

Peralta Community Colleges

Integrated Financial Plan

2019-2024

A Working Document

PCCD Integrated Five-Year Financial Plan

Review Schedule

District Participatory Governance Council (PGC)

District Planning and Budgeting Council (PBC)

February 22, 2019

March 8, 2019

March 22, 2019

April

April

Districtwide Shared Governance

March 8, 2019

March 22, 2019

April

April

PCCD Board of Trustees

April 9, 2019

April 23, 2019

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Table of Contents

Peralta Community Colleges Mission and Strategic Goals

Executive Summary

Chapter 1. Introduction…………………………………………………………….10

 Abstract

 The District and Its Service Area

 District Shared Governance Structure

Chapter 2. PCCD’s Budget Allocation Model and Annual Budget Development Process…………………………………………………………………..19

 Abstract

Budget Allocation Model (BAM)

 Annual Budget Development Process

Chapter 3. Five-Year Integrated Financial Plan: Background, Principles, and Assumptions…………………………………………………………….23

 Abstract

Background

 Principles for Integrated Financial Planning

 Five-Year Budget Assumptions

Chapter 4. Revenues – 2017/18 Base Year and Five-Year Forecast……………….30

 Abstract

Key Funding Sources

 Five-Year Estimated Forecast

 Strengths and Challenges

 Committed Actions

 Establishing FTES Target

 Updating and Upgrading Enrollment Plan

 Establishing a Student Success Infrastructure Plan

Chapter 5. Obligated Expenditures - 2017/18 Base Year and Five-Year Forecast..47

 Abstract

Unrestricted General Fund Expenditures

 Restricted Obligated Expenditures

 Strengths and Challenges

 Committed Actions

 Developing a Board Policy to Adopt Sustainable

 Fund Balances and Reserves

Establishing Strategies to Improve the Management of the

 OPEB Debt

Establishing Guidelines to Reduce Operational Overspending

 and Eliminate the Structural Deficit

Chapter 6. Financial Management and Administration…………………………….58

 Abstract

 Strengths and Challenges

 Committed Actions

 Adopting a Restructuring Plan to Improve Efficiencies

 And Accountability at both the District and College Levels

Analyzing Executive-Level Staff Turnover

 and Recommending Retainment Strategies

Addressing all 2017/18 Audit Findings

Chapter 7. Integrated Institutional Effectiveness and Resources Allocation Plan…..70

 Abstract

PCCD Integrated Planning and Resource Allocation Diagram

Chapter 8. Process Evaluation……………………………………………………..74

**Mission**

**We are a collaborative community of colleges.**

Together, we provide educational leadership for the East Bay, delivering programs and services that sustainably enhance the region’s human, economic, environmental, and social development. We empower our students to achieve their highest aspirations. We develop leaders who create opportunities and transform lives. Together with our partners, we provide our diverse students and communities with equitable access to the educational resources, experiences, and life-long opportunities to meet and exceed their goals. In part, the Peralta Community College District provides accessible, high quality, educational programs and services to meet the following needs of our multi-cultural communities:

* + - Articulation agreements with a broad array of highly respected Universities;
		- Achievement of Associate Degrees of Arts and Science, and certificates of achievement;
		- Acquisition of career-technical skills that are compatible with industry demand;
		- Promotion of economic development and job growth;
		- Foundational basic skills and continuing education;
		- Lifelong learning, life skills, civic engagement, and cultural enrichment;
		- Early college programs for community high school students;
		- Supportive, satisfying, safe and functional work environment for faculty and staff; and
		- Preparation for an environmentally sustainable future.

**Strategic Goals**

* + Advance Student Access, Equity, and Success
	+ Engage and Leverage Partners
	+ Build Programs of Distinction
	+ Strengthen Accountability, Innovation and Collaboration
	+ Develop and Manage Resources to Advance Our Mission

Executive Summary

Peralta Community Colleges’ Integrated Financial Plan, 2019-2024, was developed to provide the District and its four colleges with one document, which outlines the processes adopted by the District through shared governance to provide effective budgetary decision-making including all long-range financial commitments. This Plan utilized the most recent actual budget information (FY 2017/18) as the baseline for analysis, and all known funding trends from the State and Local sources to project revenues and potential expenditures in order to assist PCCD in developing funding strategies for a five-year time frame.

