

III. 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 are integrated with institutional planning.

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

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.

DESCRIPTION

Los Angeles Southwest College's overall general budget is about \$20.378 million, which is not adequate to support its current educational programs. The revenue that comes into the college is from student fees (including foreign students), state funding, fees from parking, state categorical program funding, specially funded grant programs, and rental of facilities. Budget information is available to all area managers and department chairs, all administrators, and most of the classified staff and can be found on the Business Warehouse system or the

SAP, the financial software system. Training in the use of these systems is open to all and scheduled at intervals throughout the year. Administrative services provides additional assistance to any campus users on request.

According to the *Planning Handbook*, annual budget planning begins during the fall with the completion of the unit planning and division planning process. The *Planning Handbook* suggests that the end result of the division plans provides the goals subcommittee of the SPBC with a list of goals and objectives that the committee can formulate into the *Integrated College Operational Plan (ICOP)* to become the goals and objectives of the college for the coming year. Attached to the unit and division plans for the following year are the resource requests. As outlined in the *Planning Handbook*, the Budget Subcommittee reviews all resource requests from the divisions and prioritizes, by consensus, the requests based on meeting the goals and objectives of the ICOP. The subcommittee then presents the goals and objectives and prioritized resource requests for the coming year at the annual planning retreat of the SPBC, which then approves them for recommendation for adoption to the President. Departments receive information regarding their budget and expected budget allocation annually through the development of the department budget and operation plan.

The college has dedicated time and effort to controlling and reducing expenses, resulting in a reserve for the past two years after accounting for any “chargebacks.” The district conducts an annual audit, which includes the college. These audits have not produced any significant negative findings in the last three years. The district provides fiscal oversight through monthly financial

planning reports and quarterly financial meetings with the Controller, the Chancellor, the President, and the Vice President of Administration.

The college budget allows for more than half of the total resource allocations to instruction. The college has been working on improving efficiency in enrollment management and has experienced an increase in its average class size over the last three years. It has increased its full-time equivalent students (FTES) by using data to decide course offerings. The Chancellor provides the college’s enrollment goals.

The college formulated its three-year strategic plan in the 2005-06 planning cycle. The strategic plan’s focus is to provide quality education and educational support services to maximize the college’s ability to provide the students and the community with the educational programs desired. The college allocated resources to instructional and instructional support services to improve and support student learning. It also has grant-funded programs such as TRIO, Title V, and community services programs funding; on the other hand, there is not a fully dedicated staff member seeking grant funding.

The district properly insures the college. The district is self-insured in many categories and maintains sufficient reserves to cover financial emergencies. The college is open in soliciting management advice as evidenced by team visits to evaluate critical areas such as each division, the bookstore, and plant facilities. The President votes on any contractual agreement, and she signs off on all college agreements and purchases. Clauses in all contracts have the caveat that if the contract does not meet quality standards, the contract can be terminated.

The college accounts for payment of long-term liabilities in its budget through the district office funding mechanism, and this information is used in the short-term budget and fiscal planning.

EVALUATION

Three years ago, Los Angeles Southwest College operated at a deficit of over \$3 million. Since then, a focus on controlling and reducing expenses has resulted in a reserve for the past two years. The college chose to exercise an option and applied to the district to forgive the \$3 million debt over a three-year period. The district formed a task force and sent teams to audit each college division to make recommendations to the college for improvement. The process has worked well for LASC as it has experienced two consecutive years of positive fiscal outcomes.

The college worked diligently in the 2005-06 planning cycle to follow the *Planning Handbook* and, for the first time since the *Handbook* was adopted, successfully executed the budget planning for 2005-06 by following the guidelines established in it. The SPBC faced some significant challenges during this time. The mission statement needed review, so the college formed the Mission Review Committee to review and revise its mission. At the same time, program review, unit planning, and divisional planning were occurring, along with the development of the college strategic plan.

The college completed the tasks, and it has in place planning documents to guide decision-making.

In 2004-05, the college implemented a system that allows the program review to be

performed electronically in a web-based environment. In an effort to increase efficiency, the college developed a similar web-based mechanism for preparing unit plans. The mechanism has already linked plans with financial resource requirements and the mission of the college. This use of a computerized system of writing the annual plans should enhance the linking of financial resource requirements with the mission of the college in a purposeful manner. The SPBC was satisfied and proud to have worked through a complete planning cycle in concert with the *Planning Handbook* and is currently reviewing the planning process.

