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

9A.1 Financial planning supports institutional goals and is linked to other institutional planning efforts.

9A.2 Annual and long-range financial planning reflects realistic assessments of resource availability and expenditure requirements.

9A.3 Annual and long-range capital plans support educational objectives and relate to the plan for physical facilities.

Description

The District’s budget preparation, bookstore and cafeteria operations, capital outlay planning and long-range financial and contingency planning are all related to the District’s fiscal and administrative policy.

The College has an extensive Master Plan that forecasts future capital projects for the institution (Document 9-1). One of the major institutional goals outlined in the Master Plan is the development of a regional education center in Tracy (Delta College Center at Mountain House). The College's long-range planning effort includes the pursuit of a District-wide bond measure to help finance the center and other capital projects for the College.

Financial planning for annual budgeting is organized through a budget development process that ties budget requests to institutional goals, requires managers to provide rationales for spending, and justifications based on program reviews. Budget requests are submitted to the Office of Business Services, and priorities are established by the Superintendent/President of the College and the members of the Planning and Budget Committee. A schematic diagram of the budget development process is provided in an attached document (Document 9-2).

Analysis

The College has a reputation of excellent financial management, indicating that College officials use realistic assumptions about resource availability. Budget reserves have been maintained at healthy levels, and feature a six percent reserve in the current year budget. That reserve was established using conservative growth estimates for Full-time Equivalent Students (FTES), and prudent allocation of resources. The Planning and Budget Committee has on-going discussions of economic forecasts, state revenue forecasts, and discusses budget assumptions on an annual basis.

The College's planning for financing long-term projects has included submission of a Needs Assessment to the Chancellor's Office for construction of a regional education center in Tracy. In order to begin financial planning for construction of the center, the College has contracted with a bond financing firm that will provide expert advice on
long-term bond initiatives, and has also planned for public opinion polling to test the climate for public support of various capital projects among district voters. College officials have worked closely with a consulting firm to develop planning documents to support the construction of the educational center in Tracy.

Much is riding on the College's ability to win voter approval for the bond measure. If the bond is placed before the voters and approved, the College will have the ability to undertake the first phase of developing new educational offerings in Tracy, the northern regions of the District, and in the Sierra foothills. The bond measure would also allow for a planned schedule of improvements at the Stockton campus, including the financing of construction of a new collaborative library, major remodeling of the campus facilities, and a new classroom building. If the bond measure fails to win approval, the College will have to scale back its planning agenda and seek funding from state sources, or pursue a subsequent bond measure.

Changes were implemented for the first time in 2001 to the College's annual budgeting process by the new Superintendent/President. The major change was the collection of budget requests and review by the Superintendent/President before referring the proposals to the Planning and Budget Committee. Members of the Committee indicated that the process did not leave adequate time for committee members to review the requests for prioritization. Some members of the committee have expressed the opinion that the Committee ought to review the proposals first in order to make recommendations to the Superintendent/President, rather than the other way around.

**Plans**

1. The Planning and Budget Committee should continue to implement a plan for addressing budget allocations and reductions based on program and project review and District goals and objectives. The new system of incorporating program review recommendations in budget requests needs to be evaluated for its effectiveness and ability to focus annual budgeting on institutional goals.

2. Continue development of the procedures for consistent implementation of budgeting and planning through the shared governance process. Annual evaluation of the planning process is expected to be implemented with appropriate modifications.

3. Make future budget processes reflect a close association with the Facilities Resources Master Plan on a multi-year basis. The Facilities Resources Master Plan is based on the mission statement of the District, and the planning and budgeting process will help it achieve the stated goals and objectives.
9A.4 Institutional guidelines and processes for financial planning and budget development are clearly defined and followed.

Description

The Title V Education Code requires the adoption of and adherence to an annual budget. The following criteria are used by the District in preparing the annual proposed budget:

- Reflect the best possible distribution of available funds.
- Provide a balanced budget, although some additional non-recurring items are presented for Board of Trustees' consideration.
- Provide for an adequate undistributed reserve.
- Contain an adequate general reserve.