The newly introduced [Student Centered Funding Formula (SCFF)](http://extranet.cccco.edu/Divisions/FinanceFacilities/StudentCenteredFundingFormula.aspx) by the State is one of the main forces behind the development of this Integrated Financial Plan. 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…” SCFF generally uses three allocations:

* Based Allocation[[1]](#footnote-1) – current factor (primarily in-state credit FTES)
* Supplemental Allocation – counts of low-income students, including Pell grant recipients, California College Promise Grant 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)[[2]](#footnote-2), with “premiums” for outcomes of low-income students

**Student Centered Funding Formula (SCFF)[[3]](#footnote-3)**

The other major force behind the development of this Plan was that the District has been experiencing various financial challenges. The primary challenges include the declining resident FTES, material weakness and significant deficiencies discovered through Independent Audit Findings, outstanding OPEB liabilities, high executive level staff turnover, and districtwide structural deficit. As shown in the table below, without any intervention to take on these challenges, PCCD will experience a budget deficit this year and the next five years to come.

Unrestricted General Fund Projections[[4]](#footnote-4)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|   | Amended Budget | Fiscal Year | Fiscal Year | Fiscal Year | Fiscal Year | Fiscal Year |
|   | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| Revenue Total | 153,129,619  | 151,726,101  | 154,687,952  | 155,548,277  | 155,548,277  | 155,548,277  |
| Total Expenditures | 153,551,507  | 152,042,829  | 156,647,312  | 157,495,190  | 157,991,296  | 163,135,130  |
| Forecasted Balance | (421,888) | (316,728) | (1,959,360) | (1,946,913) | (2,443,019) | (7,586,853) |

Facing both opportunities and crisis, the District Office, together with the four colleges, has been developing and will continue to proactively developing and implementing action plans to reverse this forecasted financial trend. Several aspects of this Plan have already been implemented in the 2018/19 academic year resulting in increased enrollment: online enrollment (in percentage) from 19% in 2011/12 to 30% in 2016/17, and dual enrollment (in number) from 250 in Fall 2015 to 1,709 in Fall 2018. Meanwhile, the number of Career Development and College Preparation (CDCP) certificate has grown from 0 in 2014 to 11 in the fall of 2018, with an additional 18 CDCP certificates in the approval process locally and at the State.

The ultimate goal of this districtwide Integrated Financial Plan is three-fold:

First, increasing revenue – 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.

Second, reducing unnecessary operational expenditures – the District plans to trim down its expenditures through:

* developing and implementing a new Board Policy to increase the reserve ratio from the previous 5% to 10%,
* improving the management of its OPEB debt, and
* reducing operational overspending and to eliminate the structural deficit.

Third, applying sound financial management and administration - the District will reach this goal by:

* practicing effective oversight of its finances and improving its internal control system by adopting a restructuring plan to improve efficiencies and accountability at the District Office as well as at the four colleges,
* addressing all audit findings, and
* developing and implementing a plan to retain executive level administrators so that they may exercise their leaderships with few disruptions.

This Five-Year Integrated Financial Plan includes timelines and milestones for each of the nine committed actions that are capable of being addressed in subsequent reports for evaluation and improvement. In addition, this Financial Plan is not a stand-alone plan, it is linked and fully integrated with other major districtwide plans. Guided by its Mission, PCCD’s planning, resource allocation, implementation, and evaluation occur on an ongoing basis through its shared governance and operational structures in an incorporated and inter-related fashion. Annually, the District assures the effectiveness of its ongoing planning and resource allocation processes by systematically reviewing and modifying, as appropriate, all parts of the process cycle.

Based upon this Integrated Financial Plan that contains committed actions that are designed to meet financial challenges, PCCD will facilitate its decision-making regarding how it could further accomplish its Mission through personnel management, budgeting obligated expenses, and maintaining positive cash flow in order to accomplish its Efficacy for Student Success.

