirements. In those institutions which set tuition rates, and which receive a majority of funding from student fees and tuition, charges are reasonable in light of the operating costs, services to be rendered, equipment, and learning resources to be supplied.

Descriptive Summary

The annual budget process starts with the Governor's proposed budget that is submitted to the California State Legislature in January. After it is finalized by the Legislature, the District receives the state allocated monies. Using the district allocation funding formula, Cuyamaca receives its share. Divisions develop their

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budget proposals using the Baseline Budget Allocation, which is determined by the previous year's budget. The Budget Committee then uses the division budget proposals to make budget allocations based on priorities set in the Annual Implementation Plan developed by the IPC. Additional monies are received from grants for Categorical Funded programs (i.e., EOPS, DSPS). The college also receives financial resources through grants that fund special projects (i.e., MESA, TMAPP). These funds can only be used for designated projects. (Director, College Business Services).

Analysis

Although it is a challenging task, District and College personnel work year round to make a realistic income prediction from the diverse resources available and to assess the expenditure requirements of the College. This process involves making constant adjustments and modifications. It requires dedicated work on the part of the staff to ensure that the institution remains financially viable from year to year. The financial affairs are managed with ultimate integrity.

Unfortunately, the District, and consequently Cuyamaca College receives less than a fair share of state funding for the students it serves due to the effect of Proposition 98. The District's Chancellor, Dr. Omero Suarez, has been a state-wide leader in attempting to equalize the funding formula among the community colleges. If this were to occur, both colleges in the district would be in a much better financial position. The College could maintain and enhance programs and services, have a reasonable expectation of financial viability from year to year, and most of all, better serve our students.

Plan

The College and District will continue to impress upon state legislators the need for funding equality from the state in order to better serve our students. In the meantime,

District and College staff will continue to maintain financial viability through judicious planning and spending, and constant monitoring and assessment of income and expenditures.

A3. Annual and long-range capital plans support educational objectives and relate to the plan for physical facilities.

Descriptive Summary

The District is committed to providing open access to programs and services to the community. To accommodate the expected growth in student population (15,000 students by the year 2015), the following infrastructure improvements have been outlined in the *Master Plan 2000*.

Remodeling Projects:

A, B, C, F, G, and N and P buildings are scheduled to be remodeled in the next 2 years.

Construction of the following buildings is in progress:

- Student Services One-Stop Center
- Child Development Center

Requests for the following projects have been submitted to the state

- Science Technology Mall (FPP)
- Communication Arts Building (IPP)

Plans for future buildings include the following:

- Student Center (conceptual plans completed)
- Business-CIS Building
- Administration/Class-lab Building
- Social and Behavioral Science Building
- Pool

Future Expansion is also planned for

- Parking Lots
- Library/LRC
- PE facilities
- Warehouse and maintenance

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In all building projects, environmental concerns are taken into consideration in line with the values of the College.

Analysis

With College-wide representation, the College has developed a Facilities Master Plan, which is a blueprint of capital improvements over time. This was based on the Educational Master Plan. The College will have to be very creative in order to accommodate the growth of students, faculty and staff (as well as new programs and services that are implemented) before all of the capital improvements are fully realized.

Plan

Implement the Facilities Master Plan over the stated time period, taking into account the need to be flexible as the College grows and needs change.

A4. Institutional guidelines and processes for financial planning and budget development are clearly defined and followed.

Descriptive Summary

Each year, departments or divisions are given a baseline budget, which is determined by the previous year's budget. Items requested beyond the previous year's baseline are prioritized within the department or division based on their plans, and submitted. Using priorities set by the Innovation and Planning Council (IPC) and in the Annual Implementation Plan, the Budget Committee advises the President on process, procedures and development of the annual budget. The President's Cabinet determines appropriate funding sources for the approved budget items.

Analysis

In the last six years the College has developed and implemented a set of well-defined guidelines and processes for financial planning and budget development that are based upon the mission, values and goals of the College. These processes are open and understood by all and opportunities exist for participation in the process by all College constituencies.

Plan

The College will continue to operate using the existing processes, refining them if deemed necessary by the participating campus constituencies. The College will continue to be open about the budget process and participation in the process by faculty and staff will continue to be encouraged.

