

Bond-related project committees, such as those for the Vallejo Center and the Student Services Center.

Evaluation:

The College meets this standard.

The 2002 Technology Plan included the goal of updating the District Technology Plan every year, but this has not been done. The inclusion of technology goals and standards into the program review process, three-year plans, the Technology Plan, the Facilities Plan, and associated Human Resources and Fiscal Services Plans, the Library Technology Plan, and the Online Committee's plan will help integrate technology concerns into institutional planning.

Planning Agenda:

None.

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.

III.D.1. The institution relies upon its mission and goals as the foundation for financial planning.

III.D.1.a. Financial planning is integrated with and supports all institutional planning.

Description:

The primary bodies for review and updating of the financial plans, including the annual planning budget, are 1) the Executive Council, comprised of the Superintendent/President, Vice Presidents, and Directors of Human Resources and Fiscal Services; and 2) the Financial and Budget Planning Advisory Council (FABPAC), comprised of representatives from all campus constituency groups. They are responsible for making recommendations and for informing the various College constituent groups of the status of funding, expenditures, and major modifications made to the adopted budget throughout the year. FABPAC collaborations focus on state and local funding and on the “non-collective–bargaining” parts of the annual budget. The Division Deans and the Vice Presidents of Academic Affairs and Student Services review and prioritize the annual list of college-wide priorities and rank them, making a joint recommendation to the Academic Senate and the Superintendent/President [3D-1] .

FABPAC is a recommending body, with final decisions and accountability resting with the Superintendent/President and the Governing Board. Taking input from the recommending bodies, senior staff meet weekly with the Superintendent/President as the Executive Council to establish spending priorities and ensure that these can be accomplished within a balanced budget.

Several major planning documents drive the planning process. The Educational Master Plan, updated yearly, serves as the basis for all planning efforts, including financial planning. Other planning documents that contribute to the updating of the Educational Master Plan [3D-2] include the Facility Master Plan [3D-3] (the major long-range facilities plan) and the

* References are marked with square brackets [] and listed at the end of the Standard.

Technology Plan [3D-4], both of which have been developed and/or updated since the last accreditation review. The role of these planning documents is significant because, in recent years [3D-5], whenever additional funds were made available to the College to support student learning, they were used to maintain the number of faculty and classified instructional support positions or to support instructional and infrastructure technology and facility needs.

In November 2002, the District successfully passed a \$124.5 million bond issue (Measure G) to finance the construction of the modernization and new projects defined in the 2002-2007 Facility Master Plan, which was approved by the Governing Board on March 20, 2002. Scheduled to be spent over a seven-year span (2003-2010) [3D-6], this funding will significantly increase the College's ability to construct the 42 replacement and modernization projects listed in the Facility Master Plan. The success of this bond measure is a reflection of county-wide community support for the College.

The Governing Board has ultimate fiscal responsibility for the institution and is apprised of all planning activities through weekly reports, bimonthly meetings, and smaller "cluster" meetings with the Superintendent/President.

The Budget Committee (FABPAC) meets biweekly during the academic year and makes recommendations to facilitate financial decisions necessary for implementing the Educational Master Plan. The Director of Maintenance & Operations prepares the Five-Year Construction Plan [3D-7], submitted annually to the California Community Colleges (CCC) Chancellor's Office and directly linked to the 2002-2007 Facility Master Plan.

Another overarching goal articulated by the Educational Master Plan and the Facility Master Plan is the acquisition of property to enable the institution to meet facilities needs and fully utilize its student-growth funding potential. Since the last accreditation review, the District used Measure G bond funds to purchase a ten-acre site in the southern portion of the county (Vallejo). The District had previously acquired a sixty-acre site in the northern portion of the county (Vacaville). A shared governance committee, including faculty, classified, and management representatives, all of whom were associated with the existing centers, was formed to design and oversee the construction of educational centers on both the Vallejo and the Vacaville sites [3D-8].

As a rule, due to a shortage of information from the state prior to adoption of the annual budget and the near certainty of subsequent budget revisions during the funding cycle, the College's financial planning process is, by necessity, flexible. Within those parameters, the planning process is linked to the Educational Master Plan, the academic calendar and schedule. Requests for discretionary budget increases, new positions, equipment, and facilities are reviewed by the Executive Council regarding the extent to which those requests comply with budget goals and availability of funding. Individual requests are not necessarily required to demonstrate a specific link to the planning documents. There are noted exceptions. As a case in point, requests for non-technology instructional equipment and those for technology, nursing, and VTEA (Vocational and Technical Education Act) funds do require detailed justification.

Personnel, mostly faculty, account for approximately 80% of the annual budget and actual expenditures. Faculty have the most direct impact on students. Thus, requests for new faculty support College goals that 1) relate to student learning and success, and 2) meet the state-mandated 75-to-25 ratio of full-time to adjunct faculty FTEs [3D-9]. The Academic Senate reviews requests for new faculty and forwards recommendations to the Superintendent/President. A collaborative effort between the educational administrators and the Academic Senate is responsible for reviewing the annual Educational Master Plan. The Academic Senate is the link between planning and faculty hiring. Approval of requests for

classified positions is not as clearly tied to the planning process; final approval rests with the Executive Council, which determines staff hiring priorities, compliance with the 75-to-25 rule, the annual budget and the most critical needs to meet College goals.