Chapter 1

Introduction

Abstract

PCCD has a rich history with an engaged shared governance process, it serves a diverse community and provides educational opportunities to multiple cities in close proximity. The direct correlation between the decreasing unemployment rate and decreasing enrollment has had a dramatic impact on PCCD’s declining FTES in recent years. In spite of the overall decline, there are areas of enrollment that have increased where along with revised Strategic Enrollment Management plans that focus on effectively maximizing the Student Centered Funding Formula, PCCD proposes ways to reverse the decline and thereby increase the Basic, Supplemental and Success allocations.

**The District and its Service Area**

**About the District.** Founded in 1964, the Peralta Community College District (PCCD) is a collaborative community of colleges comprised of Berkeley City College (BCC), College of Alameda (COA), and Laney and Merritt colleges in Alameda County, California. The four Peralta Colleges provide a dynamic multicultural learning environment offering accessible, high-quality educational programs and services, including two-year degrees, certificates and university transfer programs, to students from the San Francisco Bay Area. According to the 2000 Census, [PCCD’s primary service area](http://web.peralta.edu/trustees/files/2011/06/Area-Map-and-Descriptions.pdf) had over 615,000 residents. The District has a reputation for developing effective approaches to serve the varied educational and career preparation interests and needs of its vibrant community. The District in general serves over 25,000 students a semester while the majority of whom (68%) are part time. PCCD’s student population is very diverse and mirrors the surrounding community. Roughly 28% are Hispanic/Latino, 24% Asian American, 20% African American, 17% white (non-Hispanic) and remaining as displayed in Chart X below.

Chart 1

Fall 2018 PCCD Student Population by Ethnicity

Source: CCCCO Datamart

According to State’s SCFF data, slightly less than 50% of the PCCD student body in 2016/17 was categorized as low-income students[[5]](#footnote-5). CA Promise Grant Recipients represented 32% of the student body, followed by 15% Pell Grant Recipients, and 1% AB 540 Students (Table X).

Table 1

2016/17

PCCD Pell Grant, CA Promise Grant, and AB 540

Student Headcount



Similar to enrollment trends at colleges and universities in general, the district’s enrollment pattern fluctuates. For example, PCCD’s total full-time equivalent student (FTES) [[6]](#footnote-6)over the last ten years dropped from its peak, 24,252 in AY 2009/10 to 20,307 in AY 2017/18. This drop represents a 16.2% decline in FTES (Chart X).

Chart 2

Total PCCD FTES, Ten Year Trend

between AY 2008/09 and AY 2017/18

Source: CCCCO Data Mart

**PCCD’s Major Service Area**. The four PCCD colleges are easily accessible for current and potential students from the Bay Area. While both BCC and Laney are half a block away from a Bay Area Rapid Transit (BART) station, COA and Merritt are only one AC Transit bus ride away from downtown Oakland. While offering similar courses for their students to fulfill general education requirements, the four colleges offer unique academic and career programs for PCCD students to pursue their different professional pathways. The close proximity of the four PCCD colleges leads to a high rate of “[student swirl](https://sr.ithaka.org/blog/the-student-swirl-becoming-more-of-a-norm-in-higher-ed/)”; 53% of students within the district attend more than one of the four PCCD colleges, 23% attend two or more PCCD colleges within the same semester.