A5. Administrators, faculty, and support staff have appropriate opportunities to participate in the development of financial plans and budgets.

Descriptive Summary

As part of the shared governance process, Budget Committee members represent all constituent groups on campus. They include Administration, Academic Senate, Classified Senate, Faculty, United Faculty, California State Employees Association and Student Government. (*Budget Committee Membership*)

Analysis

The College has instituted an open process of budget planning whereby all constituency groups are represented by select individuals. Nondiscretionary funds are not spent capriciously, but according to a set of collectively prioritized campus-wide needs.

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The College will continue to act in an open and inclusive manner in all financial planning processes, modifying existing processes as deemed necessary by involved campus constituencies.

B. Financial Management

B1. The financial management system creates appropriate control mechanisms and provides dependable and timely information for sound financial decision making.

Descriptive Summary

The District's current financial information system, called IFAS (Interface Fund Accounting System), provides information for budget development and control. Any employee in the District can access IFAS after proper training.

The Vice Chancellor of Business has responsibility for the District fiscal management. The College President has the responsibility for the College's fiscal management, and works with the College Business Officer to ensure accountability of fiscal resources. The Governing Board requires the Vice Chancellor of Business to establish sound accounting procedures and review financial operations annually and report to the Board on effectiveness and recommended improvements. The Director of College Business Services is in charge of financial matters at the College level on a day-to-day basis, with oversight occurring at the District level by the Vice Chancellor of Business.

Analysis

All financial and budgetary reporting comply with the format prescribed by the California Community College Chancellor's Office. The management of budgets, accounting and reporting has been improved (more efficient, expedient) with the implementation of IFAS. IFAS has proven to be an effective

tool for use by the District. The two-tiered level of financial management (District level and College level), allows for cross-checks and oversights, making it a thorough and accurate, albeit slower, system.

Plan

The College will explore the need for an assistant to help the Director of College Business Services with routine matters.

B2. Financial documents, including the budget and independent audit, reflect appropriate allocation and use of financial resources to support institutional programs and services. Institutional responses to external audit findings are comprehensive and timely.

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Descriptive Summary

The Cuyamaca College Business Services Department operates according to Federal, State, District, and College regulations and guidelines. As evidenced by independent audits, both the GCCCD and the College follow Generally Accepted Accounting Principles (GAAP), and the reporting requirements set forth by the *California Community Colleges Budget and Accounting Manual (BAM)*. Each fiscal year, following adoption by the District Board of Trustees, the College and District budget is submitted to the State Chancellor's Office and the San Diego County Department of Education. The District Business/Fiscal Operations Office also provides a quarterly report regarding the financial status of the District to the GCCCD Board of Trustees.

Cuyamaca College's budget and allocation decisions follow the goals, mission and objectives identified by the College. District allocations to the College are based on a Budget Allocation Model, which was instituted three years ago.

The past three independent audits have indicated no findings for Cuyamaca College or the GCCCD.

Analysis

The College has responded to all recommendations and management findings resulting from recent audits in a comprehensive and timely manner. Financial documents are regularly updated to ensure accurate reporting of all financial transactions and budgets.

Responses to the Cuyamaca College Accreditation Self Study Faculty Survey indicated that 67% of faculty agreed that they have appropriate opportunities to participate in development of financial plans and budgets, while 17% were neutral and 16% disagreed.

A second question from the same survey focused on whether financial planning supports institutional goals and educational objectives: 75% of the faculty agreed that it does, 19% were neutral and 5% disagreed.

Concerns have been expressed by the College constituency that the current District funding allocation model (which is based on FTES) does not provide the College with adequate resources to support growth, achieve educational plans and make progress toward improving the full-time/part-time faculty ratio.

Plan

Current practices should be continued.

B3. The institution practices effective oversight of finances, including management of financial aid, externally funded programs, contractual relationships, auxiliary organizations or foundations, and institutional investments.

Descriptive Summary

The management of financial resources is handled at the College level under the direction of the Director of College Business Services, with oversight occurring at the District level under the Vice Chancellor of Business Services. The process of financial management stipulates formal College and District fiscal review and approval.