By February of each year, the Superintendent/President presents to the Board of Trustees a schedule of significant dates involving the study and adoption of the budget. The schedule will indicate that the proposed budget will be presented to the Board in sufficient time to permit ample opportunity to review all details and be considered prior to the time the budget must be submitted to the Chancellor's Office (Document 9-3).

The District follows a consistent process for financial planning and budget development. The budget process for the new fiscal year commences no later than January and is finalized in the first week of September with the recommendation of the adopted budget. Several preliminary budget status reports are submitted to the Board of Trustees reflecting income projections based upon the proposals presented in the Governor's budget that is submitted to the legislature in January. Estimated expenditure appropriation amounts are based on current year levels with additional amounts added to reflect measurable cost increases, such as salary steps and longevity increases or other known contractual increases in a particular appropriation for the upcoming year.

Budget Change Proposal packets (Document 9-4) are provided to all area managers to request changes to appropriation line items for their respective areas. These requests are developed using a budgeting concept where all proposed appropriations changes must be fully justified and supported in detail, including references to program review findings where applicable. The budget proposals are submitted through the administrative process for review and prioritization, with the ultimate goal being the preparation of a balanced budget to submit to the Board of Trustees for approval. The area managers are provided an opportunity to advocate their requests, based on available funds, during this process, and appeal hearings are sometimes scheduled prior to the submission of the proposed budget.
A Tentative Budget is presented to the Board of Trustees in June. This budget is required to be approved by the Board of Trustees so that the District has legal spending authority for the beginning of the fiscal year, July 1. A Publication Budget is presented to the Board of Trustees in August which reflects the final closing of the prior year's fiscal records, and provides refinements to estimated income amounts based upon the passage of the state budget in July. The Final Budget is presented to the Board of Trustees for adoption the first week in September, at which time a public hearing is held (Document 9-5). The public hearing is well publicized, and the District encourages staff, students, and the public to have input.

Student government finance is determined in accordance with the Constitution of the Associated Student Body. Major revenue sources for the Associated Student Body are derived from their own activities, an annual appropriation from Bookstore revenues, and the collection of a Student Representation Fee of $1 per student enrollment. The student governing body has complete authority over the disbursement of its budget.

Analysis

Budget change proposals are clear in providing guidance to managers on their budgeting requests. The College follows an established process of budgeting that has worked well in the past. The one area that might be strengthened is the connection of program review recommendations to budgeting decisions (as discussed in Standard 3 and the Introduction to the Self-Study). Recent entitlement decisions by the Board of Trustees suggest that program reviews will have a more prominent role in planning and budget decisions. At its November 13, 2001 Board Meeting, the Board of Trustees approved the recruitment for a Chemistry instructor on the contingency that the division faculty complete a program review that justified the position (Document 9-6).

As indicated earlier, there has been some concern expressed by members of the Planning and Budget Committee that the prioritization of budget requests in the last budget cycle did not leave adequate time for review and discussion. In part this was due to the novelty of the new approach being implemented by the new Superintendent/President.

The District's budgeting and financial planning process takes into consideration current projections of student enrollments, staff compensation and related benefit costs, equipment acquisition and replacement, and facility maintenance. In addition to these normal operating cost considerations, the recent and current instability of the state's community college funding process has dramatically affected the ability of the District to meet the expressed needs of faculty, staff, students, and the public. A solution to the problem of how community colleges can plan for unpredictable restrictions of state allocations is needed in order to provide stability to the funding of the District's programs and services.
General Fund audits have verified the College's compliance with the State of California Education Code, which requires the adoption of and adherence to an annual budget.

The District has employed a prudent, conservative policy concerning the maintenance of budgetary reserves and the protection of those reserves. This policy has shown its effectiveness by how the District has been able to survive the fiscal conditions imposed from the loss of revenue resulting from the cancellation of a large contract education program with the California Department of Corrections. The College used budgeted reserves to avoid the necessity of eliminating programs or services or experiencing staff layoffs.

**Plans**

1. The Planning and Budget Committee should develop a process that examines program review recommendations on an annual basis to determine how they are reflected in budgeting allocations.

