Chapter 3

Revenues –

2017/18 Base and Five-Year Estimated Forecast

The PCCD Five-Year Financial Plan is an important document in communicating to the district’s constituents, while it also describes one of the most significant responsibilities and requirements for a community college district. This Plan outlines and anticipates the utilization of available financial resources and serves as a planning document for the years to come. As the State dictates to a significant extent the manner of how funds are earned and expended, PCCD’s unrestricted general fund budget is almost entirely contingent upon the adoption of the [State Budget Act](https://lao.ca.gov/budget). PCCD’s budget requirements and processes follow the guidelines as described in the [California Code of Regulations (](http://www.dspssolutions.org/resources/section-one-chancellors-office-resources/title-5-regulations-guidelines-california-code-sections)CCR), beginning with 58300.

**Key Funding Source**

In August 2018, the State Chancellor Eloy Ortiz Oakley announced: “…California’s state leaders have truly delivered on a promise to put students first and set an example for the rest of the nation by adopting a new funding formula that incentivizes student success…” This [Student Centered Funding Formula](http://extranet.cccco.edu/Divisions/FinanceFacilities/StudentCenteredFundingFormula.aspx) (SCFF) generally uses three allocations:

* Based Allocation – current factor (primarily credit FTES)
* Supplemental Allocation – counts of low-income students, including Pell grant recipients, California College Promise recipients, and AB 540 students, in the prior year
* Student Success Allocation – counts of outcomes related to the [Vision for Success](http://californiacommunitycolleges.cccco.edu/portals/0/reports/vision-for-success.pdf), with “premiums” for outcomes of low-income students

Meanwhile, noncredit FTES would be funded at current rates, while all rates are calculated to provide a three-year transition.

**Student Centered Funding Formula (SCFF)**

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| Key Funding Sources | Actual 2018-19 | Projected 2019-20\*\* | Projected 2020-21\*\* |
| Credit FTES\* | $3,727 per FTES | $3,387 per FTES | $3,046 per FTES |
| Supplemental Allocation | $21,545,955 | $22,099,726 | $22,689,837 |
| Student Success Allocation | $11,773,120 | $18,126,869 | $24,796,221 |

\*These totals will be adjusted by the changes in the cost-of-living in those years. The amounts will be calculated based on the numbers of colleges and comprehensive centers consistent with the current formula.

\*\* Revenue Forecast.

With the exception of interest income, the majority of PCCD’s revenue received is to support the district’s instruction.

**2017/18 Fund Analysis**

**Unrestricted General Fund Revenue.** The 2017/18 total unrestricted general revenue received from all sources totaled $149,151,135. Chart X below displays major revenue sources.

Chart X.

PCCD 2017/18 Total Unrestricted/General Fund Revenues ($149,151,135)

by Major Funding Source

Source: PCCD 2018-19 Adopted Budget

**Base Allocation: In-state Credit FTES.** Shown in Chart X above, in 2017/18, PCCD received 35% ($51,960,446) from local tax, while the estimated amount for 2018/19 will be increased to $54,860,408. The amount of state apportionments ranked the second highest of all unrestricted general fund revenue sources, representing 31% of the total revenue. In-state residents’ credit FTES is the primary workload measure used by the state to determine how much apportionment revenue a community college district receives. The amount of the State general apportionment received by PCCD depends on the number of FTES generated and reported to the State from prior year, less amounts received from non-resident tuition and fees ($9,991,311 in 2017/18) and local property taxes. However, if the amount of the latter two revenues increases, it would lead the decrease in apportionment revenue.

Other unrestricted general fund revenue sources include state revenues other than apportionment (17%), local revenues less tax and tuition/fees (5%), other state revenues (17%), and non-resident tuition and fees (7%) (Chart X).

**Restricted Funding Sources.** Major restricted funding sources from the State mainly include SSSP, Equity, Adult Education, and Strong Workforce (Student Centered Funding Sources). In 2017/18, PCCD received $7,614,531 (40%) for adult education, $5,284,477 (27%) for SSSP, $2,051,206 (12%) for Equity, and $2,622,938 (14%) for strong workforce. PCCD operates under the assumption that in 2018/19 it will receive $22.2 million from the state for supplemental allocation student equity and $11.6 million for student success, as stated in [PCCD 2018-19 Adopted Budget](http://web.peralta.edu/business/files/2018/09/FY19-Annual-Budget-Book.pdf), page 7.