Evaluation:

The College meets this standard.

Planning Agenda:

None.

III.D.1.b. Institutional planning reflects realistic assessment of financial resource availability, development of financial resources, partnerships, and expenditure requirements.

Description:

The annual College budget meets the expenditure requirements of state law. The CCC system is primarily dependent upon state funding, which is contingent upon legislators' perceptions of the California economy. System funds are allocated by formulas to individual colleges. During the fiscal years of 2002-2003 and 2003-2004, the dissonance between projected revenue and state funding allocations produced a state-wide deficit budget severely impacting the effective planning of those institutions heavily dependent upon state apportionment (Solano College included).

In an institution the size of Solano Community College, which has a reputation for academic excellence, the demand for continuous improvement and innovation exceeds the financial resources available. Thus, the necessity of linking financial planning to institutional goals (Pol 3005).

Over the past five years, an effective planning relationship has existed between the offices of Administrative & Business Services, Student Services, and Academic Affairs in regard to linking of scheduled course offerings to projected funding. Working together, the three offices have accurately projected the student attendance (FTES) that will be produced by careful planning and scheduling of class offerings. The actual student enrollment has exceeded funded maximums for the fiscal years of 2002-2003 (66 unfunded FTES) and 2003-2004 (473 unfunded FTES). The college FTES enrollment is expected to equal the state funding cap in the 2004-05 and 2005-06 fiscal years.

The effective planning link between Academic Affairs and Administrative & Business Services is mirrored in the working relationships during periods of budget reduction and restoration of programs. This was particularly evident during the first quarter of 2004 when the College was able to restore \$1.5 million to the annual budget. Administrative & Business Services made certain that both the Executive Council and FABPAC were given timely and accurate restoration projections. FABPAC recommended the restorations to the Superintendent/President, who, in turn, made the final recommendations to the Governing Board.

The Technology Master Plan now provides an effective process for managing financial resources available for technology, an area in which demand is growing exponentially and which now is essential to supporting student learning and institutional infrastructure. In the past, technology was considered more "value added" than essential, and resource distribution tended to be allocated without significant reference to institutional goals.

Institutional planning also includes the expansion and acquisition of categorical funding through grants and contracts and through the development of partnerships with external groups. The College made a conscious effort to increase the number of categorical program grants. Grant funding guidelines must support college goals and report the impact of requirements, such as matching funds, on available financial resources. FABPAC has developed a process to review new applications for grants to 1) encourage staff to apply for grants, and 2) ensure that the grants do not require a long-term (unfunded) commitment of College resources [3D-10].

In recent years, state block grants and categorical funds have enabled the College to implement a number of planning goals in specific areas such as instructional equipment and technology. In 2000, the College used a combination of Partnership for Excellence (PFE) and Telecommunications, Technology, Infrastructure Program (TTIP) funds to upgrade Library resources and construct a state-of-the-art staff development center (the Teaching-Learning Center).

The Vice President of Administrative & Business Services has developed a rolling, seven-year Business Plan to reflect the FTES generated and the budget required to operate an expanded and renovated campus and two new educational centers in Vallejo and Vacaville.

The College's planning processes are integrated into its day-to-day operations. The Executive Council meets on a weekly basis to review information and decisions. The division deans meet on a biweekly basis to discuss common issues, coordinate activities, and plan the implementation of District programs. The Academic Senate meets biweekly to discuss academic issues. The Academic Senate's Curriculum Committee meets biweekly to review and approve all changes to the curriculum, including new courses and course modifications. Student Services managers meet biweekly to review program accomplishments and needs. Other areas of the College (e.g., Fiscal Services, Operations and Grounds) meet on a regular basis to discuss operational issues and plan for the implementation of activities developed in support of the District Strategic Plan [3D-11], annual planning initiatives [3D-12], and unit-level three-year plans [3D-13]. The college-wide Shared Governance Council and FABPAC meet biweekly to review general policy or financial planning issues.

Planning begins with the development of three-year plans, which are initiated at the unit level. Unit members prioritize their proposed plans. Unit-level plans are merged within each major operational area (e.g., Academic Affairs, Student Services) by the area's senior manager. The educational administrators work the unit-level priorities into an overall College's list of funding priorities based on the overarching Strategic Plan, the Educational Master Plan, and the three-year plans, which reflect the overall direction received from the College's Governing Board. This list of priorities is shared with the Academic Senate before it is finalized. The final list is used by budget planners to guide funding decisions concerning the reallocation of funds, the use of new funds, and the seeking of external funding.

Support for student learning, direct or indirect, is the primary focus of the College's planning processes. Specific examples of the support for the student learning process include the replacement of faculty positions, as approved by the Academic Senate and, when funds are available, the restoration of classified instructional support staff to levels prior to the 2002 and 2003 budget cuts.