The Bay Area has been experiencing an exponential economic growth for more than one decade. While the San Francisco Bay Area is considered to be the global hub of various growing industry, the East Bay is one of the hubs for renewable energy nationwide and one of the biggest adopters of and markets for solar technology in California. Alameda County is at the heart of the East Bay Green Corridor. [The Bay Area Council Economic Institute](http://www.bayareaeconomy.org/) predicts that the Bay Area labor market will continue to outperform the rest of the state and the nation. [Business Insider](https://www.businessinsider.com/san-francisco-area-best-us-economy-2018-4), in April 2018, ranked two Northern California metros — San Francisco-Oakland-Hayward and San Jose-Sunnyvale-Santa Clara — as the places with the best economy in the country. According to the [San Francisco Area Economic Summary](file://D:\Financial%20Planning\San%20Francisco%20Area%20Economic%20Summary•Over-the-year%20changes%20in%20employment%20on%20nonfarm%20payrollsand%20employment%20by%20major%20industry%20sector%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20%20Source:%20U.S.%20BLS,%20Current%20Employment%20Statistics.Average%20weekly%20wagesfor%20all%20industries%20by%20countyUnemployment%20ratesfor%20the%20San%20Francisco%20area,%20selected%20area%20counties,%20and%20the%20nation0.00.51.01.52.02.53.03.54.04.5Dec-15Dec-16Dec-17Dec-18PercentSan%20Francisco%20areaUnited%20StatesSource:%20U.S.BLS,%20Current%20Employment%20Statistics.12-month%20percent%20changes%20in%20employmentThis%20summarypresents%20a%20sampling%20of%20economic%20informationfor%20the%20area;supplemental%20data%20are%20provided%20for%20regions%20and%20the%20nation.%20Subjects%20include%20unemployment,%20employment,%20%20wages,%20%20prices,%20%20spending,and%20benefits.All%20data%20arenot%20seasonally%20adjusted%20and%20some%20may%20be%20subject%20to%20revision.%20Area%20definitions%20may%20differ%20by%20subject.%20For%20more%20area%20summaries%20and%20geographic%20definitions,%20see%20www.bls.gov\regions\economic-summaries.htm.2.0%202.2%203.0%202.8%202.5%203.7%202.), January 31, 2019, the unemployment rates in both San Francisco area (2.7) and Alameda County (3.0) are lower than the national rate of 3.9. Furthermore, the [Bay Area Economic Institute](https://www.nbcbayarea.com/news/local/Bay-Area-Economy-is-Now-19th-Largest-in-the-World-487828891.html) announced in July 2018, if the Bay Area were its own country, its economy would rank 19th in the world. At better than four percent economic growth, the Bay Area economy doubles the national average.

**Community College Enrollment and the Economy[[7]](#footnote-7).** Community college enrollment and the regional economy tend to have a reverse relationship. While celebrating the country’s recent economic growth being the nation’s second longest, according to [Bloomberg](https://www.bloomberg.com/news/articles/2018-05-01/as-u-s-expansion-hits-endurance-milestone-here-s-what-s-next), along with many other Bay Area multi-college districts, PCCD has been struggling with enrollments in recent years (Table X). Over the last three years, facing declining enrollment, the District has had to employ a mixture of allowable strategies, stabilization and borrowing, just to meet the base.

During the same three-year period, credit FTES of most of the Bay Area districts also experienced dynamic changes, as suggested in Table X below.

Table 2

Bay Area Community College District Three-Year Credit FTES[[8]](#footnote-8) Trends,

in Comparison with CCCCO

|  |  |  |
| --- | --- | --- |
|  | Credit FTES | Credit FTES |
| Chabot-Las Positas CCD | 2.38% | 0.41% |
| Contra Costa CCD | -1.48% | -0.01% |
| Foothill CCD | -3.06% | -6.95% |
| Los Rios CCD | -3.29% | -0.30% |
| Peralta CCD | -5.89% | -0.12% |
| San Francisco CCD | -14.56% | 21.85% |
| San Jose CCD | 0.06% | 4.79% |
| San Mateo CCD | 0.42% | -2.04% |
| West Valley CCD | -8.59% | -6.08% |
| Marin CCD | -2.09% | -2.72% |
| Ohlone CCD | 2.06% | -7.42% |
| CCCCO | -0.26% | -0.17% |

Source: CCCCO Data Mart

**PCCD’s Proactive Enrollment Strategies.** In spite of this reality, PCCD is engaged in a constant analysis and activities to reverse the declining enrollment trend. The following tables are explained in depth in the District and college Enrollment Management Plans.

Importantly, in this era of declining enrollment, there are key areas of growth that have assisted in negating the full impact of the decline. These growth areas include, but are not limited to, dual enrollment, CDCP noncredit and online instruction. These and other areas continue to be the focus for growth, especially in light of the Student Centered Funding Formula which pays the enhanced rate ($5,457 per FTES) for dual enrollment and CDCP noncredit.

*Dual enrollment*: Initiated prior to this legislation, the number of dual enrollment students has increased from 250 in fall 2015 to 1,709 in fall, 2018. For the fiscal year 2018-2019, the State used 2017-2018 data. This resulted in 1,093 dual enrollment FTES, adding over $6 million dollars to PCCD allocation.

