

SAN JOSE/EVERGREEN COMMUNITY COLLEGE DISTRICT
PRINCIPLES FOR BUDGET DEVELOPMENT

December 18, 2008

PHILOSOPHY

San Jose/Evergreen Community College District is predominantly, for budgetary purposes, an organization of human resources. The District has, in recent years, experienced considerable variations in its revenue from year-to-year, and occasionally within a year, due to the instability of its major funding source, the State of California. These periodic and unpredictable variations in funding pose a challenge to the District's effectiveness in carrying out its mission to provide high quality student education and support services. This continuing challenge necessitates the establishment of a District budgetary philosophy that establishes the core values of this organization.

Therefore, the following priorities are intended to establish those values. In developing the district wide budget, every attempt will be made to adhere to the Board of Trustees' top priority of offering the highest level of services to students possible and ensuring student success. To accomplish this goal, it will be a high priority of this committee to work to preserve all employees; faculty, staff and administrative personnel to the extent that is possible. It is further agreed that the District Budget Committee supports honoring all provisions of the several collective bargaining agreements with the district's employee units. Lastly, the District Budget Committee will be vigilant in their efforts to identify possible areas of savings and those areas available for appropriate budget reductions in times of funding shortfalls: all of these decisions will be reached in such a manner as to minimize the negative impact on both colleges and their primary missions to our students.

TIMELESS PRINCIPLES

The District Budget Committee reaffirms the principles adopted in FY 2006/07 as part of the District's Planning and Budgeting process. These principles apply during every budget cycle, irrespective of availability of resources. They are as follows:

1. The policy and governance roles of the Chancellor and the Board of Trustees in approving the allocation and use of district funds are clearly defined and understandable to the district at large.
2. The Board of Trustees vests in the Chancellor the authority and responsibility to implement the approved annual budget while exercising its appropriate oversight responsibilities.
3. The budgeting process must be transparent in design and implementation to include the district's compliance with the 50% law, the 75/25 ratio for full time and adjunct faculty, and other required standards established by the state.

4. The budgeting process promotes the accomplishment of institutional goals and objectives, utilizing clearly defined metrics to evaluate outcomes whenever possible. There should be flexibility within clearly defined limits in this process to allow for changes and redeployment of funds.
5. Each college president, working within the college's shared governance process, has full authority to propose a college budget to the Chancellor and Board of Trustees. Each college will ensure that an open and accountable process is developed to include the college budget committees as well as other relevant constituencies, incorporating clear guidelines and adequate training for those involved.
6. Each college will be held accountable for implementing its budget, with technical assistance provided by the District Office.
7. The process encourages communication and participatory governance at all organizational levels.
8. Resource allocation must include the stakeholders who participate in determining the relative contributions of the various programs toward college and district goals and objectives, including but not limited to enrollment growth or decline.
9. Carryover of unexpended discretionary account budgets is permitted for each college and the District Office (DO), for one year only. Any unexpended funds at the end of the fiscal year must re-circulate through the college budgetary processes to ensure open and transparent decision making; those processes may permit a division/program to carry over unexpended funds for one year. There is to be no continuing pool of unrestricted funds in any budget category at the college level.
10. Any new programs and collective bargaining provisions approved by the Governing Board must be accompanied by adequate funding to the colleges to implement them.
11. All indirect overhead revenue associated with a grant or categorical program accrues to the college receiving the revenue. No indirect overhead is allocated to the DO unless required by the granting agency, or agreed to with the college.
12. All District-wide strategic plans empower each college, through its budgetary processes, to define, prioritize and fund its own needs within guidelines established by those strategic plans.
13. The budget process emphasizes planning first, and then budgeting, rather than being reactive to fiscal circumstances or environmental exigencies. Sound fiscal management requires the use of available resources to carry out the agreed upon budgetary plans and priorities of each campus and the district.
14. All offices and programs must be the subject of a program review process. Those which are not part of the college must be reviewed according to a methodology

recommended by the District Budget committee and approved by the District Planning Council. This review would include board initiatives and all offices and departments.

STRATEGIES DURING TIMES OF CHALLENGE AND SURPLUSES

The principles reflected below should be considered when budget reductions or budget surpluses are contemplated within the District. The District is completely dependent upon State funding except for international students and relatively small amounts of federal funds, and there is a history in California of large swings in State resource allocations from year to year. However there will be times when state funding grows due to increased enrollment. To that end we need to address both reductions and increased funding with a strategy that allows for both.

1. Behavioral Strategies

- a. Maintain respect for others' opinions.
- b. Avoid favoritism
- c. Minimize "painful" actions.
- d. Plan for expansion in areas that support basic mission and areas of potential growth.

2. Scheduling Principles

- a. Pay attention to efficiency measures such as WSCH/FTEF.
- b. Maintain a balanced instructional mix that affirms our primary mission of transfer, vocational and basic skills education.
- c. Avoid cutting classes that are feeder courses for sequences.
- d. Maintain/expand instruction and student services that are most critical to preserving student access, retention and success.
- e. Make scheduling decisions with a long-term view.

3. Administrative Strategies

- a. Examine growth goals, using productivity measures, to determine efficiency, and compliance with state mandates.
- b. Review all categorical programs for relationships with the General Fund to ensure that all funds are effectively and equitably used.
- c. Take advantage of vacant positions, retirements and resignations, etc., to capture savings.
- d. Review organizational frameworks for short- and long-run savings/growth; eliminate redundancies.
- e. Suspend rather than eliminate services where possible.
- f. Respect existing workloads and the impact of position vacancies.

- g. As much as possible, minimize expenditures such as travel, conferences, and banquets.
- h. Position the district's services to effectuate a well planned pattern of growth as well as, when necessary, a quick recovery from an economic downturn.
- i. Mitigate construction disruptions and other barriers that negatively impact upon enrollment.
- j. Proceed carefully on new initiatives and candidly assess their relationship to existing programs.