Projecting a budget is subject to many variables and fluctuations. As part of the annual budget development process, the College estimates annual revenues and expenditures and has developed a means of linking state appropriations to specific budget revenues and expenses. A basic tenet of governmental accounting is that each dollar of annual expense must be

matched with a dollar of annual revenue. The College's accounting system is predicated on this principle.

Evaluation:

The College meets this standard.

The Strategic Technology Advisory Committee will continue to develop both purchase and replacement priorities, recognizing that prolific technology requests for hardware and software, coupled with the maintenance of existing technology, have exceeded the capability of projected financial resources.

Planning Agenda:

None.

III.D.1.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.

Description:

The College maintains a reserve that exceeds five percent of the unrestricted expenses, which is in excess of the Board Policy (Pol 3010) [3D-14]. Payments of long-term liabilities and obligations are included in both short-term and long-range planning, with matches made to revenue streams wherever appropriate. For example, payment of the long-term debt incurred to pay for network enhancements are disbursed from annual departmental expense budgets in the Technology Services & Support department.

The annual short-range financial plan for the next academic year has typically consisted of using: 1) the current year's estimates for ongoing operations and obligations; 2) the prior year's actual expenses and revenue; and 3) the future year's new obligations and revenue projections to determine the amount that should be added to or reduced from current year accounts to plan for the next academic year.

Because the College responded in a timely fashion to the reduction in state funding in January 2003, it was able to maintain Governing Board mandated reserve requirements (five percent of unrestricted expenses) over the past five years. The District's reserves also exceeded state-mandated minimum requirements (five percent of total expenditures).

When projecting liabilities and obligations covered by the General Fund, financial planning leans toward the conservative side to allow for under-projected increases. Revenue projection includes only those amounts and items for which there is a high degree of certainty that the funds will be received. The College has not adequately funded long-term liabilities because there are no funds available above the short-term payment of obligations and liabilities.

The Educational Master Plan is the basis for long-range planning and establishing fiscal priorities to achieve planned objectives. Short-range plans tend to be more responsive to the immediate fiscal realities; more priorities are addressed with increased funding, while lean budget years require retrenchment and reductions. For example, after budget reductions were announced in January of 2003, the College cancelled or postponed major scheduled maintenance projects. Scheduled maintenance funds were either eliminated or reduced to smaller allocations for emergency projects occurring with a greater frequency because of the aging campus infrastructure. The scheduled maintenance program was also included in the Facilities Master Plan and the November 2002 successful Bond referendum.

Multiple factors are considered in fiscal planning. Payments of long-term liabilities and obligations can be matched to revenue streams, particularly in the application of categorical funds, such as the sale of parking permits to pay for both the maintenance of the student/staff parking areas and a portion of the cost of operating the Campus Police department.

Evaluation:

The College meets this standard.

Currently, Human Resources and Fiscal Services maintain payroll data on unconnected systems, a factor which exposes the College to possible errors in projections and budgeting.

Increases in liabilities and obligations covered by the General Fund, such as the costs of health and retirement benefits, worker's compensation insurance, and energy rates, have been harder to project and have a much greater impact on financial planning.

• Table III-3: College Employees: Full-time Faculty Compensation

| College Employees: Full-time Faculty Compensation | | | |
|--|------------------|-------------------|----------------|
| Category | Positions | Total | Average |
| Salaries | | | |
| <i>Men</i> | 71 | 4,661,435 | 65,654 |
| <i>Women</i> | 85 | 5,640,864 | 66,363 |
| SUBTOTAL | | 10,302,299 | 66,040 |
| Fringe Benefits | | | |
| <i>Retirement (other than SS)</i> | 152 | 875,975 | 5,763 |
| <i>Medical/Dental</i> | 156 | 1,608,730 | 10,312 |
| <i>Group Life Insurance</i> | 156 | 3,604 | 23 |
| <i>Social Security Taxes</i> | 133 | 140,456 | 1,056 |
| <i>Unemployment compensation</i> | 156 | 59,754 | 383 |
| <i>Worker's Compensation</i> | 156 | 201,306 | 1,290 |
| GRAND TOTAL | | 13,192,124 | 84,867 |

Planning Agenda:

Given that eighty percent of the budget is committed to salaries and benefits, closer collaboration between the Business Services and Human Resources offices in crafting the budget model will be explored. Care will be given to building the model so that all items and their residual impact have been included. For example, the annual cost of retirement health care benefits, the value of accumulated vacation time for administrators, classified and the part-time faculty hour computation should be well defined and identified. Beginning with the 2008-2009 fiscal year, GASB 45 will require the District to both identify and begin to fund the long-term cost (liability) of providing ten years of health benefits to qualified retirees.

Potential errors in projections and budgeting can be resolved by integrating the payroll systems used by Human Resources and Fiscal Services; however, funding for this project has not been clearly identified [see Standard III.C].

III.D.1d. 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.

