

Budget Processes and the Faculty Role

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Academic Senate for California Community Colleges

The Accreditation Committee 2018-2019

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Budget Processes and the Faculty Role

Introduction

There is little that can impact the success of students at the community college more than the community college budget and concomitant planning. It is therefore paramount that faculty have a basic understanding of budget processes and their role in it. This paper aims to serve various purposes. It provides a basic primer of how the system wide budgeting process works prior to colleges receiving monies from the state, and to allow faculty leaders to understand how these processes work. It details some of the changes occurring at the state level around the Student Centered Funding Formula, changes to categorical programs, and other elements – all of which have implications for local faculty leaders. Finally, it describes local processes from several different perspectives – those of a single college district, a small multi college district, and a large multi college district – to provide practices that may be helpful for faculty leaders tackling budget considerations at their own colleges.

While the Accreditation Standards will be discussed in the paper, this is not solely a paper for local accreditation leaders – it is designed to serve, as mentioned above, multiple purposes for all faculty leaders. This paper addresses different aspects of the campus budget, and proposes processes to consider, and is intended as a reference, especially for that faculty who are not inherently comfortable with budget speak and processes.

Background

This paper, which serves as a revision to previous papers by the Academic Senate for California Community Colleges comes as a result of two resolutions. The older of these, resolution 2.01 (Spring 2008), stated:

“Whereas, The Accreditation Standards adopted in 2002 require community colleges to demonstrate the linkages between planning and budgets, and we recognize that student learning outcomes and program review are an integral part of the planning and budget process under the accreditation standards;

Whereas, A college and its students benefit from building their budget and planning based upon their mission, values, and student learning;

Whereas, The planning and budget process drives the effective use of the human, physical, technology, and financial resources to achieve educational goals and achieve student learning outcomes;
and

Whereas, The Academic Senate adopted paper "*The Faculty Role in Planning and Budgeting*" was approved in Fall 2001 before the adoption of the 2002 Accreditation Standards, and these standards greatly impact the discussions around this process;

Resolved, That the Academic Senate for California Community Colleges review its paper "*The Faculty Role in Planning and Budgeting*" to determine whether any update or further action is warranted in light of the 2002 Accreditation Standards."¹

In November 2009, a *Rostrum* article, written by the then-chair of the ASCCC Accreditation and SLO Committee, concluded that the core of the 2002 paper was still valid and that the call to update the paper was premature. However, the *Rostrum* author noted that, "should issues of SLOs, assessment, and budget and planning processes evolve as rapidly as they have in the last couple of years, it [the paper] probably should be [updated] in the not so distant future."²

A second resolution, 5.03 (F 2018), asked for a second update, this time to the "Budget Considerations – A Primer for Senate Leaders" article, which was published in 2009. This resolution called for the paper not only because of accreditation issues, but also responded to concerns regarding the new "Student Centered" Funding Formula. The resolution reads:

"Whereas, The Academic Senate for California Community Colleges' paper *Budget Considerations – A Primer for Senate Leaders* (2009) built upon the previous paper *The Faculty Role in Planning and Budgeting* (2001) by providing guidance to local senate leaders monitoring and assessing specific types of budget information;

Whereas, The Academic Senate for California Community Colleges' Paper *Budget Considerations – A Primer for Senate Leaders* (2009) was written long before new considerations in local budgeting processes, including additional sources of information that should be assessed and monitored following the enactment of AB 1809 (Ting, 2018), which added a new funding formula, the Student Centered Funding Formula, to the California Education Code, allocating funds to community college districts based on enrollment, equity, and student success factors; and

Whereas, The concerns raised in the Academic Senate for California Community Colleges' Paper *Performance Based Funding: A Faculty Critique and Action Agenda* (1998) about pressure on academic integrity and neglect of academic expertise under outcomes-based budgeting are relevant under the Student Centered Funding Formula;

Resolved, That the Academic Senate for California Community Colleges develop resources with guidance regarding assessing and monitoring sources of information relevant to the Student Centered Funding Formula and ensuring local budgeting processes respect academic integrity and academic expertise; and

Resolved, That the Academic Senate for California Community Colleges update the paper *Budget Considerations – A Primer for Senate Leaders* (2009) with guidance regarding assessing and

¹ <https://asccc.org/resolutions/updating-budget-and-planning-paper>

² ASCCC *Rostrum*, "Updating the Faculty Role in Planning and Budget Paper?" (<https://asccc.org/content/updating-faculty-role-planning-and-budgeting-paper>), November 2009.

monitoring sources of information relevant to the Student Centered Funding Formula, including best practices for local budgeting processes, and bring the updated paper to the Spring 2020 Plenary Session for adoption.”³

Because these resolutions call for updating papers which had similar topics and themes, and because it is virtually impossible to separate out individual elements of the budget due to the recent consolidations in the Chancellor’s Office around categorical and other programs, the decision was made to expand the initial resolution regarding the impacts of the Accreditation standards to include the larger budget implications of the changes that we have seen over the past few years. These changes, including the new Student Centered Funding Formula and consolidation of categorical programs, alter the elements of how local budgets work, what the role of faculty leaders is in terms of local budgets, and what role stakeholders have in relation to the Chancellor’s Office in terms of the statewide budget.

Legal and Educational Reasons for Faculty Involvement

Faculty involvement in the budget process is essential for ensuring that funds are allocated in a way that serves the disparate needs of all of our students. There are several reasons that faculty involvement can be considered paramount, including both the legal requirements and especially educational benefits

The legal grounds for faculty involvement in the budget processes exists in both education code and Title 5. While it is the job of budget administrators to look after the detailed expenditures and budget allocations and to ensure compliance with all state and federal requirements, faculty involvement and perspective should be from a broader sense and is essential to ensure that educational integrity and campus needs necessary to serve a diverse student body are being understood. Education Code Section 70902 (b)7 requires boards to ensure the right of faculty to participate effectively in district and college governance and Title 5 §53203 requires that “the governing board or its designees will consult collegially with the academic senate when adopting policies and procedures on academic and professional matters.” Further, academic and professional matters are defined in Title 5 §53200 (often referred to as the 10+1) and specifically provides for faculty roles in processes for institutional planning and budget development. While this does not generally include line item budgeting, which is under the purview of the chief budget officer, the faculty voice is essential in helping to determine the budget priorities for the college, helping to align those priorities with institutional planning and established goals, and ensuring that the needs of students are being met.

Since the primary mission of community colleges is to generally serve the whole student, the local college and/or district budget are expected to consider how students are served, including facilities, faculty, and support services. As faculty are at the forefront in serving students, it is imperative that faculty are involved in the budget process, especially as it pertains to determining budget priorities. Faculty involvement in budget decisions can help assure that students’ needs are met in a way that can maximize their success and ensure that allocation of resources addresses faculty-identified educational needs. Such a process can also assure that when substantial resources are deployed, it

³ <https://asccc.org/resolutions/develop-resources-guidance-relevant-student-centered-funding-formula>

is in ways that are more efficient, and minimizes gaps in how students are served or other unintended consequences and waste

Since effective fiscal management requires that planning and budget are tied together and accreditation standards (ACCJC Standard IIID.2, for example) support the integration of planning and budget, it is imperative that faculty are involved in budget processes and the resulting prioritization of allocations as well as in planning. Program development and continuous quality improvement cannot be effective without a connection to the budget processes and budget priorities. Budget and planning processes are most effective when they have significant input from the faculty who interact with students most frequently and have a unique perspective on how to help students meet their educational and career goals. If the college is to have a high level of success, this perspective must be included in the budget as well as the planning processes. Further, faculty inclusion in the process is essential when budget priorities are set as they may be able to provide insight as to how such priorities may affect the ability to serve our students. This is especially important as shifts in budget priorities may have unintended consequences, some of which will be examined in the course of this paper. Including the faculty perspective may make it easier to identify and avoid such consequences that may negatively impact students and the college's ability to serve them.