**9A.5 Administrators, faculty and support staff have appropriate opportunities to participate in the development of financial plans and budgets.**

**Description**

The District has vigorously implemented the mandates of AB 1725, especially as they pertain to shared governance. In an effort to strengthen and better coordinate the planning process for the use of resources, the College's Planning Committee has been combined with the Budget Committee to form the new Planning and Budget Committee. The Committee is charged with overseeing the development of a recommended annual District budget and ensuring the coordination between planning, budgeting and allocation of resources (Document 9-7). The Committee has the major responsibility for budget development and recommendations to the Superintendent/President, who submits the budget for approval to the Governing Board.

**Analysis**

The Planning and Budget Committee is composed of members drawn from all constituent groups of the College. Members include the:

- Vice President of Instructional and Information Services
- Registrar
- Vice President of Student Services
- Two Faculty Members
- Vice President of Business Services
- Two classified staff members
- Dean of Planning, Research, and Grants Development
- Two students
- Director of Finance

Non-voting members include representatives from the three employee bargaining groups (the San Joaquin Delta College Teachers Association, the California School Employees Association, and the San Joaquin Delta College Peace Officers Association). Currently
the Interim Dean of Planning, Research, and Grants Development chairs the Committee. Decision-making in Committee meetings is by consensus.

Data extracted from the 2001 staff and faculty survey provide an appraisal of financial planning. The following comments that relate to this accreditation standard were identified (Table 9-1):

The staff survey reported that a large majority (62 percent) believes that the Superintendent/President favors and promotes shared governance. The survey also reported that the majority of the staff (53 percent) believes that the College makes an effort to involve all segments of the campus community in planning.

The staff appears to be split on whether the College has an effective planning and budgeting system. Approximately one-third of the respondents agree that the College does have an effective system, 46 percent indicate they are not sure it is effective, and the remaining one-fifth disagree.

Approximately 50 percent of the staff responding to the survey agree that the College is administered in a way that will assure financial stability. Only four and a half percent disagreed and the rest responded that they did not know.

### Table 9-1
Facility and Staff Perceptions of Planning & Budgeting

<table>
<thead>
<tr>
<th>Question</th>
<th>% Agree Strong Agree</th>
<th>% Not Sure Don't Know</th>
<th>% Disagree Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The President favors and promotes shared governance.</td>
<td>62</td>
<td>32</td>
<td>6</td>
</tr>
<tr>
<td>At Delta College an effort is made to involve all segments of the campus community in planning.</td>
<td>53</td>
<td>25</td>
<td>22</td>
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<tr>
<td>Delta College has an effective planning and budgeting system</td>
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<td>46</td>
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</tr>
<tr>
<td>The College is administered in a way that will assure financial stability</td>
<td>50</td>
<td>46</td>
<td>5</td>
</tr>
</tbody>
</table>
Plans

1. Continue to operate the Planning and Budget Committee in the spirit of shared governance.

B. Financial Management

9B.1 The financial management system creates appropriate control mechanisms and provides dependable and timely information for sound financial decision-making.

Description

The Vice President of Business Services, under the general supervision of the Superintendent/President, has the responsibility for the District's financial management. The Director of Finance, the Director of Facilities Management, and the Risk Manager report directly to the Vice Superintendent/President of Business Services.

An initial computerized budget and accounting system was implemented in the 1988-89 fiscal year beginning July 1, 1988. This system provided on-line access to revenue and expenditure information as well as electronic submission of purchase and/or stores requisitions. All items processed are immediately reflected in the budget accounts, which can be reviewed at any time to provide up-to-date budget status.

Effective July 1, 1999 the College converted its initial computerized budget and accounting system to Oracle Financials. The current financial system and the District’s in-house developed Student and Human Resources/Payroll systems (System 2000) now reside on the same relational database, also an Oracle product. A strategic decision was made at the time of the acquisition to use Oracle Financials as the financial database for the Management Information System (MIS) and to produce user tools in System 2000 to integrate the financial data with student and/or employee data to provide the needed MIS services.