Status of all funds (including categorical funds) are reported to the Governing Board quarterly and are included in the annual audit report. The Governing Board also approves income for categorical and externally funded programs, including grants. In addition to financial oversight at the College and District levels, the Financial Aid Office is subject to program compliance reviews by the California Student Aid Commission.

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The District's external auditors audit the budgets, including the Cuyamaca College Foundation, categorically funded programs and grants, as specified on an annual basis.

Analysis

Although the College President approves all contracts, grants and other financial business matters, the two-tiered level of budget oversight allows for crosschecks and oversights. This makes for a thorough and accurate system, although more time-consuming. The budget itself is open and accessible. The fiscal software system, *Insight*, is an exceptionally easy one to use, and the District grants unlimited access to faculty and staff. (*Insight*, which is Windows based, is an easier and user-friendly way to access IFAS, our basic accounting system)

Plan

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B4. Auxiliary activities and fund raising efforts support the programs and services of the institution, are consistent with the mission and goals of the institution, and are conducted with integrity.

Descriptive Summary

Since the last accreditation self study, auxiliary activities and fund-raising efforts have been made institutional priorities. The Executive Dean of Educational Development and Services has overall responsibility for grant management for the College. A faculty member was reassigned as grant writer on a full-time basis to assist others with grant writing activities. The amount of outside sources of funds brought into the institution has increased considerably, to over \$1.4 million in 1999-2000. There is a clear process of grant development and management, outlined in a published handbook for faculty and staff. All grants that are submitted must be first approved by

the President's Cabinet to ensure that they meet the College's vision and values.

The Cuyamaca College Foundation has an independent Board of Directors made up of no more than thirty (30) members including a President, Vice President, Secretary and Treasurer. The Cuyamaca College Foundation is a major fund-raising entity that supports the College, students and faculty by providing scholarships for students, financing initiatives that foster innovative learning (especially those that promote education in technology for its students), and funding capital improvements. The Corporation keeps an appropriate record of account. An annual report is prepared and sent to each director no later than 120 days after the end of the Corporation's fiscal year. In the past few years, the Foundation has become more involved in fundraising projects, and an independent audit was undertaken for the first time in 1999. The major priority of the Foundation in the next several years will be to fund the balance of the Student Center building (approximately two-thirds of the resources needed have already been identified).

Analysis

Processes are in place to ensure that grant-writing activities and fund-raising efforts support the programs and services of the institution and are consistent with the College's mission and goals. The process of grant development and management is conducted with integrity. The composition of the Cuyamaca Foundation Board ensures participation of the community in fund-raising activities.

Plans

Current practices should be continued.

B5. Contractual agreements with external entities are governed by institutional policies and contain appropriate

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provisions to maintain the integrity of the institution.

Descriptive Summary

Consistent with established district-wide procedures, Cuyamaca College faculty and staff submit a Request for Contract to the District Purchasing and Contract Department for all contractual expenditures or income agreements with external entities. The District-wide Request for Contract Procedures provides one document which tracks contract recipients and beneficiaries, contractor data, contract type and information, contract purpose and justification, and the authority approval. The associated forms for these activities are provided on the district-wide public drive/local area network.

The District Purchasing and Contracts Department is responsible for reviewing all contractual agreements with external entities for compliance with established codes, regulations, policies, and procedures. After review, the contract documents are prepared for the signature of a specific individual duly authorized by the Governing Board to commit the District to an expenditure or receipt of funds. The Purchasing Department is dedicated to ensuring that all contractors are licensed and approved to perform the services specified and, where necessary, has appropriate insurance to cover the students, staff and the College. The standard form of District contractual agreements has been approved by outside counsel and includes appropriate Risk Management considerations. In addition, District policies exist concerning purchasing and contracts, as well as, formal administrative procedures to enact those policies. These policies and procedures are available both electronically and in hard copy to all District staff.

Analysis

Cuyamaca College and the GCCCD adhere to policies and procedures regarding contractual agreements and conform to

policies adopted by the District's Board of Trustees.

Plan

Current practices should be continued.