Description:

A number of college-wide committees and other bodies contribute to the financial planning and budget development process, some with a more specialized focus than others. The California Education Code requires that all community colleges adopt a tentative budget by July 1 and a final budget by September 15. Throughout the budget planning process, funds are first allocated to ongoing expenses, which include anticipated increases. If there are additional funds available, they are allocated to support institutional goals established through the planning process. The College goals are primarily directed at improving student learning.

The College's annual budget development begins with the issuance of the annual budget development calendar in November of each year. The previously described Financial and Budget Planning Advisory Council (FABPAC) develops this annual schedule [3D-15]. This document initiates the budget development process and encourages administrators, faculty, and staff to become involved in the process, which is transparent by design.

Budget Managers, working in concert with area administrators, faculty, and support staff, are involved in preparing budgets for their respective areas of responsibility. These budgets are based primarily on past expenditures. Budget managers are encouraged to disseminate budget development information to division/department members. Equipment and facility needs are generally identified and prioritized through discussion and/or consensus among division/departmental faculty. Additionally, the distribution of new faculty hires can have a major effect on the allocation of budget items.

Each year, in addition to the submission of technology requests, departments and programs submit requests for non-technology classroom instructional equipment. The funding source for these requests has been yearly state categorical instructional equipment money usually with a three-to-one, state-to-college match requirement. The amount of these funds varies from year to year. Instructional equipment funds are not guaranteed from year to year. Each year the academic deans request instructional equipment funds based on a pre-determined need. The Vice President of Academic Affairs reviews then prioritizes the requests, based on the potential effect on student learning outcomes and the Educational Master Plan objectives. Available funds are allocated across departments to meet as many of the deans' requests as possible.

Departments, programs, and other College groups submit requests for additional financial support in years when the budget includes additional revenues. Requests for additional faculty positions are submitted to the respective division dean, who prioritizes the requests, solicits the support of the Academic Senate and forwards the recommendation to the Vice President of Academic Affairs. The requests are summarized and the Vice President of Administrative & Business Services reconfirms financial availability. The employment requests are discussed with the Shared Governance Council and, ultimately, the Executive Council, with the Superintendent/President making the recommendation to the Governing Board for a final decision.

Requests for increases in discretionary budgets and additional classified staff and management positions are reviewed by the division deans and FABPAC, who make recommendations to the Superintendent/President. When available, incremental funds are allocated based on priorities established to meet College goals and needs. The impact on improving student learning, meeting College goals, and response to external mandates are the driving forces in these decisions.

The budget managers in the Business Division and Workforce and Community Development collaborate to allocate Vocational and Technical Education Act (VTEA) funds for the following

year. As a result of the consultation, VTEA funds are used to strengthen the academic, vocational, and technical skills of students participating in selected vocational and technical education programs.

Evaluation:

The College meets this standard.

The Vice President of Administrative & Business Services states that members of the campus community do not have a clear understanding of the complexities of the revenue streams, limitations imposed by these revenue streams or other obligations, or the long-term cost associated with collective bargaining agreements. Most critical is the necessity for a flexible budget-planning process in order to be able to respond to sudden adjustments. Specific areas that the Vice President cites as misunderstood:

- The current process projecting future year budget shortfalls is admittedly, but necessarily, conservative. It would be fiscally imprudent to ignore the reality that budget reductions will take place as the state continues to grapple with its growing deficit.
- Approximately eighty percent of the District budget is devoted to salaries, benefits, and other items governed by collective bargaining. After providing for mandated obligations and liabilities, only in years of projected student (FTES) growth is there the possibility of additional budget to 1) allocate to priorities identified through the planning process or 2) restore previous staff reductions. Planning bodies then have a limited scope in which to make recommendations. During a downturn in the budget cycles, this adds to the feeling of being disenfranchised and misunderstanding the role of the budget committee (FABPAC).

The general perception is that campus-wide constituencies coexist somewhat peacefully in good budget years when decisions focus on who will receive additional resources, and that the sense of being excluded from the decision-making process is exacerbated during years of reduced budgets.

In summary, the contrast between years of growth with increased resources and the January 2003 reductions has stirred skepticism within the campus community, particularly in fiscal-based interaction between management and faculty/staff. The differences of opinion on what budgetary actions were necessary and prudent, coupled with the short time frame for making those decisions due to externally imposed deadlines, led to a period of misunderstanding of the College's conservative fiscal management.

Planning Agenda:

None.

III.D.2. To assure the financial integrity of the institution and responsible use of financial resources, the financial management system has appropriate control mechanisms and widely disseminates dependable and timely information for sound financial decision making.

III.D.2.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.

Description:

The California Education Code requires that the College contract with an independent auditor by April 1 of each year. The Solano County Office of Education and the Chancellor's Office also mandate audit requirements. An independent CPA firm (Perry-Smith, LLP) performs an annual audit to examine all College financial records, including restricted and unrestricted funds, student financial aid, the Campus Bookstore, the Associated Students of Solano College (ASSC), and Bond and trust funds [3D-16]. The audit is discussed with the Board Audit Committee. Board members are also provided with hard copies of the report, and the auditor presents the results, including discussion of major issues and concerns. Audit findings are supported by external auditor recommendations and require a response before publication of the final report.