*Online instruction*: The percentage of students taking online instruction increased from 19% (2011-2012) to 30% in 2016-2017. This includes an increase of 6% who were students taking online instruction for the first time and 17% who were outside of the PCCD service area. Notably, FTES for distance education courses has increased to almost 20% of the district FTES total, counteracting a significant decline in FTES for traditional courses.

*CDCP noncredit*: A focus on CDCP noncredit was initiated in PCCD when the State began offering full apportionment in 2014 (SB 860). To date the number of CDCP noncredit certificates has grown from 0 in 2014 to 11 in the fall of 2018, with an additional 18 CDCP certificates in the approval process locally and at the State. As noted in the PCCD Strategic Enrollment Management Plan, the expected revenues in the Basic Allocation of the SCFF from these efforts is projected as follows:



PCCD intends to support these growth areas through strategies such as the following:

* *Increase the number of CDCP noncredit program partnerships* – As stated in its recent Noncredit Plan for Development (add hyperlink), Peralta will expand existing partnerships with Community Based Organizations and work in collaboration with adult schools in its service area.
* *Increase distance education course offerings across the district* – By providing more online and hybrid course options, especially in noncredit and dual enrollment areas, Peralta will support responsible growth that helps students complete programs, credentials, and certificates, and that addresses local workforce needs.
* *Increase online student retention and success rates to the same levels as the retention and success rates for students[[9]](#footnote-9) in face-to-face classes* – It is not enough to increase enrollments in online courses. Peralta recognizes the change in funding emphasis—from enrollment to completion—and is taking the necessary steps to address achievement gaps for specific groups of online learners across the district. By doing so there is a potential multi-year ability to retain 1,699 students. As Distance Education continues to expand this becomes even more important and in light of the SCFF the impact is further enhanced fiscally in that increased retention, persistence and completion.

**District Shared Governance Structure**

Shared governance is central to the PCCD decision making process and key to all financial planning. This process is called the [**Planning and Budget Integration Model**](http://web.peralta.edu/pbi/) **(PBIM).** The PBIM utilizes a participatory governance model for operational planning and resource allocation that integrates the four key elements of the strategic planning cycle districtwide:

• Planning

• Budgeting

• Resource allocation

• Evaluation

PBIM relies upon its strategic planning processes as the foundation for integrating planning and budgeting. Strategic planning includes the District Strategic Plan and planning for Academic Affairs, Student Services, Facilities, Information Technology, Human Resources, Enrollment Management, and Fiscal Resources. The colleges, working in partnership with the District Service Centers, have the primary responsibility for developing educational and resource plans that meet the needs of students.

**PBIM Committees.** PBIM communities include Academic Affairs and Student Services Committee, Enrollment Management Committee, Technology Committee, and Facility Committee. Among the primary PBIM committees, three districtwide committees assume the major responsibility for analyzing enrollment and financial issues, developing strategies to take on the challenges, and coordinating with the four colleges for implementation.

[**District Participatory Governance Council**](http://web.peralta.edu/pbi/participatory-governance-council/) **(PGC).** To enhance districtwide communication and decision-making process, PCCD has recently established a District Participatory Governance Council (PGC) that serves as the primary districtwide advisory review body pertaining to major participatory governance issues affecting the Peralta Community College District and assures the broad dissemination of information to constituent groups. All District PBIM Committees report to the District Participatory Governance Council. Specifically, the District Participatory Governance Council will:

1. Advise the Chancellor on matters referred by the respective Colleges and/or other standing Councils or Committees;
2. Advise the Chancellor on matters relating to the development or revision of Board Policy/District Administrative Procedures;
3. Review and make recommendations regarding the ongoing implementation of and ongoing assessment of the District’s Strategic Goals and Institutional Objectives;
4. Advise the Chancellor on district-wide operational targets and goals to achieve the District’s Strategic Goals and Institutional Objectives;
5. Review and make recommendations regarding PCCD’s integrated improvement plans to achieve the District’s Strategic Goals and Institutional Objectives;
6. Review and make recommendations regarding the progress and effectiveness of PCCD’s integrated improvement plans;
7. Assure collaboration among the Colleges to address and maintain Accreditation Standards;
8. Identify district-wide issues for discussion and follow-up, and make referrals to other PBIM Committees;
9. Review and update, as needed, delineation of functions between the District Service Centers and the four Colleges;
10. Review and make recommendations regarding advocacy of community college issues at the local, state, and national levels; and,
11. Monitor and evaluate the overall effectiveness of PBIM.

