

MEMORANDUM

TO: Alamo Community Colleges Family

FROM: Dr. Bruce H. Leslie, Chancellor

DATE: October 4, 2007

SUBJECT: **Personnel Effectiveness Program (PEP)**

Last spring, we initiated the Personnel Effectiveness Program (PEP), as a way of addressing a number of issues facing the entire Alamo Community College System. The program is still under design and development and the presidents, vice chancellors, and I have met on several occasions to discuss its implementation and the impact the program is and will continue to have on the colleges. Because of the importance of this program, it would be valuable to review the current procedure so everyone understands why the program was implemented and the anticipated outcomes.

It is important to understand that this program is indeed part of a larger, strategic plan. Both Baldrige and Goal IV of our Strategic Plan, address employees and our capacity to serve. The PEP supports our ability to enhance employee success through effective planning and a better, more strategic use of resources.

There are several dimensions the program is designed to address:

1. The effective utilization of our human resources,
2. The protection of our employees derived from effective planning,
3. The impact of opening 20 new buildings,
4. The impact of the transition occurring with the expanding operations of the new Northeast Lakeview College, particularly as San Antonio College's and St. Philip's College's enrollments are being impacted,
5. The potential impact of the recent governor's veto, though the program was initiated prior to this action.

I. The first category, effective utilization of our employee resources, includes:

- A. Placing employee resources where there is need and demand while reducing resources where the demand has diminished,
- B. Eliminating duplication across the district as a means of both reducing unnecessary and inappropriate costs and freeing-up resources for more appropriate application,
- C. The effective utilization of temporary and part-time personnel, which costs are often a direct result of ineffective application of full-time personnel.

When we compare our staffing levels with our peer institutions, we find that the Alamo Community Colleges have greater numbers of faculty and staff with a much greater dependency on temporary and part-time personnel as well. This suggests that our staffing levels are not in-line with our peers. In addition, the total percent of our budget for personnel salaries and benefits is approaching 75% of our budget expenditures, which is generally considered higher than appropriate for sound management and this number is exacerbated by the large numbers of part-time and temporary personnel that we utilize.

II. The protection of our employees derived from effective planning

With the amount of our budget expended on personnel, the amount of duplicated activities throughout the district, the high use of temporary and part-time personnel, not including adjuncts, and certainly with the potential impact of the governor's veto of health care benefits, which is over \$12 million, a small change in enrollments or other variables could place us in a position of financial exigency. This would force us to take more extreme measures in managing personnel than would be prudent and would be unnecessary if we are effectively managing and planning the use and allocation of our personnel resources. Thus, one of the hopeful outcomes of the PEP is to prevent negative impact on our employees.

III. The impact on the opening of twenty new buildings

As a result of the bond election and capital improvement program, approximately 20 new buildings, including a brand new college campus, will be opened by 2009. There is a necessity of hiring new staff, faculty, and administrators in these buildings, especially at the Northeast Lakeview College. One of the potential impacts of the governor's veto of health care benefits may be the necessity of the district budgeting a greater share of health care benefits for local employees, those designed as custodians and housekeepers as stipulated in state law. Depending upon the time it takes to increase the student enrollments across the entire district to fill these new buildings, our finances will clearly be impacted, potentially negatively in the short term. Thus, it would be inappropriate

to simply add a large number of new positions on top of the already high level of positions that exist in the district. That would carry us well above the 75% budget mark and place even greater strain and risk of financial exigency on the district. Therefore, this process must be managed effectively and efficiently.

IV. The impact of the transition occurring with the expanding operations of the new Northeast Lakeview College

Northeast Lakeview College is impacting enrollments at both San Antonio College and St. Philip's College. As a result of the potential decline of enrollments at those two institutions, there may need to be a reallocation of personnel. Conversely, there is much pressure from Northeast Lakeview College to rapidly increase employment to respond to anticipated implementation of new programs and increase of enrollments that will accompany the opening of the new college. It would be inappropriate for us to simply terminate personnel at SAC and/or St. Philip's, while Northeast Lakeview College, independently and separately, fills new positions that are created to respond to its growth. Therefore, a planned reallocation of personnel from SAC and St. Philip's to the Northeast Lakeview College is appropriate and a fair and effective process must be developed to achieve this.

V. Governor's Veto

Although there are positive signs that the Governor's Office and the legislature are seeking a solution to the veto; the ultimate impact is not known. Monies may be "returned" but they may be assigned to different funding categories that may result in a new formula, new accountability measures, or a shifting of dollars to student financial aid that in the long run may reduce our operating budget. We are continuing to work closely with our legislators and the Governor's Office to minimize as much as we can the negative impacts that may result from whatever settlement is achieved. Thus, the risk of a loss of revenue in 2009, exacerbated further by the need to employ more "local" housekeepers and facility staff that must be paid by local funds and are not reimbursed by the state suggests strong management is crucial. If the governor's proposal regarding proportionality is ultimately implemented, some of the vetoed monies may be reinstated but there will still be a substantial impact because the colleges will be expected to pay a greater proportion of employee health care benefits.

SUMMARY

As you can see, there are a number of complex factors that must be taken into account as we manage our Employee Services, make employment decisions, reallocate employee resources and prepare for additional staffing as the new buildings are brought on-line. The PEP is designed to focus on these issues and to take into account a variety of factors related to the individual positions being proposed as either new or replacements. With all these impacts, and the current high level of staffing, the risk of financial exigency is real. The opportunity we have is to utilize the natural attrition process, those retiring or

leaving to create a pool of available positions that can either be reallocated as needed or eliminated, thereby reducing possible impacts on current employees throughout the district. This same process will be used to reduce duplication and improve operational efficiency and emphasize a greater attentiveness to our utilization of temporary and part-time personnel. Even such issues as sick leave becomes an exponential problem across the district because supervisors often hire temporary personnel or create new full-time permanent positions to make up for the unavailability of existing staff. Thus, the PEP is much more than simply a "hurdle" one now must go through to refill a job thus adding to the already frustrating delays in replacing personnel. Morale problems will be much greater if we are forced to lay-off people and close programs, which are clearly ways to respond quickly to an immediate crisis, because we didn't plan and manage well.

I hope this explanation is clear and thorough. The challenge is to create a mechanism within PEP that will be fair and ensure that we are able to meet the needs of our students, within our financial means.

BHL:dm