In the six years since the 1997-1998 accreditation review, the College has received a range of satisfactory to outstanding audit results. With a few minor exceptions, the 2000-2001 and 2001-2002 audit findings were complimentary of the College's managing of financial records. The independent auditors found few discrepancies; all were immaterial. The College's response was both timely and final.

Findings/recommendations from the most recent audits, fiscal years ending June 2003 and June 2004, were more numerous. The discrepancies were noted in record maintenance in those internal areas where staffing was severely reduced in June 2003 due to state-mandated revenue reductions. Selected record maintenance and account reconciliations in the Fiscal Service's area were delayed because of a personnel shortage. The independent auditors acknowledged that all of the findings were related to inadequate staffing, unavoidable due to severe state-mandated budget reductions. The auditors understood the District's dilemma, but exercised their responsibility to the general public, who rely upon audit reports to accurately present the financial status of public institutions. In all of the past six years, fully staffed or not, the auditors consistently reached the conclusion that the "basic financial statements... presented fairly, in all material respects, the financial position of the Solano Community College District ... and the results of its operations, changes in net assets and cash flows for the fiscal year...."

Audit findings support the overall preparation of the budget and financial statements of the District as conforming to accepted accounting principles. Corrections are responded to in a timely manner, and an annual audit report is presented to the Governing Board at a regularly scheduled public meeting, providing the opportunity for public comment. The recent year audit findings/recommendations, while indicating problems, did not have a major impact on the District's financial reporting. A full-time Director of Fiscal Services was hired in December of 2004. The Fiscal Services area continues to operate short one full-time person in 2005.

Evaluation:

The College meets this standard.

Planning Agenda:

The 2005-2006 College goals and priorities include an approved request to fund/hire this full-time position in Fiscal Services.

III.D.2.b. Appropriate financial information is provided throughout the institution.**Description:**

The College used the Shared Governance process for campus-wide decision making. Many College committees make recommendations in the development of the budget. Each

department and division has a Budget Manager responsible for monitoring and communicating his/her particular budget-related matters.

In addition to the annual audit and quarterly budget reports presented to the Governing Board in public sessions, the annual Public Information and Adopted Budget, copies of the annual CCFS -311 [3D-17] and the independent audit report are sent to the leadership of the Faculty Association (CTA), CSEA, Academic Senate, and Operating Engineers Local 39; placed in the District library; and posted on the College's Web site for public access. As the body ultimately responsible for certifying the financial position of the College, the Governing Board is also given regular updates with regard to any changes to the current budget, the projected impact of legislation, funding agency requirements, and externally driven changes in expenditures.

The Budget Committee (FABPAC) is the primary mechanism for disseminating financial and budget information to the campus community. Representatives from each constituent group serve on the committee and are charged with reporting to their respective groups. In addition, quarterly budgets are presented at public board meetings, with additional information impacting the financial outlook regularly presented through public reports at Governing Board meetings.

Each internal area is assigned a department number. These department numbers can be grouped and summarized by a unique area number. The composite area numbers are assigned to a Budget Manager, usually an academic dean and/or area manager. The Budget Managers are authorized to spend their annual budgeted dollars; each Budget Manager receives a monthly budget vs. actual expenditure update and assumes responsibility for monitoring expenditures. Vice presidents are also accountable for ensuring that cumulative budgets assigned to their areas of responsibility remain within allocations.

The Shared Governance Council serves as the primary planning and advisory committee to the Superintendent/President, while the Budget Committee (FABPAC) has focused more on the review of the budget and other finance related matters like grant applications.

Evaluation:

The College meets this standard.

Some College personnel believe there are too many committees and that they take too long to make a decision. Others believe that careful checks-and-balances may be the strength of the process.

Planning Agenda:

None.

III.D.2.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.

Description:

The CCC Chancellor's Office recommends a five percent general fund reserve. The Governing Board adopted Policy 3010, stipulating a general reserve equivalent to five percent of the annual unrestricted expense.

The June 30, 2004, audited general fund balance of \$3,487,489 exceeds both the minimum requirements of the Governing Board and the CCC Chancellor's Office.

The College maintains insurance policies to protect itself from financial loss from liability claims and/or property damage and from internal and/or external circumstances, factors, or parties. The College belongs to the Northern California Community Colleges Self-Insurance Authority (JPA) for risk management, which is divided into two components: property and liability and worker's compensation. The College's property and liability programs are secured through the State-Wide Association of Community Colleges (SWACC). The primary policies have deductibles of \$25,000 for liability and \$10,000 for property. In addition, the College has secured supplemental SWAAC coverage of up to \$5 million for liability and replacement cost for property and Schools' Excess Liability Fund (SELF) provides liability coverage from \$5 million to \$25 million. SWACC provides total coverage for all property.