Academic Senate Voice is the Faculty Voice

While accreditation standards (IV.A.3, for example) require that faculty have a substantial role in governance particularly as it pertains to planning and budget and that those roles must be documented in the policies and procedures of the governing board, Title 5 §53203 make it clear that the local academic senate is the recognized voice of faculty in all academic and professional matters. Therefore, it is imperative that the faculty roles described above are part of the academic senate's responsibilities. Title 5 requires that boards adopt policies and procedures that describe the authority granted to college/district academic senates in academic and professional matters, and that local academic senates have the right to appoint faculty to governance committees including those that deal with planning and budgeting. While often the local academic senate president serves on budget and planning committees, other faculty may serve in those roles based on local structures. In all cases, those faculty must be appointed by the local senate.

Budget Processes – An Overview

Proposition 98 –Minimum Funding Guarantee

Passed in 1988 and amended in 1990 (with Prop 111), Proposition 98 (Prop 98) guarantees a minimum amount of General Fund dollars be allocated for kindergarten through 12th grade education and community colleges (called K-14 at that time). Designed to increase spending as the economy grows, the total amount of funds guaranteed each year is based on a complex series of

calculations⁴ ⁵. State law further mandated that Prop 98 funds be split between K-12 and community colleges with 10.93% of the funds going to the community college budget. Although additional monies may be allocated, Prop 98 funds are the primary source for the community college budget. Statewide budget processes then determine how those funds will be allocated.

Statewide Budget Processes

The budget for the California community colleges is built more than a year prior to the enactment of the budget legislation. California Education Code section 70901 (b)(5)(A) charges the California Community College Board of Governors (BoG) with the responsibility to prepare and adopt an annual system budget request, although the Board of Governors (BoG) defers to the Chancellor's Office to prepare the actual budget request item.

Until 2016, the Chancellor's Office typically convened a "Budget Work Group" of Chancellor's Office representatives, Consultation Council members, and other selected representatives to help develop the budget request. In 2016, the process was changed to a convening of these representatives to hear potential budget requests and provide comments and additional suggestions to the Chancellor's Office; while this process was efficient, it did not feel inclusive and there were concerns about the lack of transparency. In 2017, the process changed to allow constituent groups to submit budget requests to the Chancellor's Office; this process was continued in 2018, with more detailed forms provided to the constituent groups.

In the 2018 process (Figure 1), budget requests were required to be submitted to the Chancellor's Office by the end of June 2018 for consideration in the 2019-2020 budget request. At its September 2018 board meeting, after discussion at both Consultation Council and the Board of Governors in July, the BoG approved the budget request. Upon approval by the BoG, the budget proposal for the California Community Colleges is submitted to the Department of Finance (DoF) in the form of Budget Change Proposals (BCPs). These documents are then reviewed and analyzed by the Department of Finance staff, and the successful Budget Change Proposals are then included in the Governor's budget proposal, which is released annually on or around January 10th. These budget change proposals are changes to the base budget from the previous year, and can include both increases or decreases in amounts in addition to new budget items.

⁴ <https://edsources.org/wp-content/publications/PolicyBriefR3.pdf>

⁵ https://lao.ca.gov/2005/prop_98_primer/prop_98_primer_020805.htm

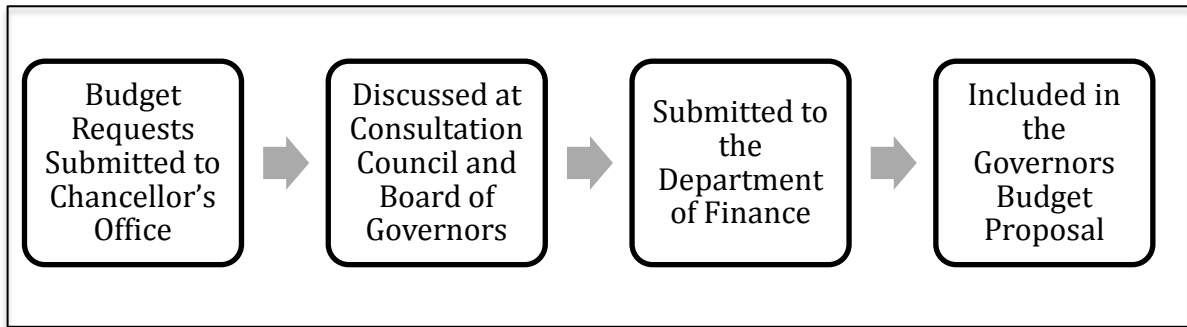


Figure 1

The Governor’s January budget proposal is introduced as a bill to each house of the legislature. Once the bills are introduced, from late February through early May, legislative hearings are held with DoF, the Legislative Analyst’s Office (LAO), Chancellor’s Office staff and others providing testimony at the budget subcommittee hearings. In May, the Governor provides the May Revision to the budget, which is submitted to the Legislature and consists of changes in Proposition 98 revenues, general fund revenues, enrollments, population, and any other issues that might impact the budget overall. Because of the timing of the May Revision, budget committees in each house usually wait until after its release to pass their budget bills out of committee and to the full house.

In late May and early June, budget bills are then voted on in each house and referred to a “conference committee” to resolve differences in language and budget amounts that exist between the Senate and Assembly Budget Bills. In recent years, the final budget is determined by the Governor and senior leadership of the legislature. Technically, in order for the budget packet to pass out of the legislature and be presented for the Governor’s signature, a two-thirds vote in each house is required. The Constitutional deadline for the Legislature to pass the Budget Bill is June 15th. The Governor may choose to reduce or eliminate any budget item through a line-item veto. Once the Governor signs the bill, it becomes law and is known as the Budget Act of that year (Figure 2).

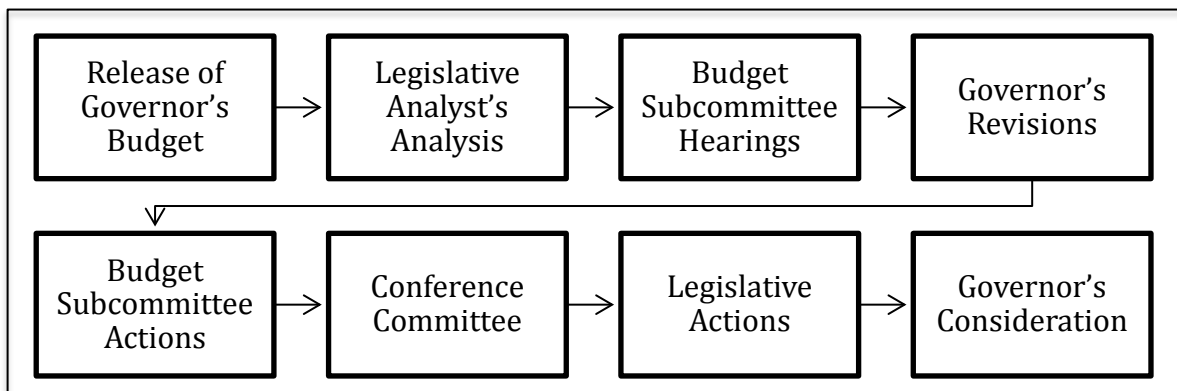


Figure 2

The state budget includes separate items known as “trailer bills,⁶” which can serve a variety of purposes. While they are often deemed necessary to authorize or implement various program or revenue changes, trailer bills can also include other political or budget items. Trailer bill language can be introduced at various points throughout the budget process from the Governor’s January budget proposal until the final budget is submitted for consideration, with the majority of trailer bills introduced either in the Governor’s January budget or the May Revision. Because trailer bills do not have to go through regular legislative processes, they may include items of concern; as such, it is crucial that faculty leaders pay close attention to what is contained in the trailer bills. Given the frequent political nature of trailer bills, (the new Student Centered Funding Formula was introduced in trailer bill language) local academic senates may be well served by having their legislative liaison follow the trailer bills.