Analysis

Area managers have online access to financial information for their own areas of responsibility and can download this information to their own personal computer and use it as they deem necessary. The data are up-to-date and reflect transactions as soon as they are entered into the system. Other financial information is also available on request from Business Services, such as information about specially funded projects requiring financial planning for available funds.

Users who have access to the financial data base system must use secure passwords to connect to the system. Security measures are built into the system to require regular changes in passwords.
The College will be updating its Oracle system in 2002-03 to upgrade to a new version of the financial software. The upgrade should provide new features that will enhance financial reporting and record-keeping functions.

Two initial projects were identified and implemented to provide account detail and summary information to users, but additional resources need to be applied in this area to identify, develop, and implement additional MIS data and reports to management and other business users. There has also been an ongoing effort over the last two years to make significant improvements to the Human Resources and Payroll system to provide budgetary control for salary and benefit costs, but this project has not been provided with sufficient resources to bring it to completion.

For financial records that are outdated, the College has a records retention program which is administered through the Purchasing Office. All documents in storage have been reviewed for the proper classification and disposition. Current documents are processed in conformance with the retention program and are marked for classification and disposition when shipped to the records storage area, which is located in Lower Danner Hall. The Purchasing Officer annually submits listings to the Board of Trustees to receive their approval to dispose of old records.

**Plans**

No action is planned.

**9B.2 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.**

**Description**

The College has a system of financial checks and balances, including the annual audit conducted by Deloitte & Touche (Document 9-8). All recommendations for improvement of internal control are presented to the Board of Trustees for review. The Administration responds to these comments with a plan of action to implement the recommendations. In addition, each year the prior year's recommendations are also reviewed by the Board of Trustees to insure compliance.

The discussion in an earlier section of this Standard highlighted the College's budget process and steps used to ensure appropriate allocations of finances to meet College goals. The Planning and Budget Committee plays the key advisory role to the Superintendent/President in establishing budget priorities for the College.
Analysis

Annual independent audit reports for both the District and the Auxiliary Foundation indicate that District financial management practices exhibit appropriate internal controls and proper checks and balances. Recent audit findings called for the College to establish a system of computerized records security, and the College responded by adopting a Policy on Information Security (Document 9-9). The College makes an effort to respond to audit recommendations in a timely fashion.

The annual audit reports have endorsed the sound financial practices exhibited by the College.

Plans

No action is planned.

| 9B.3 | The institution practices effective oversight of finances, including management of financial aid, externally-funded programs, contractual relationships, auxiliary organizations or foundations and institutional investments. |
| 9B.4 | 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. |

Description

Special grant-funded programs generally have an inherent requirement for additional safeguards of specialized regulations and audit procedures. In these cases, the Administration has yet another system of checks and balances, with the payment of all payroll and vendor warrants that are reviewed and approved by the San Joaquin County Auditor's Office.

Along with the regular operating funds of the District, there is also an Auxiliary Foundation, which had a fund balance on June 30, 2000, of $2,648,238. Included in the Foundation are various instructional councils, which have established goals and objectives for the purpose of generating revenue and receiving equipment to enhance their respective instructional areas. The Planetarium Council, which offers Planetarium, Cinema 360, and Laser shows to the general public, also operates as part of the Foundation as an enterprise fund. The activities of the Auxiliary Foundation of San Joaquin Delta College District are subject to public disclosure and a separate annual independent audit is performed by the District’s independent auditor (Document 9-10).

Financial Aid funds are provided to students at the College and are monitored by the Financial Aid Office and the Office of Business Services. In 2000-01, the operating costs of the Financial Aid Office were budgeted at $687,000 (Document 9-11). The Office
processes roughly 4,800 Pell Grant awards a year, amounting to nearly $9,000,000 in 2000-01. Federal Work Study and Supplemental Educational Opportunity Grant (SEOG) awards are also provided to students. Total financial aid dollars disbursed by the College in 2000-01 amounted to $14,400,000 (Document 9-11, 39). In the past, the College offered student-lending programs, but high default rates led the College to drop the program in 1998.