The College is a member of the California Community College Risk Management Association (CCCRMA), and safety concerns are addressed through this organization. Keenan and Associates administers the College's Property and Liability and Workers' Compensation Program. Keenan provides consultants who perform on-site safety inspections and assist in the implementation of health and safety plans.

Every classroom and office area has emergency evacuation routes clearly posted for easy reference by both staff and students. In addition, every classroom and office area has emergency phone contact information clearly posted for ease of access.

The District has historically been adept at achieving accurate projections and has thus been able to maintain operations and stability except in truly abnormal circumstances. From 1999-2000 through 2003-2004, the College maintained reserves of five percent or higher. Cash flow is governed by the revenue source, and once a budget has been approved by the California State Legislature, apportionment is channeled through the Solano County Office of Education and is received monthly. The bulk of enrollment fees and non-resident tuition is received at the beginning of the fall and spring semesters, and property tax revenue is received through the property tax cycle in two lump sums, one in December the other in April.

If cash flow is tight and funds are needed to meet operational needs, the College infrequently borrows short-term funds using the Board-approved Tax and Revenue Anticipation Notes (TRAN). These notes must be paid back in April of the fiscal year in which they are borrowed. Fortunately, the flow of apportionment, property tax, and student tuition revenues occurs with sufficient time to meet the payback deadlines.

The College's Safety Committee has developed a comprehensive Emergency Operations Plan to guide the College's response to extraordinary emergency situations associated with natural and man-made disasters. This plan is not intended for day-to-day emergencies that may be handled with the pre-planned procedures of specific departments.

The College has developed a fiscal policy [3D-18] through the Shared Governance process (FABPAC) that was adopted by the Governing Board on June 1st, 2005. This policy addresses all major financial concerns and establishes parameters for financial decisions.

Evaluation:

The College meets this standard.

Planning Agenda:

None.

III.D.2.d. 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.

Description:

All College funds are recorded and managed within the Fiscal Services Office and Administrative & Business Services. Fiscal Services establishes and maintains internal controls that support financial integrity and ensure that financial resources are used for institutional programs and services. An independent CPA firm conducts a complete annual audit of all financial records and internal controls.

The auxiliary operations of the College consist of the Campus Bookstore, the ASSC, the Cafeteria, and vending machines. Additionally, various departments have trust accounts in Auxiliary Services. These accounts result from fundraising activities generated by the individual departments. These operations are subject to an annual review during the regular schedule. The Bookstore is College operated. The food and vending services are contracted out to independent businesses.

The Solano College Foundation is a separate entity with 501(c)3 status and its own Board of Directors. The Foundation Board is responsible for overseeing the management of Foundation investments and distributing the income in accordance with donor wishes. Funds in the Foundation generally fall into two categories — capital donations, either restricted or unrestricted, and scholarships. The Foundation Board meets four times a year and is subject to an annual audit, independent of the annual College audit.

Financial aid is subject to ongoing internal review, due to regular disbursement of funds to students. The financial aid process is multi-tiered with several steps of verification to avoid fraud. All financial aid cash requisitions must be reviewed and approved by Fiscal Services. The Financial Aid Office staff determines student aid eligibility and the Fiscal Services staff generates and distributes the grant checks.

The Campus Bookstore is a self-supporting operation. The Bookstore reimburses the College for the annual cost of 1) an annual payment of \$33,000 on a 1969 bond issue; 2) a \$30,000 contribution to the ASSC; and 3) a \$30,000 payment to the College's general fund.

The ASSC receives revenue generated by 1) the annual beverage vending contract with Pepsi-Cola; 2) an annual contribution of \$30,000 from the Campus Bookstore; and 3) various fundraising events scheduled throughout the year.

Ultimate fiscal responsibility for the District rests with the Governing Board, which reviews monthly revenue and expense reports, quarterly budget reports, and reports on financial aid, auxiliary services, and the Foundation. All grants and externally funded programs must be accepted by the Governing Board and contractual relationships approved. Creating budgets for grants and other externally funded projects, issuing purchase orders, and payments to contractors and vendors are dependent upon Governing Board approval and evidence that College fiscal procedures have been followed. These procedures provide checks and balances to ensure appropriate oversight of finances.

Evaluation:

The College meets this standard.

Planning Agenda:
None.

III.D.2.e. All financial resources, including those from auxiliary activities, fund-raising efforts, and grants are used with integrity in a manner consistent with the mission and goals of the institution.

Description:

Federal, state, and local student financial aid grants are recorded in separate funds as required by law.

There are four auxiliary fundraising organizations: 1) The Solano College Theatre Association (SCTA), 2) Solano Athletic Booster Club, 3) Solano College Foundation, and 4) Solano College Scholarship Foundation. These organizations raise funds to grant scholarships to the College's students. The SCTA provides theatre art production services to the District as an independent contractor.

Financial resources, even those outside College operational revenue, are used to meet College and program goals, tied to the institutional mission and goals. While neither auxiliary nor Foundation funds may be used for College operational expenses, they do add value to and support programs and projects for which no College funds are allocated.