One of the key elements of budget process is that state funds for districts and colleges are not allocated to the district until the budget is enacted. If the Legislature and the Governor fail to reach agreement on the budget, no money can be provided to college districts for that fiscal year, which means that districts would need to rely on their reserves to remain open. As such, while the budget processes at the state level may seem very distant for local colleges, it is essential that senate presidents and other faculty leaders pay close attention to the workings of the state budget

Student Centered Funding Formula

Until the 2018-2019 budget cycle, colleges were funded on based on an apportionment determined by the number of students enrolled and taking courses at the colleges. Since many community college students are not full time, the enrollment is determined based on what would be the equivalent number of full-time students. For the purpose of apportionment, a full-time equivalent student (FTES) is the equivalent 525 hours of student instruction.⁷ While some districts received direct funding through property taxes, called “Basic Aid” districts, the majority of colleges in the California community college system were funded based FTES

In 2018, a new funding formula was introduced. Called the Student Centered Funding Formula (SCFF), it was implemented to facilitate progress toward the student success goals articulated in the Vision for Success, which was adopted by the Board of Governors in July 2017, called the Strategic Vision at that time.

The Student-Centered Funding Formula is made up of multiple elements. First, a college’s base allocation is based on the enrollment factors that were previously used, coupled with a supplemental allocation determined by two additional factors. With one factor, often called the student equity factor designed to recognize the additional investment required for some students. The number of students who receive a College Promise Grant, a Pell Grant, or both, or who are AB 540 students are counted and funds are allocated based on populations of these designated students. The second factor is the student success or outcomes factor, also considered a performance-based funding factor, for which funding allocations are based on a series of metrics

⁶ http://www.dof.ca.gov/budget/Trailer_Bill_Language/

⁷Primer on Computing FTES

(http://extranet.cccco.edu/Portals/1/CFPP/Fiscal_Services/Attndc_Acctg/General/PRIMER_ON_COMPUTING_FTES_3.pdf.)

including how many students earn degrees or certificates, complete specific indicators such as completing transfer level mathematics and English within a specific timeframe, complete nine or more Career Transfer Education (CTE) units within a specific time frame, or achieve specific outcomes, including transferring to a four year university or attaining the regional living wage within one year of leaving the community college. While the majority of the allocation (at least 70% to start) will still be based on FTES, a portion of the monies will now be based on performance-based funding.

With the addition of the performance-based piece, faculty leaders have expressed concerns about external pressures to “chase” monies by creating additional certificates and other types of awards to increase the number of students who appear to complete. The ASCCC has consistently opposed the implementation of performance-based funding, and has expressed concerns to the legislature and to the Chancellor’s Office about the introduction and implementation of performance-based funding. There are calls from faculty and administration groups for the elimination of the performance-based piece.

Other Revenue Streams for Districts and Colleges

Categorical Programs

Categorical Programs are defined as those established by state or federal legislation which are designed to supplement existing instructional programs. Most categorical programs are developed to serve a specific targeted group or audience, although some categorical programs may serve a significant portion of the population.

Although the funding for categorical programs come from the same pot of Proposition 98 monies dedicated to community colleges, traditionally, categorical programs have been funded using a different model than most other programs in the California community colleges. Instead of monies being placed in the general fund for these programs, which historically has included programs including apprenticeship, EOPS, DSPS, CalWORKS, and others, categorical funds have been a separate line item. The decision to separate out these programs was made to try to protect categorical programs from being cut during budget downturns; however, at many colleges, it has made these programs more vulnerable to cuts, especially when the monies being used to fund categorical programs are one-time monies. In 2016 the decision was made to combine many of the categorical programs into a single budget allocation (the Student Equity and Achievement Program, or SEA Program), which combines the categorical funding from the programs focused on Basic Skills, Student Equity, and Student Success and Support. The Chancellor’s Office continuously considers modifications for categorical programs to support student success.

Grants and One-Time Funding

Districts and colleges rely on various funding streams beyond apportionment funds. One funding opportunity is the application and use of grants. All grants have different expectations when it comes to use, intent, application procedures, and expected deliverables. Some grants are for a short-term application that will sunset upon completion (one-time funding), and others are renewable.

Faculty and local academic senates play a leadership role in college's grant discussions and processes. ASCCC has passed numerous resolutions on this topic including 17.03 (F12) Integration of Grants with College Planning and Budget Processes⁸ and 17.01 (S17) Academic Senate Involvement In and Sign-Off on Grants and Initiative Plans.⁹ Included within these resolutions is the affirmation that the grant development process for institutional planning is the purview of academic senates in accordance with Title 5 §53200, as well as a call-to-action for local senates to stay involved and vigilant in their contributions to and review of grants, programs, and initiatives that fall under the purview of academic and professional matters.

How faculty and the local senate is involved in the search and application processes for grants is crucial. Local faculty can take a leadership role to ensure that there are clear processes on how faculty initiate grant opportunities and how and when the local senate reviews and provides input for applications and reports. Consider whether there a situation where your senate would not endorse your college administration in the competition for a grant?

Some colleges have established local budget or planning committees that have senate appointed representation where there are internal committee practices to determine the viability of any grant application. Having clearly established and documented procedures for the review of grants/one-time funding notably minimizes frustration and potential conflict when the college considers any grant opportunity. Another strategy includes a designated office that searches for grants and then makes these opportunities known to administration that will then solicit faculty input. However local colleges manage these processes, the faculty involvement is crucial.

Some local academic senates have expressed frustration that the application for grants seems like an activity where "the college is just chasing dollars" or "the senate is being asked for a report to justify the money and it is due now." Local senates can take preventative actions to ensure that there is clear communication for the intent and expectation of the grant. In addition, senate leadership can request periodic reports or updates on grants, and work with administration to see draft reports before official submissions, especially for any grant that requires an academic senate sign-off.

Another consideration in dealing with grants is the "life after the grant." If the grant funding is one-time or limited, the college will need to plan for how to sustain successful programs that are supported by funding that will sunset. For example, local senates may want to ensure that there is a transition plan for the period following the end of the grant. It is also important to determine if the college will feel an abrupt change once the grant has concluded, and what impact this might have on curriculum and staffing. All of these college-wide questions require faculty and senate conversations.

College Budget Processes

The vast majority of funding for the community colleges is allocated in the state budget based on Prop 98 funds including some that may also come in the form of grants or other one-time funding.

⁸ <https://asccc.org/resolutions/integration-grants-college-planning-and-budget-processes>

⁹ <https://asccc.org/resolutions/academic-senate-involvement-and-sign-grants-and-initiative-plans>

A budget *reflects* the priorities of the institution; however, the budget should not *set* the priorities for the institution. Priorities are set in a number of different ways across campus, including the Educational Master Plan or Strategic Plan and broad goals established by the local board of trustees. Faculty input is assured in the process of collegial consultation throughout the shared governance groups across a district, regardless of the number of colleges or centers. Deliberations in planning meetings can ensure that faculty have a voice in setting the priorities for the college, and that the priorities are built from the ground up. An institution's funds are built through revenue allocated by the state. This revenue is expended on two types of funds: unrestricted and restricted. Unrestricted funds are typically allocated from an institution's or district's general fund. These funds are expended on salaries, supplies, hospitality, activities like commencement, and contract services that may include auditing and fingerprinting, etc. On the other hand, institutions and districts allocate the restricted funds on projects and legislation-specific activities that may include the Student Equity and Achievement Program, Strong Workforce, miscellaneous grants, foster care, Gear-Up, Title IV, Upward Bound, Adult Education, Federal Work Study, etc.

California's community college budgets are full of account strings that help budget officers and business service officers allocate funds. As service agencies, the majority of a budget for a community college is likely to be spent on salaries and benefits for staff, faculty, and management, which are paid primarily from an institution or district's general fund. Exceptions to this include positions that are grant funded or paid from other one-time use accounts. It is a necessity that institutions and districts be able to pay salaries and benefits and reserves are often accumulated to ensure that payment can be issued in times of economic hardship. Although the California Community College Chancellor's Office recommends a minimum reserve, many districts may choose a larger reserve (see Budget Reserves later in this paper).

Good fiscal stewardship and Accreditation Standards (e.g., Stand III.D.11) call for long term planning for financial planning. Even for a fiscal year, the institution's budgets are often set many months in advance, since the institution has allocated payment for the staff, faculty, and management on record. Given this typical advanced allocation of salaries and benefits, and the fact that salaries and benefits must be paid first and foremost, institutions may have less control over a budget than desired. In this case, institutions may elect to make fiscal cuts to areas other than salaries and benefits, for instance reducing travel funds or food expenditures in years where budgets are tight. Academic senates, through shared governance structures and professional development, can help educate faculty on the 'alchemy' of the institutional budget. A faculty that is educated on basic budget terminology (such as expenditure, revenues, general and restricted funds, Total Cost of Ownership or Return on Investment and a faculty that understand the warning signs of a financially troubled department or district can have a positive impact on the collective approach to budgeting and planning.