The college is changing and may need information and decisions modified from time to time as the environment changes. Therefore, a monitoring process that will allow for modification to be factored into decision-making needs to be developed. The college anticipates that the review of the planning process will result in suggestions regarding contingency planning. To a certain extent, improvement in the planning process requires training with departments and divisions on how to effectively plan for a one-year cycle. LASC has operated for quite a long time from the position of requesting everything all at once, which counters a long-term planning concept. Committees are establishing annual goals that align with the mission and strategic plan of the college. The unit goals fold into the division goals. Divisions will make the tough decisions about what the focus will be for the planning year. LASC is moving away from the “wish list” approach and adopting a strategic planning approach to the annual goals and objectives. The coordinating effort of the budget subcommittee with campus planners will facilitate effective annual planning with effective resource requests to help the college meet its mission.

The college meets its reserve requirement through the district reserve. The Budget Subcommittee, however, is working toward a college reserve in 2005-06 that meets the five percent reserve amount of \$1 million. The Budget Subcommittee recognizes the importance of the college planning and allocating resources based on a plan. The subcommittee has taken a stronger role during the 2006-07 planning cycle in assisting the departments and divisions with their annual planning. The college needs to put plans into place to determine financial needs as opposed to the budget being formulated based solely on historical spending. The budget has in the past determined campus decision-making.

A budget concern is the fact that several of the college's specially-funded programs have ended the year in deficits, which must be subtracted from the general college fund. The deficits for fiscal year 2004-05 were in the bookstore and several specially-funded grant programs that are under the community services department. The 2003-04 fiscal year closed with specially-funded program (SFP) deficits, so the administration division designated an employee to inform the administrators of the financial condition of the programs and assist the SFP to process financial documents and improve the budget outcome. Since this plan did not prove successful and deficits continued to occur, the President has taken steps to require the vice presidents in the areas where there were deficits to outline a plan for 2005-06 to ensure programs end the year without a deficit.

A few areas are not generating enough revenue to cover their operational expenses, for instance, the physical education discipline, the maintenance of the swimming pools, and the athletics programs. In addition, the college has not

made provisions to replace and/or repair classroom furniture or needed components (eg heating and air condition units). Thus, classroom seating is inadequate. In the *Campus Climate Survey* faculty and staff were asked on a scale of one to five (one being least positive and five being most positive) if a lack of resources negatively affects their work and if the budget deficit affected their working environment. Respondents answered in the affirmative with average ratings of 3.7 and 3.6 respectively.

On the positive side, however, the Technology Steering Committee recommended a three-year replacement policy that the college adopted in July 2005, and the college has acquired 400 new computers. The commitment to lease all college computers with a three-year replacement cycle creates an operating cost for this aspect of technology and positions the college to remain current in computer technology. The funding for specific projects such as athletics and the swimming pool have been limited because there is not a college focus on obtaining grants or structured funding that avoids draining general resources.

Another issue is the business office's lack of involvement on budgetary matters. The college made a decision three years ago to have all budget-related work perform in administrative services. The Vice President of Administrative Services is engaging the supervising accountant in additional activities that relate to the college budget. The supervisor has improved that office's operations dramatically in the past year, and the vice president will have the business office assume the responsibility for some budget matters during the second quarter of 2005-06.

In the past, the college operated in a reactionary mode to the budget and the fiscal health of the college. In recent years, with a commitment to better planning, it has corrected this behavior. The college has become focused on funding that distinguishes operational needs from one-time expenditures and has made sure that operational needs are met. The current planning process revolves primarily around funding short-term resource needs; however, as the planning process evolves, the long-term fiscal planning should become institutionalized. In addition, student learning outcomes will drive budget decisions and resolve the question of how the allocations will help students succeed in their educational goals. The college partially meets this standard and a planning agenda is included to enhance the college's efforts.

PLANNING AGENDA

- Complete revision of the *Planning Handbook*.