The role of the Financial Aid office is to serve the best interests of the students and to protect the District from federal and other outside sanctions. The office is an active participant in the checks and balances designed to ensure the integrity of the financial aid accounting process. Reconciliation of accounts is a joint effort between the offices of Financial Aid and Fiscal Services, with the former certifying and authorizing payments to students and the latter responsible for disbursement of funds and oversight of the accounting process.

Funds raised by the Solano Athletic Booster Club, Foundation, and the Scholarship Foundation are maintained in separate bank accounts, and these organizations maintain detailed records of expenditures. These funds are used to support the College's mission and goals.

Evaluation:

The College meets this standard.

Planning Agenda:

The Vice President of Business and Administrative Services will continue to establish additional procedures to ensure that the reporting of all financial resources received from auxiliary activities and fundraising efforts comply with the General Accounting Standards Board (GASB) pronouncements as they are modified.

III.D.2.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.

Description:

Governing Board policies and College administrative regulations define bidding and expenditure limits of purchasing activities (Board Policy 3220). A conflict of interest policy prohibits the purchase of materials or services from any employee or student of the College except under specific conditions (Board Policy 3230). The College has decentralized the purchasing function and utilizes a cost effective on-line service, Epylon, to order both

classroom and office supplies. The College employs both formal and informal bidding processes, depending upon the projected cost of a purchase order (PO) and/or if it falls above or below the state-mandated threshold requiring competitive bidding.

The College has a variety of contractual agreements, ranging from purchase orders to construction contracts, and including consultant contracts, service contracts, and lease purchase agreements. Before approval, all contracts are reviewed. Standard terminology protecting the College is printed on all purchase orders. Legal counsel has reviewed this terminology and the standard consultant agreement so that the College's integrity is maintained. Another control the College has in maintaining its integrity in contracts is that only the Superintendent/President and the Vice President of Administrative & Business Services are authorized signatories on specific performance contracts.

Contractual agreements are entered into and monitored following specified processes, including appropriate review, consistent with the College mission and goals and according to sound fiscal policy. Many contracts require Governing Board approval and are included in the agenda of the monthly, open Governing Board meetings, thus providing an opportunity for public comment.

Contracts over \$62,400 (effective 1/1/05) require either the use of a public government contract or a bid process, with the award going to the lowest bidder unless otherwise justified. Large equipment purchases and construction contracts funded by Measure G bond proceeds constitute the majority of bids solicited by the College. This affects planning to the extent that extra time must be built in for any purchase or project requiring a bid process.

Evaluation:

The College meets this standard.

Planning Agenda:

None.

III.D.2.g. The institution regularly evaluates its financial management processes, and the results of the evaluation are used to improve financial management systems.

Description:

The annual audit is the primary external source for evaluating financial management processes. Feedback and findings from the audit are used to improve financial management systems. Other sources include feedback from the program review process and from staff and students, using systems' data.

Once the annual budgets are loaded into the accounting system, monthly budget printouts reflecting the prior month's activity are distributed to each account manager for reference and review.

The purchasing process is an integral part of the financial management system. Requisitions are entered online via the Epsilon system, an e-requisition number is assigned, and, later in the process, an e-purchase order is issued with a different number. Copies of the requisition and the purchase order are available online for review by the originator of the requisition. Both the requisition and purchase order numbers can be used to track the item's activity and location. Most purchases are delivered to the Bldg 1900 receiving area, which certifies receipt of the item(s) and notifies Accounts Payable to pay the invoice. This system has been designed to minimize the creation of paper documents and is cost efficient.

Evaluation:

The College meets this standard.

Due to the resignation of the Director of Fiscal Services in July 2004, the District was not able to provide full financial services for five months (July to October 2004). The problem was exacerbated by the employment of two interim Directors of Fiscal Services who had neither the experience nor the training to effectively carry out the duties of that position during that time frame. The delay in the annual closing of fiscal activity was also compounded with the shortage of two full-time staff in the Fiscal Services areas. The staff shortage began in June of 2003 and, even though one position was filled in August of 2004 and another in December 2004, there is still one staff person short in the Fiscal Services area.

There were still initial 'bugs' in the online purchasing process and some staff complain about having to enter orders but the system appears to be working well with minimum intervention required to move orders along.

Planning Agenda:

The 2005-2006 College goals and priorities include an approved request to fund/hire a full-time position in Fiscal Services.

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

Description:

At the end of each year's planning budget cycle, the District's Fiscal Services Director conducts an independent assessment of best practices and the year's accomplishments. Process improvements are discussed and implemented.

The Budget Committee (FABPAC) has revised its by-laws to reflect direct support for the current district infrastructure responsible for the development and implementation of goals/plans. In recent fiscal years, FABPAC has reviewed and prioritized annual objectives from each of the internal administrative vice presidents. FABPAC has also reviewed and recommended annual budget priorities as developed via the annual budget development process.