Especially in times of fiscal hardship, it is essential that clear and consistent communication take place that reaches all of the institution's stakeholders, including faculty. At each California community college, the view that "everyone owns the budget" cannot only help to get faculty involved, but can also help an institution come together to make strategic fiscal decisions that minimize the impact on the institution's mission to serve students. Academic senates at each college should work with their local budget officers and business service officers to better understand how they can 'own' the budget. One productive step that academic senates can take is to make the budget accessible to all stakeholders.

Aligning Budget Priorities with the College Mission and Goals

The college mission provides the framework for all institutional goals, plans, strategies, and activities. Colleges communicate their mission through a statement affirming the institutional commitment to student learning, student success, and service to the community. This affirmation is further contextualized within broad academic goals, including completion, transfer, career technical education, and lifelong learning.

Institutions organize their decision-making through a variety of plans that include mission-driven goals, objectives, and measures, and should involve responsible parties, whether individuals, department or units, or governance bodies. As the guiding framework for all institutional actions, the mission statement should inform all resource allocation decisions derived from that planning. Adequate human, physical, and financial resources to ensure that the institution can accomplish its goals should support each of the elements in a plan. There is no one recommended model for how institutions choose to develop their processes and procedures for resource allocation; however, regardless of the modality, decisions about resource allocation should refer to a prioritization document that refers to the mission and the mission-driven goals identified in the planning documents.

As the colleges regularly review and evaluate their progress towards goals, the analysis of this progress should consider whether more resources are needed in areas where progress is not satisfactory or not on track to be met by the desired deadline. Instructional programs and service areas should be reviewed periodically to ensure an effective alignment with the mission and goals of the college.

The college budget committee, and in multi-colleges district the district budget committee, should establish clear policies and protocols to ensure that their allocation models and decision-making processes explicitly align with the priorities established by the college and district missions and goals. These committees are expected to broadly review expenditures and transfers frequently in order to assess whether the resources are effectively moving the institution towards the achievement of their mission-driven goals.

Relationship of Planning to Budget

College planning processes should always drive budget development and growth. Frequently, however, budget reductions, funding formula changes, grants, and statewide initiatives create reactive planning environment rather than proactive planning environment. When budget and outside factors function as the driving force behind planning, limitations are placed on innovative and visionary long-term planning. Proactive planning allows the college to use budget augmentations or other unexpected revenue sources to support already identified planning goals and guide budget development.

In order for planning to drive budgeting, a college must have well developed participatory program review related to budget processes. Program review should serve multiple purposes. For example, program review should use institutional research to evaluate the quality of educational programs and services, encourage campus wide dialogue, and establish campus priorities, and then integrate program review and prioritization results into institutional planning and resource allocation processes.

At some colleges program review and budget function as one committee, other colleges may have separate committees for program review and budget. However, a college chooses to structure program review and prioritization, processes for program review are a 10+1 responsibility and academic senate

presidents should be clear that program review follows the process agreed upon by collegial consultation between the board and the academic senate is followed. Frequently it is a faculty led process that operates under the authority of the academic senate, but whatever local structure is used, senate presidents should seek an agreement that ensures that the chair or co-chair of the committee is a faculty member appointed by the academic senate. The academic senate should also be certain that the committee charge, composition, and the right of the academic senate to appoint a co-chair and faculty committee membership is documented in campus governance documents. The senate president is responsible for appointing faculty to the Program Review Committee (or its equivalent) and ensuring that there is equitable representation for all faculty areas, regardless of discipline, modality, or credit status. The senate should also ensure that there is a means by which to document all processes for program review and prioritization of needs, and should widely distribute the results of program review and prioritization processes to the campus community. Finally, the senate president must pay careful attention to the timeline for each process to ensure that all planning and prioritization processes are completed prior to budget development. Failure to be aware of deadlines and processes can result in a scramble for resources that colleges do well to avoid.

Accreditation standards also state that it is essential for program review and planning to drive budget development. Accreditation requires that program review processes are ongoing and systematic and are used to assess and improve student learning and achievement. The accreditation standards state:

Standard I.B.9: The institution engages in continuous, broad based, systematic evaluation and planning. The institution integrates program review, planning, and resource allocation into a comprehensive process that leads to accomplishment of its mission and improvement of institutional effectiveness and academic quality. Institutional planning addresses short- and long-range needs for educational programs and services and for human, physical, technology, and financial resources.

Standard IV.A.3: Administrators and faculty, through policy and procedures, have a substantive and clearly defined role in institutional governance and exercise a substantial voice in institutional policies, planning, and budget that relate to their areas of responsibility and expertise.

Program review and budget processes are interwoven throughout the accreditation standards. Compliance with accreditation standards can be particularly useful in a campus climate where program review processes are not being integrated with institutional planning and resource allocation, or faculty have a limited role in institutional governance and planning.

Standard I.B.9 lays out the essential elements and provides an excellent framework for developing a program review process. The standard emphasizes that program review should be continuous and systematic, rather than defined by a specific timeline, and that institutional planning and resource allocation should be integrated within the review. Program review is intended to be a comprehensive review of educational programs and services, driven by the campus mission for improvement of institutional effectiveness and academic quality, and it should prioritize human, physical, technology, and financial resources.

There are factors to be considered as colleges develop program review, prioritization and budget

processes. Questions that should be asked include how grants, categorical and conditional funding, initiatives, and bond measures interact with institutional planning and resource allocations, and whether in kind contributions and/or institutionalization costs are integrated into planning. Program review planning, prioritization processes, and the results of these processes should be familiar to everyone on campus. Program review should be integrated with other campus planning documents including, but not limited to, the Educational Master Plan, strategic initiatives, the college's planning model and staffing plan, the technology plan, the professional development plan, and the facilities plan.

Models for program review vary from campus to campus. Some campuses separate the comprehensive evaluation of educational programs and services from prioritization. For example, a college may establish a process where programs complete a comprehensive evaluation every four years while prioritizing needs annually. Other colleges may choose to do a comprehensive evaluation and prioritize needs every year. Because program review should be aligned with budget processes, whatever model a college chooses to adopt should be, at minimum, inclusive of elements outlined in Standard I.B.9 and focused on continuous quality improvement of educational programs and services.

Cost Models

In order to assure that programs are adequately funded, a budget model should address the disparate costs of the various programs within the college and district. While some programs require only faculty, classroom supplies, and general educational technology (computers, projectors, etc.), other require significantly greater expenses included highly specialized equipment, supplies, consumables, and other services and materials.

Those programs that have higher costs associated with them should be budgeted accordingly. It can be useful to understand the source of those costs. In some cases, it is due to the smaller class sizes often mandated for such programs by outside accreditors or safety regulations. In other cases, it is the cost of highly specialized and program specific equipment and supplies. Sometimes the costs may not be immediately apparent, such as the cost of significant program-specific materials or the cost of hazardous waste disposal which can cost tens of thousands of dollars. While in many districts these costs have been historically treated as utilities, much like electricity and heating, and are paid directly from the college or district's operating budget, there has been a recent trend to push these costs on to departments or divisions without concomitant increases in their base budgets. When it comes to significant expenses like waste disposal, such moves have the effect of a substantial budget cut if passed on to a department or division.

In times when budgets are tight, shifting costs is one way to make budget cuts without appearing to do so. Especially vulnerable are high-cost programs with expenses such as waste disposal that may seem invisible in the budget. While no single faculty or academic senate leader can be expected to understand the intricacies of cost models for each program, an awareness of the potential for shifting budget costs is essential. It is crucial, regardless of the cost models for various programs, that budget decisions are made in accordance with the mission, goals, and objectives of the college and that the role of faculty in the budget process is not circumvented. It is the mission of the community colleges to serve all students and their educational needs. Part of the faculty role is to assure that programs are not reduced or eliminated simply by shifting budgets, but that an assessment of how we are serving the

needs of students is included in all budget discussions.