B6. Financial management is regularly evaluated and the results are used to improve the financial management system.

Descriptive Summary

The Governing Board approves both a Tentative Budget and an Adoption Budget. Quarterly fiscal reports are made to the Governing Board, which include the status of all funds, deposits and investments. Independent auditors, who are selected every three years, evaluate the financial management of the District on an annual basis. In addition to the general audit, many categorical programs, particularly Financial Aid, have specific independent audits.

Analysis

The Grossmont-Cuyamaca Community College District exceeds the requirements of the California Education Code and Title 5 by doing more than the minimum expected of them in terms of financial management and evaluation. The District has a history of unqualified opinion audit reports.

Plan

Current practices should be continued.

C. Financial Stability

C1. Future obligations are clearly identified and plans exist for payment.

Descriptive Summary

The District uses strategic planning to identify future obligations, and, as a result, those obligations are funded through the

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district's budgeting process. The District wide site budget identifies these on-going commitments within the Income Allocation Model.

Analysis

With the District's use of strategic planning, potential future obligations are identified and addressed at the District level. Depending on the obligation, funding is allocated in either the District or College budgets.

Plan

Current practices should be continued.

C2. The institution has policies for appropriate risk management.

Descriptive Summary

The District is a member of a self-insured Joint Power Authority (JPA) in association with three other nearby community college districts for property, auto, professional liability insurance and worker's compensation. An additional \$14,000,000 of excess liability is provided through the School's Excess Liability Fund (SELF). Through the JPA, there are periodic workshops, on-going inspections of District facilities, and active Safety Committee meetings. The District's Safety Committee is actively responsible for safety practices, site inspections, and preparation of all state, county, and District-required disaster preparedness plans.

Analysis

Insurance coverage appears to be adequate. The JPA provides resources, including training, in the areas of safety, hazardous materials and emergency preparedness. The JPA also mandates bi-annual, on-site safety inspections of all member institutions. The JPA is currently providing each member district with ergonomic training and assessments. The District's Safety Committee is active and

continues to monitor District-wide safety issues including workplace safety and hazardous material handling. The District uses staff development funds to offer discrimination and sexual harassment training for all staff in order to reduce District exposure to liability. The District Safety Committee conducts on-site safety inspections and these inspections, along with OSHA and the VIP/JPA inspections, identify and prioritize the District's safety item list.

Plan

Current practices should be continued.

C3. Cash flow arrangements or reserves are sufficient to maintain stability.

Descriptive Summary

Provisions exist at Cuyamaca College for financial stability; reserves are available to meet both anticipated and unanticipated District needs. The Grossmont-Cuyamaca Community College District maintains a cash reserve of 5% of its prior year's actual expenditures unrestricted general funds. Cash flow analyses are on-going.

The District has a number of ways of generating additional income to meet its needs. The most common method is through the use of one-year Tax and Revenue Anticipation Notes (TRANS). To meet its fiscal responsibilities, the Grossmont-Cuyamaca Community College District usually borrows five million dollars at approximately 4% interest at the beginning of the fiscal year. The District then puts this money into an account that earns interest and draws on it as needed. When appropriation monies become available from the state later in the year, the debt is paid off.

Analysis

With the District's ongoing cash flow analyses, every effort is made to maximize

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return on investments. This, along with the District's strong contingency reserves insures that all reasonably foreseeable financial events are provided for.

Plan

Current practices should be continued.

C4. The institution has a plan for responding to financial emergencies or unforeseen occurrences.

Descriptive Summary

The College's response to unforeseen emergencies depends upon the nature and scope of the financial emergency. Emergencies due to facilities and maintenance issues are funded by the District. Emergencies due to Educational programs and services, and those considered minor (\$15,000-25,000), are the College's responsibility.

Analysis

An example of how the system compensates for unforeseen situations would be that, for the 2000/01 fiscal year, Cuyamaca College didn't appear to be earning the number of FTES needed to fund the budget. This was identified early and appropriate measures were taken to insure that the College did not spend in excess of the amount that the FTES would actually be earning. In this way, the College did not deficit spend, but only expended what was expected to be earned.

Plan

Current practices should be continued.