STANDARD III: RESOURCES COMPREHENSIVE LIST OF EVIDENCE

IIIA—Human Resources

- Academic Affairs VP evaluation schedule and sample of completed evaluations
- Academic Senate minutes and/or meeting materials
- Administrative job descriptions
- Administrative Services VP evaluation schedule and sample of completed evaluations
- *Campus Climate Survey*
- Classified job descriptions (<http://www.laccd.edu/PersComm/Claspecs.htm>)
- Classified and Certificated Evaluation Forms
- Collective Bargaining Agreements
- College catalog
- Division plans
- Employment applications
- *Equity for All* minutes and/or meeting materials
- Faculty Hiring Prioritization policy, scoring sheets, agendas, and sign-in sheets
- Hiring/interview forms
- *Integrated College Operational Plan (ICOP)* (<http://lasc.edu/strategicplan>)
- List of administrators and support staff
- List of fulltime and part-time faculty
- List of professional development activities
- List of program review participants
- Minimal qualification docs for administrators and faculty
- Mission Statement
- Personnel Commission Policy
- President's evaluation schedule and sample of completed evaluations
- Program review notebook
- Program review template
- Program review timeline
- Program reviews
- Shared governance agreement
- Staff Development Committee minutes and/or meeting materials
- Strategic Planning and Budget Committee minutes and/or meeting materials
- SPBC Budget Sub-Committee minutes and/or meeting materials
- SPBC Goals Sub-Committee minutes and/or meeting materials
- *Student Equity Plan*
- Student Help Desk schedules
- Student Services VP evaluation schedule and sample of completed evaluations
- Student survey
- Unit plans

IIIB—Physical Resources

- *Campus Climate Survey*
- Curriculum Committee Distance Education Addendum to Course Outlines
- Division plans
- *Education Master Plan* (<http://lasc.edu/emp>)
- Facilities Committee minutes and/or meeting materials
- Facilities Master Plan
- Facilities Planning User Group minutes and/or meeting materials
- Facility Safety minutes and/or meeting materials
- *Integrated College Operational Plan (ICOP)* (<http://lasc.edu/icop>)
- Maintenance forms
- OPRA work orders
- *Planning Handbook* (<http://lasc.edu/spbc>)
- Program reviews
- Purchase orders
- Six-Pack minutes and/or meeting materials
- SPBC agenda and minutes
- *Strategic Plan* (<http://lasc.edu/strategicplan>)
- Strategic Planning and Budget Committee minutes and/or meeting materials
- SPBC Budget Sub-Committee minutes and/or meeting materials
- SPBC Goals Sub-Committee minutes and/or meeting materials
- Student survey
- Summary of Participatory Decisions
- Technology Master Plan
- Unit plans

IIIC—Technology Resources

- *Campus Climate Survey*
- Computer Inventory List
- Division plans
- *Education Master Plan*
- Faculty & Staff Survey (Sp05)
- Program reviews
- Smart Classroom notes
- Student survey
- Technology Steering Committee minutes and/or meeting materials (<http://lasc.edu/techcom>)
- *Technology Master Plan*
- *Technology Replacement Plan*

IIID—Financial Resources

- Allocation Grant Task Force (AGTF) reports
- Audits of categorical and specially funded programs
- Breakdown of unrestricted general budget
- Business Office audits 2002-03 through 2004-05
- *Campus Climate Survey*
- College computer inventory
- *Education Master Plan*
- *Facilities Master Plan*
- Integrated College Operational Plan (ICOP)
- LACCD Annual Audit 2002-03
- LACCD Annual Audit 2003-04
- LACCD Annual Audit 2004-05
- LACCD Programs of Self-insurance and Reserves
- LASC budget from LACCD
- Monthly financial reports
- *Planning Handbook*
- Presentation materials from annual campus meeting
- Quarterly financial reports
- Request from President for VP to plan for no deficits in SFP
- Response to audit exceptions
- Strategic Planning and Budget Committee minutes and/or meeting materials
- SPBC Budget Sub-Committee minutes and/or meeting materials
- SPBC Goals Sub-Committee minutes and/or meeting materials
- *Strategic Plan*
- Student survey
- Summary of participatory decisions
- *Technology Master Plan*
- *Technology Replacement Plan*
- Three-year FTES Comparison by Section
- Total Budgets for all programs at LASC
- *Tuesdays at LASC*
- Year End Closing 2001-02
- Year-End Closing 2003-04
- Year-End Closing 2004-05