Faculty and staff are encouraged to seek out and apply for grants that will support the College's missions, goals, and objectives. During the 2003 statewide budget reductions, the College worked through the budget committee and conducted campus-wide forums [3D-19] to both inform and involve the faculty and staff in the identification and reduction of expenditures. The College extends a conscious effort to ensure that state provided revenue is expended judiciously and to ensure maximum learning outcomes for the student.

The 2005-2006 Budget Planning cycle includes additional reporting to the Governing Board and campus community and encourages staff involvement. The 2005-2006 Budget Development Calendar issued by FABPAC reflects additional reporting requirements that support broader participation in a more transparent budget development process.

The Governing Board recently approved a resolution that permits the College to join a JPA to begin setting aside resources to fund the long-term liability directly associated with providing ten years of health care for retirees and their spouses. There is a constant recording and reporting of Measure G bond expenditures to ensure that the College receives the best value for all dollars expended.

Evaluation:

The College meets this standard.

Planning Agenda:

None.

References for Standard III

- 3A-1 Board Policy & District Procedures
- 3A-2 Job Announcement Mailing List
- 3A-3 CSEA Contract
- 3A-4 Operating Engineers Local 39 Agreement
- 3A-5 Collective Bargaining Contract (CCA/CTA/NEA)
- 3A-6 Minimum Qualifications for Faculty and Administrators in California Community Colleges (March 2003) as modified by the SCC District Board and Academic Senate
- 3A-7 California State Proposition 209
- 3A-8 Example of Classified Evaluation and Operating Engineer Performance Evaluation forms
- 3A-9 Summary List of Evaluations' Status
- 3A-10 Assembly Bill 1725
- 3A-11 Full-Time Faculty Obligation: Fall 2004 Compliance Requirement
- 3A-12 Example of Job Announcements
- 3A-13 California Community Colleges Management Information Services Employee Ethnicity Report for Fall 2004
- 3A-14 Flex Cal Training Program (Winter 2004), Training Agenda (Spring 2005) re: diversity
- 3A-15 MIS – Annual Report by College
- 3A-16 Priority Staff Development Training List

- 3B-1 Program Review Report (SCC010R1)
- 3B-2 Campus Room Utilization Report
- 3B-3 Facilities Master Plan
- 3B-4 ADA Compliance Plan
- 3B-5 Three-Year Plan (latest)
- 3B-6 Educational Master Plan (2004-05)
- 3B-7 Solano Community College Seven-Year Business Plan 2004 to 2012
- 3B-8 SWACC Property & Liability Inspection (November 2004)
- 3B-9 District Scheduled Maintenance Five-Year Plan
- 3B-10 California Education Code (sec 38130-38139)
- 3B-11 SCC Unsafe Conditions Form
- 3B-12 Risk Management Assessment Report
- 3B-13 Maintenance Work Order
- 3B-14 Campus Safety Committee Minutes
- 3B-15 Memo of Understanding Between Solano Community College Police Department and Local Law Enforcement Agencies
- 3B-16 Solano Community College District Project Support Services Requirements Checklist
- 3B-17 Taskforce on Program Review, Planning, & Budget Development: Final Report (DEC04)
- 3B-18 Strategic Plan (approved by Board, JUL 2000)
- 3B-19 Instructional Program Review
- 3B-20 Human Resources Plan
- 3B-21 Technology Plan
- 3B-22 Five-Year Construction Plan

- 3C-1 Technology Plan
- 3C-2 SCC Strategic Technology Advisory Committee Charter
- 3C-3 Strategic Plan (approved by Board, JUL 2000)
- 3C-4 Reservation Form for Teaching & Learning Center
- 3C-5 Course descriptions for EDUC 101 through 105
- 3C-6 Accreditation Self-Study Survey of Faculty & Staff: Tabled Data Fall 2002, Fall 2003, Fall 2004
- 3C-7 Student Accreditation of Self-Study Survey: Tabled Data Fall 2002, Fall 2003, Fall 2004

- 3D-1 FABPAC Minutes (Sept. 20, 2001)
- 3D-2 Educational Master Plan (2004-05)
- 3D-3 Facilities Master Plan
- 3D-4 Technology Plan
- 3D-5 FABPAC Minutes (Mar. 25, 2004)
- 3D-6 Bond Construction Plan
- 3D-7 Five-Year Construction Plan
- 3D-8 Measure "G" Project Design/Planning Committee Minutes (Oct. 8, 2003)
- 3D-9 California Education Code (sec 87482.7)
- 3D-10 FABPAC Grant Development Process (Oct 17, 2000)
- 3D-11 Strategic Plan (approved by Board, JUL 2000)
- 3D-12 Educational Master Plan (2004-05)
- 3D-13 Three-Year Plan
- 3D-14 Board Policy & District Procedures
- 3D-15 FABPAC Annual Budget Development Calendar
- 3D-16 Solano Community College District Financial Statements with Supplemental Information for the Year Ended June 30, 2004 and Independent Auditor's Report
- 3D-17 CCFS-311 Reports
- 3D-18 Fiscal Policy
- 3D-19 Examples of Campus Budget Forums (2003)