College/District Planning and Budget

Faculty leaders should strive to constantly and consistently question where and how the processes and procedures around the revenue match the institution's priorities. As we consider equity as a vital component for our institutions, some equity practitioners advocate for specific budget processes that pay special attention to our most vulnerable students¹⁰ (see appendix). Whatever budget process is agreed upon locally it is important that the institution's priorities are reflected.

In order to accomplish this, the ASCCC recommends that local academic senates institutionalize shared governance structures that codify faculty input in planning and budgeting. Structures such as planning and budget committees can be effective shared governance structures, and their implementation and maintenance are supported by resolutions from the ASCCC.

As previously mentioned, at some colleges, a single committee is charged with planning and budget while at others these areas are handled by separate committees. Even when planning and budget committees operate independently, they can be most effective when they move in sync to develop and fund the institution's priorities. For example, the planning and budget committees may have joint meetings where members can share information and synthesize knowledge to adopt refined institutional priorities, which the budget is shaped around or guided by. Alternatively, the committees may have common members that allow for ease of information to flow between committees. In all cases, the goals that planning committees develop and the budgets that budget committees adopt should be widely shared, affording institution stakeholders the opportunity through meetings, presentations, and written reports to ask questions and seek clarifications.

In addition to joint meetings, colleges may decide to create a steering committee that includes leaders from each group who convene to assist in balancing priorities and goals between numerous disciplines, departments, or even colleges.¹¹ Some colleges may decide to turn to regularly produced reports, such as program plans, from which to begin all budgetary and planning discussions. Whether planning is spurred from program review, SLO assessment data, student success and completion data, student equity, or other metrics, it is important to maintain consistency and transparency when planning institutional priorities that guide a budget.

¹⁰ Gazmuri Singhashri, Petty Sheryl and Porter Ed. December 2010 The Equity-Driven Systems Change (ESC) Model: A Toolkit for Improving Institutional Practice and Student Outcomes. Planning and Budgeting, Pages 36-38. California Tomorrow. Retrieved from <https://skylinecollege.edu/seed/assets/resources/ESC-Toolkit.pdf>

¹¹ For example, see Fullerton College's Planning and Budget Steering Committee ([Fullerton College Self-Evaluation Report, 2017, p. 68-69](#)), which created a summary report that detailed the intersections of numerous program reviews. The summary identified three themes that in common across multiple plans, including technology and web design priorities.

Committee Structures

College Planning

Part of providing consistency and transparency is to effectively govern and engage in a college's committee dedicated to planning. The planning committee provides a venue for stakeholders and leadership to discuss the direction of the institution in response to legislation, funding, effective practices, and other factors. The college's planning group is the structure through which the institution's stakeholders give rise to goals and priorities that guide the institution's services and instruction to students and the community. As a best practice, a faculty member appointed by the local Academic Senate should play a lead role on the planning council. Membership should be composed of sensible representation of faculty appointed by the senate, administration, classified, department head, students.

The planning committee can review plans sent forward by departments and service areas for consistency among institutional goals, to synthesize various plans to locate where strategies and requests intersect, and to investigate trends that emerge. This work should include criteria such as department goals, institutional goals, SLO assessment results, or course success, retention, and completion. As an effective practice, the senate-appointed representatives of the planning committee should communicate frequently with the academic senate in either written reports or presentations that enhance communication and understanding among stakeholders.

College Budget

Like a planning committee, a college's budget committee is a venue for stakeholders and leaders to convene for the sake of forming, monitoring, and sharing a college's budget. Oftentimes a budget is crafted alongside external factors like legislation, bonds, grants, and the economy. Internal factors also impact a college's budget, such as the Faculty Obligation Number (FON), instructional equipment, and new programs or curriculum. Regular and transparent meetings of the budget committee can help to ensure information is properly conveyed and processes are inclusive of all stakeholders.

Faculty members appointed by the local academic senate should play a prominent role on the budget committee. As with planning committees, membership is ideally composed of representation from faculty, administration, classified professionals, and students. Budget committee members play a role in developing priorities using a bottom up approach so that the institution's budget reflects its goals and priorities. Faculty serving as senators or executive committee members can participate as members on the Planning Council and Budget Committee to ensure faculty perspectives are voiced. As an effective practice, the senate-appointed representatives of the budget committee should communicate frequently with the academic senate in either written reports or presentations that enhance communication and understanding among stakeholders.

Budget Processes in Multi-College Districts

The Accrediting Commission for Community and Junior Colleges (ACCJC) delineates expectations for multi-college districts in its Standards III and IV. Respectively, the institution should demonstrate that it effectively utilizes financial resources to achieve its mission to improve academic quality and effectiveness. This standard emphasizes the importance of shared governance and collegial consultation, where the established procedures allow for the governing board, administrators, faculty, staff, and students to deliberate on goals and budgets that steer the institution toward enhanced quality and services.

Importantly, with respect to multi-college districts, ACCJC outlines that the systems of shared governance that bridge the institutions should be clearly articulated. The roles of the stakeholders from each institution should be aligned with the district-wide procedures or setting goals and adopting budgets for resource allocation. The role of the academic senate at each institution, as well as the district academic senate, if appropriate, cannot be overstated.

ACCJC Standard IV outlines expectations for colleges regarding leadership and governance at California's community colleges. Subsection D addresses the importance that the institutions within a multi-college district demonstrate participation in multi-college planning. The individual academic senates can assist their local institutions by ensuring that the district has an articulated policy for how goals are set and how resources are allocated across the district. Institutions can better demonstrate effective planning and resource allocation when faculty are included throughout shared governance structures, including institutional and district-wide planning and budget committees.

District Planning

Institutions in a multi-college district often engage in institutional planning through a district planning committee. This structure allows stakeholders input, through shared governance, and allows a formal forum for discussion and planning. At the district level, the planning committee formulates district goals and priorities, which act as guiding forces for the district. Necessarily, such goals must include a consideration of the perspectives and positions of each college within the district. In order to ensure full representation, college academic senates should appoint faculty or senators to the committee. Faculty members representing all the district's colleges should have a prominent role in district planning. In general, membership of a district planning committee should include representation of each district college and be made up of faculty, administration, classified professionals, and students.

District planning committees should strive to create a sensible and efficient methodology for receiving, ranking, prioritizing, adopting, and sharing district-level goals. Planning committees can review plans for consistency among institutional goals and may need to synthesize various plans to best ascertain where goals intersect. Members can investigate trends that emerge across planning documents, across colleges, and move forward in collegial manner with a unifying plan with goals that represent the shared interests of the district's colleges. The faculty of the district planning committee must be appointed by either their local or district academic senate, depending on local process. Such individuals should communicate frequently with their respective academic senates in either written reports or presentations that enhance communication and understanding among stakeholders.

District Budget

Faculty members appointed by their local or district academic senates are to play a prominent role on the district budget committee and represent all the district's colleges in a fair and collegial manner. Membership of the district budget committee should be composed of representatives from faculty, administration, classified professionals, and students. These constituents should represent not only their college, but also strive to understand the budget from a district-wide perspective. The district budget committee members play a role in developing budget priorities that represent both local college and district-wide needs and in creating a district budget that reflects the goals and priorities set by the district planning committee.

Like the district planning committee, the faculty of the district budget committee are expected to report back to their respective college and/or district academic senates. This practice can ensure updates are effectively communicated and miscommunications minimized. Communication with college-specific academic senates can take place in written reports or presentations that enhance understanding among stakeholders.

Balancing College and District Priorities

While the district budget is meant to reflect the district's priorities, each college's priorities will inform the budget and should be accounted for throughout whatever methodology is used by the committee. This can include an analysis or review of reports, such as program review and institutional planning, in order to ascertain where college goals and priorities might overlap.

Coordination of College Budget Priorities Within the District Framework

District-wide efforts to coordinate multiple college budget priorities can be difficult. There are several practices foundational to achieving the ability to successfully coordinate multiple priorities. First, representation from stakeholders, including administration, faculty, staff, and students should be apparent in the planning and budget committees as well as any steering committees that help to guide integration. Members need to be able to represent their areas and colleges, and consistently and clearly share information with other stakeholders.