Table X

2017/18 Restricted General Fund Revenues ($19,309,520)

**Bond and Parcel Tax Measures[[1]](#footnote-1).** PCCD has been having two Bond Funds: Measure A and Measure E, and one Measure B Parcel Tax. While the $390 million Measure A bond passed on June 6, 2006 with one of the highest support rates for a community college bond measure in the state, in November 2018, northern Alameda County voters continued to trust and supported PCCD’s Mission by passing in Measure G - PCCD’s $800 million bond proposal. Voters also approved Measure E, extending the current $48 parcel tax to supplement funding for core academic programs at the Peralta Colleges. These Measures have been and will continue to assist PCCD in improving the quality of its academic and career education, renovating aging classrooms, building new science and technology labs and modernizing facilities that are decades old, all so that the Peralta Colleges can continue to provide a first-rate educational environment for the students in its service area. PCCD’s budget development activities will continue to take total cost of ownership into consideration.

**Five-Year Estimated Forecast**

**SCFF 2017/18 to 2021/22.** Based upon [SCFF published by the State Chancellor’s Office](http://extranet.cccco.edu/Divisions/FinanceFacilities/StudentCenteredFundingFormula.aspx), PCCD made a multi-year projection of the SCFF revenue to be received from the State, as illustrated in Chart X below. These multi-year revenue projections may facilitate PCCD’s decision-making regarding how it could further accomplish its Mission through personnel management, strategic planning, budgeting obligated expenses, and maintaining positive cash flow, in order to improve efficiencies and accountability.

Chart X

SCFF Funding by Component,

2017/18 and 2018/18 Actual Revenues, and Projections between 2019/20 to 2023/24

**Total Unrestricted General Fund Forecast.** To take one step further, PCCD developed a multi-year projection of its unrestricted general fund from all potential revenues and obligated expenditures, based upon 2018/19 known factors. As shown in Table X below, if without any intervention, PCCD will experience budget deficit in 2018/19 as well as in the next five years.

Table X.

Unrestricted General Fund

Five-Year Budget and Expenditure Projections



**Strengths, Challenges, and Responding Actions[[2]](#footnote-2)**

Strengths: Devoted Faculty and Staff

Robust Guided Pathway Plans and Activities on Campus

Proactive Enrollment Management Plan

Challenges: Declining Credit FTES

Low Operating Revenue

**Responding Action: Increasing Revenues** – PCCD plans to increase its revenue from the State through:

* establishing realistic FTES targets,
* updating, upgrading, and implementing Enrollment Management Plans at both the district and the college levels, and
* Establishing and implementing a Student Success Infrastructure Plan in order to earn the highest possible amount of revenues through the new SCFF.

**Establishing FTES Target.** PCCD has always been very active in developing FTES targets annually and adjusting the targets quarterly when needed. On an annual basis, the Districtwide Enrollment Residential FTES target is set. This is done each October in alignment with the Planning and Budget Timeline.  The target is established through data driven conversations between the Offices of Academic Affairs and Finance and Administration. Data considered include three-year enrollment numbers per college, productivity trends, State initiatives and various fiscal resources.  Upon agreement, the Vice Chancellor of Academic Affairs presents the draft target to the College Presidents for feedback in which case adjustments may occur.  The agreed upon draft target is then reviewed by the Chancellor who has the final approval.  The Target, once set, is presented to the appropriate District shared governance committees, including District Academic Senate, District Academic Affairs and Student Services Committee, Planning and Budgeting Committee and the Participatory Governance Committee. It is also emailed to all faculty.

However, due to the significant decrease in FTES from 21,498 in AY15/16 to 20,231 in AY16/17, the District and the colleges began to engage in proactive enrollment management practices in 2017/2018. Both districtwide and college meetings occurred throughout the year to review FTES data and respective budgets. Examples of meetings include District Finance and Academic Affairs weekly meetings, District Academic Affairs and Student Services Committee (DAASSC), Planning and Budget Council (PBC) and the Participatory Governance Council (PGC). Beginning in 2018-2019, the District adjusted Full Time Equivalent Faculty (FTEF) allocations and annual targets to account for the decreasing enrollment. For example, through shared governance, PCCD adjusted the number of course sections offered districtwide down from 2,222 to 2,145, and FTEF from 564.18 to 544.28. FTES has been retargeted to reflect a more attainable number than before for the District as noted in the [2019-2020 target](http://web.peralta.edu/files/2018/12/Final-Target-19-20.pdf), established in October 2018, in accordance with the PCCD shared governance timeline. Each college has engaged directly in annual planning and scheduling based on student need and historical data on enrollment, productivity – FTES/FTEF, and FTEF allocations.