The Bookstore, Food Services, and the School Farm are accounted for as enterprise funds. Since a small portion of the Food Services operation is instructional, some of the related costs to the instructional program are accounted for in the General Fund. The Bookstore helps fund student government by appropriating $16,000 each year to provide a basis from which the student governing body can operate. At this time, the Bookstore mark-up on new textbooks is 25 percent, which enables the Bookstore to make a sufficient profit to support these and other student related activities.

The District has aggressively and successfully pursued special funding to help with Scheduled Maintenance and Hazardous Material funding as described in Standard 8 - Physical Resources of the Self-Study document.

**Analysis**

The Auxiliary Foundation of San Joaquin Delta Community College was established to promote the policies and objectives of the District. The Foundation Board of Directors is comprised of four officials of the District and one member from the public. This board membership provides very strong control over the Auxiliary Foundation and insures that all Auxiliary Foundation operations are in conformance with District goals and objectives.

The Board of Trustees recently approved an entitlement that would create a Director of Development for the College. The Director's position, if filled, will focus on fundraising efforts to improve the College's capacity to generate grants and gifts. The establishment of this position will likely generate increased contributions to the Auxiliary Foundation.

In response to improved student loan default rates, the Financial Aid Office is exploring the reestablishment of student lending programs. Contact has been made with lending institutions to establish a program that would take effect in fall 2002.

**Plans**

1. Special attention should be made to insure that Auxiliary Foundation and other College fund raising activities are properly controlled.

2. The Financial Aid Office and Office of Business Services should closely monitor student loan default rates to ensure the fiscal viability of this student aid program.
9B.5 Contractual agreements with external entities are governed by institutional policies and contain appropriate provisions to maintain the integrity of the institution.

Description

The College has contractual arrangements with a number of vendors that provide services to the District. Some of these contracts include software license agreements, insurance coverage, and grants for projects that serve the mission of the College.

Grant funding processes are in place to ensure internal review of applications before they are forwarded to the awarding agency. The review can include the signature and approval of a variety of College administrators, depending on the nature of the grant proposal, along with review by the Planning and Budget Committee. When grants are awarded to programs at the College, a copy of the award and budget are maintained in the Office of Business Services.

Analysis

The College operates a wide variety of grant programs funded by external agencies, and special contract education agreements with local businesses. In 2001-02 alone, some of the grant programs included the AmeriCorps program (U.S. Government), Independent Living Program (San Joaquin County), CalWORKs (State of California), EOPS (State of California), Foster Care Education Program (San Joaquin County), Teacher and Reading Development (U.S. Government), and Stockton Chamber of Commerce (see Document 9-5, pages 5-6).

Special contract education agreements have been negotiated to allow the College to provide job training or education to specialized employers. Recent contract education agreements have included AC Delco, American Molding, General Mills, Qualex Corporation, General Motors, Hormel Foods, Leprino Foods, and Mondavi Consulting (see Document 9-5, pages 5-6).

Plans

No action is planned.

9B.6 Financial management is regularly evaluated and the results are used to improve the financial management system.

Description

The Superintendent/President and the Board of Trustees are required to take action quarterly to approve the official financial statements of the District (Document 9-12). These reports, which reflect current status in income, appropriations, and budget reserves, are used by the administration in projecting the financial position of the District.
College officials regularly evaluate the electronic financial management system and its operation.

**Analysis**

The quarterly review of financial statements allows the College to maintain consistent control over its spending. The quarterly financial statements build in an automatic review of budgeting and spending.

The Information Services Division in 2002 will upgrade the Oracle Financial System. The College will need to evaluate the operation of the new system after its installation.

**Plans**

1. Information Services and Business Services should evaluate the Oracle Financials System after the upgrade process is completed.