Second, a methodology to receive, review, evaluate, and integrate multiple goals must be devised and adhered to. Some colleges may decide to operationalize the regular program review in order to glean intersecting priorities that many campuses or instructional programs share. Other colleges may turn to external factors, such as economic forces or legislation like the Student-Centered Funding Formula, to provide a guiding criterion for setting district plans. This approach may be suitable for districts to identify goals that align with a response to increase completions or close equity gaps. This methodology should be consistent and transparent.

Districts will likely have set a framework for planning and budgeting in the form of a mission statement and strategic goals. A district framework should be responsive to external stimuli, such as economic factors and areas for improvement in serving the community. Ultimately, district frameworks, if effective, are generated from the colleges that comprise the district. Colleges respond to the student need and will likely have differing perspectives and goals. A coordinated effort to align college priorities becomes easier when it is derived from the common need that the district's colleges share.

Forging Agreements Among Local Senates

The work of senates within a district span far and wide, and planning and budgeting are no exceptions. There are several practices that senators can consider in order to forge agreements between local senates within a district. Senators can work together to better understand effective participation throughout planning and budgeting processes. The 1998 publication "Participating Effectively in District and College Governance"¹² helps to operationalize how academic senates can engage with one another to come to agreements in ways that can help balance varying priorities.

For instance, it is vital that academic senates and senators understand the reach of the 10+1 academic and professional matters in guaranteeing faculty participation in the planning process, but that the final budget decisions are ultimately made by the district's governing board. The publication also encourages senates to avoid scattered response to planning and budgeting by first creating a comprehensive planning process. Multiple senates within a district can spend time coming to agreements of which criteria to use, what goals should shape the budget, and how to integrate unforeseen challenges into the comprehensive process. Central to inter-district agreements is a sense of trust engendered by collegial leadership. A planning process that is built on trust, agreement, and timely responses can help to assuage the stress that comes with strict deadlines and the need to properly gather input from all stakeholders.

One way to engage multiple senates so that a unified understanding of the 10+1 can be applied to planning and budgeting may involve training and professional development. Fortunately, the ASCCC and provide a variety of professional development opportunities and in partnership with the Community College League of California have published "Scenarios to Illustrate Effective Participation in District and College Governance."¹³ This document, with more than twenty different scenarios regarding academic and professional matters, includes scenarios specifically related to the process for institutional planning and budget development. Understanding the nuances of the 10+1 and faculty purview can help to lay foundation upon which all senates within a district approach planning and budgeting from a perspective rooted in the 10+1. Finally, faculty who serve at multiple colleges within a district can be a well-spring of insight in efforts to connect senates across districts. The ASCCC's paper *Part-Time Faculty: A Principled Perspective* (ASCCC, 2002)¹⁴ illustrates several ways senates can leverage expertise and insights that part-time faculty offer.

¹² https://asccc.org/sites/default/files/publications/FinalGuidelines_0.pdf

¹³ https://asccc.org/sites/default/files/FinalScenario_0_0.pdf

¹⁴ <https://asccc.org/papers/part-time-faculty-principled-perspective>

Accreditation and Budget

Accreditation Standard III. D supports the integration of institutional planning and budget processes and supports faculty participation in budget processes. Simply stated, colleges evaluate the achievement of their mission through program review (I.B.5) and integrate program review, planning, and resource allocation processes to address short and long-range needs. Financial planning is integrated with and supports all institutional planning (III.D.2). The distribution of resources should support the institution's mission, programs, and services (III.D.1; III.D.2).

The ACCJC Guide to Institutional Self-Evaluation, Improvement, and Peer Review ¹⁵provides ample examples of how program review and planning documents are used as evidence to support the standards, and as part of the review criteria for a standard. For instance, suggested evidence and review criteria for Standard I.B.9 includes “procedures that document how resource allocation requests are included as a component of program review” and “the College’s resource allocation is driven by program review (or other institutional evaluation process).” Evidence and review criteria for III.B.1 and II.B.2 include the institution’s resource allocation process provides a means for setting priorities for funding institutional improvements.” and “budget process that ties resource allocation to planning and program review.” These examples serve to reinforce the assertion that planning precedes budget development.

Faculty participation in Title 5, “processes for institutional planning in budget development” is one of the 10+1 areas defined in Title 5 §53200 and therefore the governing board should collegially consult with academic senates on development of planning and budget processes. Additional support for faculty participation in the development of planning and budget processes can also be found the accreditation standards, notably;

III.D.3 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.

This standard includes as a component of its evidence and review criteria “documented budget development process that identifies responsible parties for steps in the planning process and that identifies opportunities for input from constituencies”; and “the college’s mechanisms or processes are used to ensure constituent participation in financial planning and budget development.”

It is clearly demonstrated in the analysis of the accreditation standards that program review and planning is meant to drive budget allocation; and that the faculty are to actively participate in the development of planning and budget processes. Title 5 §53200 further clarifies that faculty voice in these processes is the voice of the academic senate.

¹⁵ <https://accjc.org/publications/>

Role of Faculty in Meeting Accreditation Standard III.B

In order to meet Accreditation Standard III.B, faculty must be active participants in budget committees on a campus or at the district level. The academic senate president needs to ensure that all budget committee charges and membership are inclusive of faculty participation, and that the faculty on these committees are appointed by the academic senate. It is crucial that the academic senate ensure that institutional planning is fully integrated with budget development, and that campus planning and priorities drive budget development rather than the other way around. In addition, local senate presidents should be certain that budget processes and resource allocation models are developed using established collegial processes, and that budget planning is inclusive of ongoing costs and in-kind cost.

It is important that the appointed faculty serving on budget committees are familiar with state and local budget processes. When the Governor's budget is released, it is helpful if faculty know whether special funding has been designated for community colleges by the state to improve teaching and learning, improve facilities, or hire full-time faculty, and that faculty follow state and local budget development to ensure special funding is used for its designated purpose. Academic senates and faculty serving on budget committees need adequate preparation to be advocates for their campus and their faculty, and to ask uncomfortable questions, including advocating for the equitable division of funding along FTES in multi-college districts. Senate presidents should also be prepared to ask what happens to unspent division/department budgets at the end of the year. In some cases, unspent funds are carried over to the next fiscal year's budget. In other cases, unspent funds are forfeited at the end of the year and reabsorbed into the campus budget. Knowing which is the case in your local process can assist in planning. Additionally, it is appropriate to question overly simplified budget proposals, and senate representatives on budget committees should advocate for board and district budget directives that honor program review processes. Finally, in multi-college districts, it is vital that the senate leadership insist that district resource requests undergo a stringent program review process that is similar to campus program review processes.

Accreditation standards and competition for budgetary resources can sometimes create a culture of compliance and skepticism. However, it should be noted that a well-defined and transparent budget process, collegially developed, can lead to culture of mutual respect and growth.

Planning for Compliance and the Emerging Landscape

Even with thoughtful planning, as the cliché warns, expect the unexpected. Although a college or district may have well-functioning integrated budget planning processes, there needs to still be an option for flexibility. Outside situations (e.g. new regulations/legislation, state/federal budget changes, community needs, etc.) may require a college/district to reassess budget decision and adjust accordingly. The need for compliance or adaptability to respond to emerging change is inevitable. It is important that the college and district have mechanisms to allow for necessary augmentation while including academic senate in these deliberations.

Budgetary Reserves

As fiscal agents of the Boards of Trustees, districts are required to have reserves or contingency funds, not only for good fiscal management, but also to be in compliance with state Governmental Accounting Standards Board (GASB),¹⁶ California Community Colleges Chancellor's Office guidelines,¹⁷ and accreditation standards for fiscal viability. To that end, districts are required to have budgetary reserves.