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| PCCD Strategic Goals:   * Advance Student Access, Equity, and Success * Engage and Leverage Partners * Build Programs of Distinction |
| **Responding Action: FTES Target.** FTES Target to be evaluated and modified three times per academic year for fall, spring and summer, as well as annually. |
| Timeline: On-going |
| Responsible Lead: VCAA, VC of Finance and Administration, College Presidents |

**Updating and Upgrading Enrollment Management Plan.** Since the completion of the ACCJC Midterm Report in 2016, PCCD has engaged in developing and implementing improved enrollment strategies. Evidence is noted in the District Strategic Enrollment Management Plan (SEM), a Plan that is in alignment with College Strategic Enrollment Management Plans, and vice versa.

**District Strategic Enrollment Management Plan, 2017-2022.** The [District Strategic Enrollment Plan (SEM)](http://web.peralta.edu/files/2018/12/PCCD-SEM-Plan_Draft-4.docx) was developed, vetted, and approved through districtwide participatory governance committees during the 2017-2018 academic year. The planning process was led by [RP Group](https://rpgroup.org/) consultants, based on an [environmental scan](http://web.peralta.edu/files/2018/12/PCCD-SEM-Data-Compendium_vr6.1.pdf) and PCCD [student data.](http://web.peralta.edu/files/2018/12/PCCD-Enr-Mgmt-Trends-Report-final-MB-4.17.17.pdf) The District SEM Plan includes measurable goals and strategies to address enrollment trends. Several aspects of the Plan have already been implemented in the 2018-19 academic year resulting in an increased enrollment in Distance Education (25% increase in enrollment from 2010 to 2017), Dual Enrollment (35% increase from 138.80 FTES in Fall 2016 to 187.70 FTES in Fall 2018), and Career Development and College Preparation (CDCP) Noncredit Certificates grow from 2 in Fall 2017 to 11 in Fall 2018, while an additional 18 Certificates await for State approval. Moreover, the PCCD [Distance Education Committee Plan](http://web.peralta.edu/files/2018/12/PCCD-Distance-Education-Plan-2017-2020-1.pdf) was approved through participatory governance in spring 2018 and the PCCD Noncredit Plan is currently being vetted with an anticipated approval in spring 2019. PCCD is currently updating the District SEM Plan to address recently passed legislation and other state initiatives, such as the Student Centered Funding Formula, Student Equity and Achievement (SEA), AB 705, and Guided Pathways, with an estimated completion date of March 2019.

**The Strategic Enrollment Management Plans at the Four Colleges.** Berkeley City College, completed its participatory governance approved [Enrollment Management Plan](http://web.peralta.edu/files/2018/12/BCC-Enrollment-Management-Plan-3-16-15-send.docx) in 2015. It is currently updating the plan to address new state legislation and initiatives through the work of a newly created BCC Enrollment Management Committee in Fall 2018. College of Alameda completed a participatory governance approved [Enrollment Management Planning Template](http://web.peralta.edu/files/2018/12/COA-Enrollment-Management-Strategies-F-2014.pdf) in 2014 and an [Enrollment Management Framework](http://web.peralta.edu/files/2018/12/EMP-COA.pdf) in October 2015 and again in Spring 2018. COA continues to update its plan to address new state legislation and initiatives through a newly formed Institutional Effectiveness Committee. Laney College in Fall 2018 identified [enrollment management](http://web.peralta.edu/files/2018/12/Enrollment-Management-Laney-College.pdf) as an area of clear need and received assistance from the State Chancellor’s Office/IEPI Strategic Enrollment Management Team.  With IEPI’s coaching and resources, Laney reconstituted the Strategic Enrollment Management Committee. The current Committee’s charge is to work with the IEPI coach in order to develop, vet, and implement a Strategic Enrollment Management Plan by the end of spring 2019.  Merritt College completed a participatory governance approved [Enrollment Management Plan](http://web.peralta.edu/files/2018/12/Merritt-Strategic-Enrollment-Management-Plan-2017.pdf) in 2018. Its Strategic Enrollment Management Committee is current updating its 2018 plan in order to address new state legislation and initiatives.