**C. Financial Stability**

**9C.1 Future obligations are clearly identified and plans exist for payment.**

**Description**

The San Joaquin Delta Community College District campus was constructed with a minimal amount of indebtedness. There are no general obligation or revenue bonds outstanding. The major debt outstanding at this time are Certificates of Participation in the amount of $6,690,000 that were sold to finance the construction of a central plant facility for heating, ventilation and air conditioning. This project has been providing substantial savings in natural gas and electrical power consumption and the cost savings are being used to repay the outstanding debt, with the final payment due September 2012. The District also just completed an energy savings retrofit project for lighting and mechanical systems that is resulting in additional energy cost savings that will be used to repay outstanding Lease Purchase Agreement financing of $1,715,319, with the final payment due April, 2010.

**Analysis**

The College's long-term indebtedness position is quite strong. In relation to annual operating budgets of $70 million, the long-term debt of the College is quite small.

Plans to acquire 125 acres of property at Mountain House for an educational center could substantially alter the long-term debt of the College. If the facility wins state approval, the College has committed to a $3,000,000 purchase price for the land.

The College's efforts to win approval of a bond measure will alter this picture, but current levels of debt reflect the District's sound financial management.
**Plans**

No action is planned.

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**9C.2 The institution has policies for appropriate risk management.**

**Description**

The College is covered by a comprehensive insurance plan, which includes coverage for general liability, property, worker's compensation, employee bonding, errors and omissions, and libel and slander coverage. The District has adopted a self-insurance approach for both the Liability Insurance program as well as the Worker’s Compensation program, supplemented by the purchase of excess insurance coverage and Joint Powers Authority (JPA) agreements to meet its insurance needs and requirements. The College’s Risk Management Department is very involved in working with the various campus departments to insure that risk taking is minimized and that College policies in relation to risk management are followed.

**Analysis**

Delta College has a very aggressive and thorough risk management program. This program not only provides for adequate levels of insurance coverage to protect the property of the District, but it is actively involved in reducing the degree of risk in the District’s daily operations. Periodic reviews are made of all areas and periodic recommendations are made to improve both the physical plant itself as well as operational procedures and policies in daily use.

Property and liability insurance are provided under a layered program of self-insurance and excess insurance as follows:

The primary layer of liability coverage is a self-insured retention amount of $100,000 backed by a reserve requirement computed according to industry standards for both current claims in process as well as incurred but not reported liabilities. The first layer of excess coverage is $900,000 in excess of the $100,000 self-insured retention. The second layer of excess coverage is $14,000,000 in excess of the first excess layer, which is purchased from the Schools Excess Liability Fund (SELF), a self-insured liability joint powers association which covers the majority of community college and K-12 school districts in the State of California. The third layer of excess coverage is $10,000,000 in excess of the second layer and is also purchased from SELF as part of its Optional Excess Liability Program.

The College has a property value exceeding $100 million. The property insurance coverage for the District includes all risk replacement costs on the buildings and contents of the District facilities with a self-insured retention of $100,000.
**Plans**

1. Continue to monitor its self-insurance programs to verify that proper safeguards are in place.

**9C.3** Cash flow arrangements or reserves are sufficient to maintain stability.

**9C.4** The institution has a plan for responding to financial emergencies or unforeseen occurrences.

**Description**

An institution's financial stability is affected greatly by conditions outside the control of the institution. These factors include the fiscal condition of the state, legislative actions that affect the stability of funding, property tax reductions, and enrollment fees (which depress enrollments).

The community college funding formula was changed in 1991-92 from the average daily attendance basis to the program based funding standards basis, although the dollars available to the General Fund were not increased. In fact, from 1991-92 through 1996-97 fiscal year, the District's base funding had a deficit factor applied that took large sums of money away from the General Fund late in the fiscal year, after it is too late for colleges to adjust to the reduced funding.

The College had been successful when compared to several other similar community college districts, in attaining an FTES at or above its funded cap. Being above the funded cap is required in order to protect the base funding of the District, since funding is reduced if the funded cap is not met. However, in 1996-97 a major contract education program with the California Department of Corrections was discontinued that resulted in a loss of over 1,800 FTES (Table 9-1). This loss caused the District to require budget stability funding until FTES growth could be achieved to restore the previously funded base revenues. This budget stability funding combined with significant budget reductions and restrictions on spending increases allowed the District to survive until the FTES level exceeded the previous funded base and provided additional growth revenues to be earned. Because of past difficulties with contract education programs, the Superintendent/President and Board of Trustees have established a five percent limit on FTES revenue from contract education programs.