What are budget reserves? In the most general sense, budget reserves are a line item in the budget that delineates a separate reserve fund. But reserves may also include any funds in the budget that have not been allocated. For example, at the end of each budget year, there is an ending account balance. If this is a positive number, these are funds that have not been spent and may be available to handle emergencies or other short-term or one-time expenditures. Any unallocated funds from that ending balance may be considered reserves. Although the Chancellor's Office recommends a minimum reserve (often seen at the bare minimum to assure solvency) of 5%¹⁸, determining what constitutes a healthy reserve beyond that is often a matter of debate. There is no magic number in terms of an ideal reserve, though a fiscally conservative board will generally insist on a much higher reserve than other boards.

There are advantages and disadvantages to having a larger reserve. The major advantage is that it insulates the district in the event of a significant financial downturn, minimizing the need for layoffs of full-time faculty and staff or for pay reductions. The disadvantage is that it leaves less money available to run the college in the current fiscal year including money for important programs, equipment, facilities, maintenance and salary and benefits. Each district must find a balance between those disparate needs and faculty need to be involved in these conversations to assure that the districts reserves are in line with its budget priorities.

Legal and Financial Implications around Faculty Hiring

The hiring of full-time faculty is one of the most important functions of any college or district. However, it seems that the number of full-time faculty hired in a district is more often tied to legislative mandates than to student success or pedagogical needs. Further, because there are multiple pieces of legislation that address faculty hiring, they are often conflated. The three typically cited are the 50 percent rule, the faculty obligation number (FON) and the 75:25 legislative goal. Each of these will be addressed here.

The 50 percent law.

This legislation, crafted in 1959, was originally designed to decrease class sizes in K-12 and was extended to include junior colleges. In its current form adopted in 1961, Education Code Section 84362 requires that requires that a minimum of 50% of the District's current expense of education

¹⁶ <https://www.gasb.org/home>

¹⁷ <http://extranet.cccco.edu/Divisions/FinanceFacilities.aspx>

¹⁸ http://extranet.cccco.edu/Portals/1/CFFP/Fiscal_Services/Standards/AcctgAdvisories/FS0505_Fiscal_Monitoring_Accounting_Advisory4.pdf

be expended during each fiscal year for “salaries of classroom instructors.” Salaries include benefits and the salaries of instructional aides. As community college education has evolved, districts have struggled with this law. In the year 2000, the Community College League of California (CCLC), a group consisting of college presidents, chancellors, and community college trustees, published a paper providing background and details on 50% law and how it interacts with other legislative mandates.¹⁹

This rule is often seen as problematic because of the number of faculty and staff essential to the education of our students that are not included as “classroom instructors.” These include counseling and library faculty as well as faculty directors such as EOPS, Transfer Center, and Athletic Directors. Failing to comply with the 50 percent rule has significant ramifications for a district. As a result, districts may often need to hire new faculty just to assure that they do not fall below the 50 percent threshold. While hiring more full-time faculty is a desired outcome, one of the obvious concerns with this law is that it provides no incentive to hire counselors, librarians, or others with duties that are essential to student success, but are not included in the narrow definition of classroom instructors within the statute. Such positions, including some faculty reassigned time, are therefore described as being on the “wrong side” (*i.e.*, the non-instructional side) of the 50 percent calculation.

Why is this a concern? Consider a fictional district with \$10 million of expenditures from its the general fund. If that district spends \$5 million on classroom instructors as defined by this statute, they would be in compliance. If their expenditures are increased by \$100,000 and that money is used to hire a librarian for their newly constructed library facility, they would no longer be in compliance and could face penalties, even if they had no full-time librarian for their facilities without this hire.

Another challenge with the 50 % law is that things that are essential to student success such as technology are on the “wrong side” of calculation. Furthermore, the items on the “right side” of the calculation tend to be fixed costs (mostly faculty salaries and benefits) while the items on the “wrong side” of the calculation may vary significantly throughout the year (e.g., utilities) making it more difficult for colleges to achieve the balance.

The fifty percent law applies only to general fund dollars. Ongoing positions funded with restricted categorical funds are exempt, including positions funded under the SEA Program, EOPS, DSPS and others. Districts may choose to use such restricted funds to hire counselors and librarians without having any impact on their compliance with the 50% law, although this not likely part of the intent of the law.

The Faculty Obligation Number.

Passed in 1989, the Faculty Obligation Number (FON) was intended move districts toward the goal of having 75 percent of all credit instruction taught by full-time faculty. As such, the FON was considered as determining the minimum number of full-time faculty with a district and that the number of faculty would continue to grow. According to Title 5 §51025 community college districts must increase their base number of full-time faculty over the prior year in proportion to the amount

¹⁹ <https://ccleague.amza.securityserve.com/sites/default/files/training-materials/PRP50law.pdf>

of growth in credit FTES. Therefore, as a district's apportionment grows, the number of full-time faculty in that district should grow in kind, therefore setting at a minimum, the percentage of full-time faculty that was in place at the time the legislation was enacted. Failure to meet the FON invokes a penalty equal to the average replacement cost of a full-time faculty member (salary and benefits) multiplied by the number of faculty below the FON.

Districts generally make every effort to assure that they do not fall below their FON, as the penalty associated with non-compliance is substantial (essentially paying the salary and benefits of a faculty member that is not employed by the district). While the FON is generally welcomed as another mechanism to assure the hiring of full-time faculty, there are a number of concerns with the FON as it currently exists.

First, it is inherently inequitable when used as the ceiling (or maximum number of faculty a district is likely to hire), since it was established not based on any formula, but based on a snapshot in time. Whatever number of full-time faculty a district employed at the time of the legislation in 1989, became its FON. Since the ratio of full-time to part-time instruction varied greatly throughout the state at that moment, institutions of similar size could have drastically different FONs. Tying the FON to incremental changes in FTES then insured that those inequities were locked into the system.

Second, the FON only considered credit instruction. Given the importance of noncredit programs throughout the system, the exclusion of noncredit from the FON puts many districts, especially those with significant noncredit programs in a difficult predicament. While hiring more noncredit faculty may be the in the best interest of students, districts' first priority must be to meet the FON by hiring credit faculty to avoid the FON penalty. Recognizing the challenge this creates, the Academic Senate has and has passed resolutions support or noncredit faculty and recently passed including Resolution 19.02 (F07) Benefits of Full-Time Faculty in Noncredit²⁰ and Resolution 7.01 (F19) Re-Define the Faculty Obligation Number to Include Noncredit Faculty.²¹

A comparison of the 50% Law with the FON is shown below:

²⁰ <https://www.asccc.org/resolutions/benefits-full-time-faculty-noncredit>

²¹ <https://www.asccc.org/resolutions/redefine-faculty-obligation-number-include-noncredit-faculty>

Mandate	Provides	Does Not Include	Effect
50% Law	50% of General fund dollars must be spent on faculty salaries including most classroom faculty and instructional aides	Counseling Faculty, Librarians, tutoring and support services Reassigned time for governance, curriculum and program development. Categorially funded positions are exempt	Hiring Counseling faculty, librarians, granting reassigned time, and funds spent on tutoring and support services means a lower percentage is spent for classroom instructors according to the current calculation, making it more difficult for a district to comply with this statute
FON	Increase the number of full-time faculty in proportion to growth in credit FTES	Noncredit faculty	Hiring noncredit faculty does not help a district meet its FON

While both the 50% law and the FON have mandates on faculty hiring with penalties for noncompliance, the interplay between them can create challenges for districts. For example, suppose a district needs to hire additional faculty to satisfy the FON and their greatest need is for counselors or librarians. Hiring such faculty would might satisfy the FON and the educational needs of their students, but may put them at risk of violating the 50% rule.

The 75:25 legislative goal.

Although sometimes confused with a legal staffing requirement, this legislation, part of AB 1725 (Vasconcellos 1988, set as an aspirational goal to have 75 percent of all credit instruction performed by full-time faculty with the remaining 25 percent taught by part-time faculty. Further, the statute required that, based on how close a given district was to the legislative goal of 75:25, that district would be required to apply a percentage of its program improvement funds each year to increase the number of full-time faculty until the goal of 75 percent of credit hours taught by full-time faculty was reached. Unfortunately, the allocation of program improvement funds to districts was short lived and with the financial incentive gone, progress on the 75% goal stalled.