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| PCCD Strategic Goals:   * Advance Student Access, Equity, and Success * Engage and Leverage Partners * Build Programs of Distinction |
| **Responding Action: Enrollment Management Plan.** Enrollment Management Plan to be evaluated, updated, and upgraded at least annually at both the college and district levels.  PCCD district has an up-to-date [Enrollment Management Plan](http://web.peralta.edu/workforcedevelopment/files/2019/01/PCCD-SEM-Plan-1.pdf) that was developed based upon a thorough  [Enrollment Trend Analysis](http://web.peralta.edu/workforcedevelopment/files/2019/01/PCCD-Enr-Mgmt-Trends-Report-final-MB-4.17.17.pdf) and an [Environmental Scan](http://web.peralta.edu/workforcedevelopment/files/2019/01/PCCD-SEM-Data-Compendium_vr6.1.pdf). As a major arm committee of PBIM, the [District Enrollment Management Committee](http://web.peralta.edu/pbi/district-enrollment-management-committee/) (EM) meets monthly and publishes it meeting [agenda and minutes](http://web.peralta.edu/pbi/district-enrollment-management-committee/agenda-and-minutes/) online.  The District Enrollment Management Committee (EM) ensures that the four PCCD colleges have in place an effective plan for recruiting, expanding, and maintaining its student enrollment, as well as advising the four colleges on issues of class scheduling. The EM Committee works with each college and PBIM committees to develop and to implement each college’s Enrollment Management Plan. Meanwhile, all four colleges have their individual Plans: [COA Enrollment Management Plan](http://alameda.peralta.edu/planning-documents/files/2016/05/EMP-Final.pdf), Berkeley City College Enrollment Plan, [Merritt College Enrollment Management Plan](http://www.merritt.edu/wp/accreditation/wp-content/uploads/sites/3/2017/12/AIP2.11-Strategic-Enrollment-Management-Plan-2017-Draft.pdf), and Laney College. |
| Timeline: Development, march 2019; Implementation/Update: on-going |
| Responsible Leads: Responsible Leads: VCAA, VCSS, VPIs, VPSS, College Presidents |

**Place Holder below**

**Establishing a Student Success Infrastructure Plan.** In Fall 2018, District Academic Affairs developed a [multi-year planning](http://web.peralta.edu/files/2018/12/Final-Multi-Yr-Target-SCFF.xlsx) instrument based on the new Student Centered Funding Formula that was in alignment with the District targets for growth. This instrument includes goals to increase growth in the Basic, Supplemental, and Student Success allocations. The District along with its four colleges are utilizing this instrument to engage faculty in conversations about growth in relation to the new funding formula. Furthermore, this instrument has been utilized in shared governance committee meetings. Finally, the District and College Integrated Goals and Strategic Plans Crosswalk aligns major college-led plans (Guided Pathways, Enrollment Management Plans, Student Services Information Technology Plan, Distance Education Plan with Success Outcome Indicators. SCFF fund may be one of the major revenue sources supporting the implementation of Plans included in the Crosswalk.

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| PCCD Strategic Goals:   * Advance Student Access, Equity, and Success * Engage and Leverage Partners * Build Programs of Distinction |
| **Responding Action: Student Success Infrastructure.** Establishing a Student Success Infrastructure Plan to comply with the Student Center Funding Formula as announced by the California Community College Chancellor’s Office (CCCCO). |
| Timeline: Development March 2019; Implementation/Updates, on-going. |
| Responsible Leads: VCSS, VPSS |

**Establishing a Student Success Infrastructure Plan to comply with the Student Centered Funding Formula**

**The Ecological System for PCCD Student Success Infrastructure[[3]](#endnote-1)**

As the Microsystem, PCCD’s Student Success Infrastructure is in the center of its surrounding ecological system with the PCCD community being the Mesosystem interacting with the Macrosystem: California Community Colleges Vision, Policies, and Funding Formula.

**PCCD Efficacy for Success**

Many components of the infrastructure needed for PCCD Efficacy for Success to become established and grow already exist or are emerging at the state, district, college, and program levels. These necessary components include basic underlying framework of policies, financial and human resources, information technology, research and planning, organizational structures, and communication channels. In Fall 2018, District Academic Affairs provided a multi-year instrument based on the new Student Centered Funding Formula (SCFF) in alignment with District targets for growth. This instrument includes goals to increase growth in the Basic, Supplemental, and Student Success Allocations. The four colleges and the District Office are utilizing this instrument to engage faculty in conversations about growth in relation to the new funding formula. Furthermore, this instrument has been utilized in shared governance committee meeting.