The District has a provision in the collective bargaining agreement with the San Joaquin Delta College Teachers Association that provides for a targeted student ratio of 19.52 FTES per faculty member per semester. In attempting to reach that target, strategies have included adding classes or sections to existing schedules as increased demand is realized, and canceling low enrollment classes. Under current guidelines, for example, classes with an enrollment of fewer than 20 for a single section and 25 for classes with multiple sections are eligible to be canceled (Document 9-13). Exceptions to the rule are made if the class is the last requirement for certificate, degree or transfer. In addition, if other
extenuating circumstances arise, the class may be continued at the discretion of the Assistant Superintendent/Vice Superintendent/President or one of the Instructional Deans. It has been generally agreed that good course schedule planning to maximize enrollment on a class-by-class basis is critical to maintaining the higher class size standard, but that once classes have started it makes some financial sense to continue a lower enrollment class as long as the revenue produced is sufficient to cover the direct instructional costs of the class. The goal is to achieve a mix of class enrollments that is close to the class size standard of 19.52 FTES per faculty member per semester. If educational market conditions make it difficult to achieve the current standard of 19.52 FTES per faculty, then the College will need to reevaluate the standard and the impact that it has on operations and expenditures.

### Table 9-1

<table>
<thead>
<tr>
<th>Year</th>
<th>Resident</th>
<th>Nonresident</th>
<th>Apprentice</th>
<th>Total</th>
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<td>80</td>
<td>34</td>
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<td>1992-93</td>
<td>13,642</td>
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<td>13,738</td>
<td>306</td>
<td>43</td>
<td>14,087</td>
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The District has had a significant number of staff retire over the last few years. As of June 30, 2000, 314 administrative, faculty, and classified personnel had retired and were continuing to be funded for lifetime health benefits at an annual cost of $1,294,000. The District continues to evaluate the long-term liability associated with the retiree benefit expense as it relates to the ongoing operational costs of the District.

**Analysis**

The District has been able to maintain a minimal reserve through the current year. However, major changes were required in order to resolve the problems created by the loss of the large contract education program. The 2000-01 Adopted Budget was approved with a Contingency Reserve of only $613,622, which is less than one percent of the operating revenues available and a General Reserve of $3,813,317, which is five and a half percent of the operating revenues available. Previously to 1992-93, the General Reserve was budgeted to be ten percent of the operating revenues available, but state funding deficits had forced the District to reduce its reserves in order to prevent even more serious budget reductions for programs and services. Primarily due to this decrease in reserve levels, the District for the first time in 1994-95 sold Tax and Revenue Anticipation Notes to provide the cash needed to meet the mid-year payrolls and vendor payments.
The District must work to further strengthen its long-term planning and enrollment management processes to restore its financial resources base back to previous levels in order to adequately support institutional objectives, maintain the quality of its programs and services, and serve the number of students enrolled.

During the past two years Partnership for Excellence funds have been used to supplement the College’s instructional program due to the inability of the College to achieve the contractually class size standard of 19.52 FTES per faculty member per semester. These supplemental funds have amounted to approximately $250,000 per year in what was deemed a ‘class size reduction’ program. It has been approximately eight years since the College was able to achieve its class size standard. Due to changing College instructional goals (the increase in the number of Basic Skills courses and increasing course offerings in the Tracy area that do not meet the College's 19.52 FTES standard) the College’s ability to achieve its goals have been brought in to question.

**Plans**

1. The administration is reviewing the need to create an internal auditor position to help with enrollment management and other operational areas.

2. A review of the College’s class size goal should be made to insure that it is realistic for the College to expect that the mix of class enrollments is capable of achieving the class size standard of 19.52 FTES per faculty member per semester. This review process should include both administrative as well as faculty representatives, and should examine different methods of measuring faculty productivity.
### Standard Nine: Supporting Documents

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