Although the 75% goal has long been an aspiration for community colleges, and despite the benefits of having more full-time faculty on campus including more availability to students, districts

ultimately found this to be an unfunded goal. Thus, given the current funding levels for community colleges and the costs of meeting “minimum conditions²²” established by Title 5 and Education Code,²³ it is unlikely that districts in the system could actually afford to reach the 75% goal. Moreover, given that that no additional funding was provided for districts to move toward this goal, and that there was no penalty for failing to do so, the system as not only failed to make progress toward the 75% goal, but has actually seen a decrease in the percentage of instruction performed by full-time faculty.

While the system has long supported the aspirational goal of 75:25 for instruction, the current mandates including the 50% law and the FON, combined with inadequate funding has moved the number of full-time faculty in the opposite direction while subjecting districts to potential financial penalties, causing districts to often make hiring decisions, based on compliance rather than programmatic needs. The academic senate has supported changes in the FON as discussed above as well as changes in the 50% law (for example Resolution 6.03 F09).²⁴ Other constituency groups express similar concerns and a workgroup was formed including representation from the CCLC, the Academic Senate, the Chancellor’s Office and other stakeholders was formed. The Workgroup on CCC Regulations, convened to study the 50% law and faculty obligation number (FON). The workgroup made a series of recommendations to address long standing concerns. Some of the findings are summarized below.

The 50 percent rule in its current form does not address all of the roles of faculty in the success of students. As the work of counseling faculty and librarians are essential to student success, they need to be included in the 50 percent calculation, this would also require that the threshold be raised above the current 50 percent to accommodate these additions. Also recommended is the inclusion of faculty reassigned time for governance, curriculum, and program development, and other important roles such as EOPS directors, etc. The workgroup further recommended increased funding specifically for hiring full-time faculty, and that districts be required to make progress toward the 75% goal. Failure to do so would result in a penalty equivalent to the current FON penalty. The full report including all of its recommendations was presented to Consultation Council at its April 2019 meeting for consideration.²⁵

Conclusion

The voice of faculty in budget processes is assured by Education Code and Title 5. Beyond that, it is clear that students are better served when perspective of faculty is included. Therefore, local academic senates must assert the faculty voice throughout planning and budget structures at the college level and at the district level as appropriate.

²² These are the programmatic requirements that a district must meet as a condition of receiving state funds

²³ <https://ccleague.amza.securityserve.com/sites/default/files/training-materials/PRP50law.pdf>

²⁴ <https://www.asccc.org/resolutions/revise-application-50-law>

²⁵ https://extranet.ccco.edu/Portals/1/ExecutiveOffice/Consultation/2019_agendas/April/9-1-50-Percent-and-FON-Updated-Proposal.pdf

Regardless of local structure, program review is an important part of the planning and budget process. It should be clear that program review processes are determined through collegial consultation with the academic senate. Because of this, academic senate presidents should ensure that the chair (or co-chair, tri-chair) of such committees is a faculty member appointed by the academic senate. The ultimate goal of planning and ultimately budget for community colleges is to provide students with the tools and the opportunity to be successful. As faculty interact most closely with students, it is imperative that the faculty voice, through the local academic senate, is included in the budget processes.

Recommendations for Local Senates:

It is recommended that local academic senates:

- Ensure the committee charge, composition, and right of academic senate to appoint a co-chair and faculty committee membership is documented in campus governance documents
- Appoint faculty to the Program Review Committee and ensure that there is equitable representation for all faculty areas
- Document all processes for program review and prioritization of needs, and widely distribute the results of program review and prioritization processes
- Pay careful attention to the timeline for each process to ensure that all planning and prioritization processes are completed prior to budget development
- Assure that budget committee charges and membership are inclusive of faculty participation and that faculty are appointed to Budget Committees by the academic senate, not appointed by administration
- Advocate that campus planning and priorities drive budget development as required by accreditation standards
- Ensure that budget processes and resource allocation models are developed using established collegial processes and that planning is inclusive of ongoing costs
Engage in the assessment of budget processes applying an equity lens

Recommendations for the Board of Governors:

1. Ensure that budget processes are transparent and clear to all constituent groups .
2. Advocate for and provide a calendar of due dates for budgets and reports for categorical programs, grants and statewide initiatives that align with academic calendars to allow for input from local senates.
3. Recognize and honor the 10+1 in the inclusion of Academic Senate appointees on budget committees for all relevant areas, including the student success funding formula.

Appendix

Example of an allocation model with an equity lens

One Allocation Model with emphasis on the most vulnerable students is shown below. In this case one of the institution's priorities is equity and it has discovered a significant equity gap among students it deems most vulnerable. The budget allocation model needs to address the inequity. This can be accomplished by implementing a process for continuous reflection and improvement ensuring that the elements below are integrated in planning and budgeting. The continuous cycles of review and improvement exist when deep attention is given to the needs of and impact on the most vulnerable students in each of these areas²⁶:

- resource prioritization and allocation
- program review
- strategic planning
- enrollment
- intentionality and focus on aligning efforts across the institution

Along with these elements, the ASCCC encourages local academic senates to include institutional and program reflection processes that:

- Establish collaborative institutional reflection processes—processes that are collaborative and engage appropriate cross-sections of individuals, departments, and teams around alignment.
- Adopt a robust data review—processes that include robust qualitative and quantitative data, including authentic student voice.
- Reflect on impacts of personal practice—processes that are used to promote deep inquiry about the effectiveness & impact of professional practice
- Adopt shared accountability for implementation—processes that promote shared ownership of quality implementation of the institution's initiatives and strategies, in a mutually supportive/critical friendly environment.
- Align all Equity, Diversity and Inclusion efforts—there is intentional ongoing work to align these efforts across the institution.

Example of a planning and budget structure

Overview: The planning and budgeting structure consists of a college planning council that integrates the program review process and feeds into the campus budget committee.

The program review committee is chaired (or co-chaired) by a faculty member appointed by the local academic senate. Instructional programs and service areas submit their program reviews to the

²⁶ Gazmuri Singhashri, Petty Sheryl and Porter Ed. December 2010 The Equity-Driven Systems Change (ESC) Model: A Toolkit for Improving Institutional Practice and Student Outcomes. Planning and Budgeting, Pages 36-38. California Tomorrow. Retrieved from <https://skylinecollege.edu/seed/assets/resources/ESC-Toolkit.pdf>

committee on a regular cycle using structures developed by the committee. The committee analyzes them to assure that plans submitted and resources requested are aligned with the college goals. A summary of the program reviews including planning and resource requests are forwarded to the Planning Council and the Budget Committee

The College Planning Council gives rise to goals and priorities that guide the institutions' services and instructions to students and their communities. A faculty member appointed by the local Academic Senate co-chairs the Planning Council along with an administrator and membership is composed of faculty, administration, classified, department head, and students. The Council reviews plans from departments and service areas that were forwarded from the program review committee for consistency among institutional goals, to locate where strategies and requests intersect, and to investigate trends that emerge across planning documents.

Plans endorsed by the planning council are submitted to the campus budget committee for budget prioritization. A faculty member appointed by the local Academic Senate co-chairs the Budget Committee with a member of the administrative team. Membership is composed of faculty, administration, classified, department head, and students. Budget Committee members may prioritize budget requests to help the institution adequately fund projects and activities that match the goals established by the Planning Committee and that were identified in program review. In this way, the faculty play a role in developing priorities from the ground up so that the institutions' budget reflects the its goals and priorities.

The overall structure is outlined below:

Program Review Committee

- Establishes agreed-upon structure for program review
- Chair (or Co-chair) Faculty appointed by the academic senate (administrator co-chair)
- Membership: faculty, administrators, classified staff
- Examines program reviews for alignment with college goals
- Forwards reports to Planning Council

Planning Council:

- Establishes institutional goals and priorities
- Co-chairs: Faculty appointed by the academic senate, Administrator
- Membership: faculty, administrations, classified, department heads, students
- Establishes goals and priorities for the institution

Budget Committee

- Co-chairs: Faculty appointed by the academic senate, Administrator
- Membership: faculty, administrations, classified, department heads, students
- Determines how budget requests align to goals established by the Planning Council
- Prioritizes budget requests to align with goals