Major Plans/vehicles contribute to PCCD’s Efficacy for Success are: Student Centered Funding Formula, Guided Pathways, Enrollment Management Plans, Student Services Information Technology Plan, Distance Education Plans, and program review/Annual Program Update (APU).

**Guided Pathways.** All four PCCD colleges have robust Guide Pathways taken place on campus[[4]](#endnote-2). The colleges have taken an integrated, institution-wide approach to student success, driven by evidence and intently focused on helping students move from entry to attainment of their educational and employment goals. The main purpose of the Guided Pathway is to enable each and every student going through his/her college education easier and faster with well-designed guidance and support services. For example, the colleges have begun to create new and/or revise existing career exploration across the curriculum to be aligned with students’ interest areas, so that students do not have to go through a maze in order to identify a major and to reach their college goals.

**Enrollment Plans.**

**Distance Education Plans.**

**Student Centered Funding Formula.** In comparison with the three plans mentioned above, SCFF is the newest and still evolving plan. Nevertheless, this fourth plan could be the most important plan of PCCD Efficacy for Success. The State Chancellor’s Office uses this Formula to distribute revenues to PCCD in order to support its resources: financial, technology, facility, and personnel, so that the district as well as the four colleges could update, upgrade, and expand support and services for student success.

**Responding Action: Establishing a Student Success Infrastructure Plan to comply with the**

**Student Centered Funding Formula**

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| PCCD Strategic Goals:   * Advance Student Access, Equity, and Success * Engage and Leverage Partners * Build Programs of Distinction * Strengthen Accountability, Innovation and Collaboration * Develop and Management Resources to Advance Our Mission |
| **Responding Action: PCCD Student Success Infrastructure.** Establishing a Student Success Infrastructure Plan to comply with the Student Centered Funding Formula |
| **Action: Staff Development.** To masterthe Efficacy for Success with a thorough understanding of SCFF, all involved PCCD members should participate in the [Webinar Series](http://extranet.cccco.edu/Divisions/FinanceFacilities/StudentCenteredFundingFormula.aspx) offered by CCCCO Division of Finance, in addition to other districtwide or college trainings, as well as become familiar with [California Community Colleges Vision for Success.](http://californiacommunitycolleges.cccco.edu/portals/0/reports/vision-for-success.pdf) Diving into the [SCFF Data Dive-Deep](http://extranet.cccco.edu/Portals/1/CFFP/Fiscal_Services/SCFF/SCFFDataDeep-DiveWebinar100818d.pdf) will assist PCCD members in comprehending how the funds are calculated and what could the District do to maintain or earn more revenues in future years.  **Action: Program Review/APU**. To enhance/retrofit the PCCD Efficacy for Success’ foundation, the District and its four colleges will incorporate Efficacy for Success accountability measures at [the state level](http://californiacommunitycolleges.cccco.edu/portals/0/reports/vision-for-success.pdf) and/or at the district level, when appropriate, into annual program review/APUs so that all offices and services could assess their progress toward achieving these goals regularly.  **Action: Coordination**  **Action:** . |
| Timeline: Completion of the draft Plan, May 2019; Update and Implementation: On-going |
| Responsible Leads: VCAA, VCSS, VC of Finance and Administration, College Presidents, VPIs, VPSSs. |

1. PCCD maintains its Bond and Parcel Tax Measures by following Financial Planning Principles:

   2. Each district will adequately safeguard and manage district assets to ensure the ongoing effective operations of the district. Management will maintain adequate cash reserves, implement and maintain effective internal controls, determine sources of revenues prior to making short-term and long-term commitments, and establish a plan for the repair and replacement of equipment and facilities.

   10. District management will have a process to evaluate significant changes in the fiscal environment and make necessary, timely, financial and educational adjustments. [↑](#footnote-ref-1)
2. PCCD develops responding actions by following Financial Planning Principles including:

   10. District management will have a process to evaluate significant changes in the fiscal environment and make necessary, timely, financial and educational adjustments.

   11. District financial planning will include both short-term and long-term goals and objectives, and broad-based input, and will be coordinated with district educational planning. [↑](#footnote-ref-2)
3. PCCD assessed the Ecological Systems Theory developed by Bronfenbrenner & Morris, and adopted a simplified model to address its Student Success Infrastructure Plan. [↑](#endnote-ref-1)
4. Please see [COA Guided Pathways](http://alameda.peralta.edu/office-of-research-planning-and-institutional-effectiveness/guided-pathways/), [↑](#endnote-ref-2)