[District Planning and Budgeting Council (PBC).](http://web.peralta.edu/pbi/planning-and-budget-committee/) PBC serves as the primary participatory governance body for the Peralta Colleges, and is responsible for overseeing districtwide planning activities. PBC provides guidance and input in the annual budget planning process, including recommendations of districtwide budgeting assumptions. It is also charged with the development, recommendation and monitoring of the Five-Year Integrated Financial Plan – the first iteration of a long-term financial plan.

PBC receives and reviews recommendations that have been forwarded from the PBIM committees and makes final recommendations to the District Participatory Governance Council. Recommendations include educational and resource priorities, Board Policies and Administrative Procedures, and new initiatives. PBC will continue to:

1. Affirm consistency with strategic and educational plans;
2. Recommend a coordinated, district-wide planning approach;
3. Recommend a prioritization of plans across subject areas and the four Colleges;
4. Identify funding approaches to support priorities;
5. Provide oversight on the implementation of the Strategic Plan.
6. Track recommendations and determine whether the recommendations are implemented including any modifications, or if the recommendations are not implemented, the reasons for not being implemented;
7. Ensure accountability in district-wide planning by determining whether the agreed upon steps in the process were followed; and,
8. Make recommendations to the District Participatory Governance Council and to the Chancellor for alternative uses of unrestricted revenue.

[**District Academic Affairs and Student Services Committee (DAASSC).**](http://web.peralta.edu/pbi/district-academic-affairs-and-student-services-committee/) The DAASSC serves to coordinate district-wide instructional goals and student support services to promote student success, sustain academic quality, and to continuously evaluate and make improvements. This committee ensures the broad dissemination of information to constituent groups. DAASSC makes recommendations to the Planning and Budgeting Council (PBC) to:

1. Review issues and make recommendations pertaining to academic affairs and student services across the four Colleges.
2. Seek collaborative solutions that use resources across the Colleges and District Service Centers;
3. Ensure consistency among College requests;
4. Coordinate and monitor the effectiveness of academic affairs and student services policies and procedures;
5. Stay current on legislative and regulatory proposals and new funding streams that may impact College and district-wide programs;
6. Use a systems approach to ensure optimal capacity and to avoid redundancy of effort; and,
7. Help to establish new services, as needed, among the Colleges pertaining to instruction and student services.

Chapter 2

Annual Budget Development Process, Responsibility Delineation,

and Budget Allocation Model (BAM)

Abstract

PCCD follows an approved Budget Development timeline that assures timely communication and protocols. The core principles supporting the current Budget Allocation Model (BAM) include being easy to understand, remaining consistent with the state’s SB361 funding model, affording for financial stability, specifying a reserve in accordance with Board policy, providing clear accountability, allowing for periodic review and revision, utilizing conservative revenue projections, maintaining autonomous decision-making at the college level, supporting necessary centralized services, and being responsive to the District’s and colleges’ planning processes.

**Annual Budget Development Process**

Each year, the annual budget building process begins with updating a list of Tentative Budget Assumptions, which are used in developing the adopted budget. As more detailed information is received from the Office of the Governor and the State Chancellor’s Office, the assumptions are adjusted accordingly. These budget assumptions are categorized in three ways: General Assumptions, Revenue Assumptions, and Expenditure Assumptions. The 2018/19 Budget Assumptions are listed in the [2018/19 Adopted Budget](http://web.peralta.edu/business/files/2018/09/FY19-Annual-Budget-Book.pdf), pages 7-8, for example.

In the Peralta Community College District, the integrated budgeting and planning processes and the participatory governance structure support transparency and commitment to continuous educational improvement. Information about financial resources and management is widely available to PBIM committees whose meetings are open to the public, to the colleges, and to the larger community. The [Annual Budget](http://web.peralta.edu/business/annual-adopted-budget/) is posted online once approved by the Board of Trustees. PCCD develops and publishes its Annual Budget Development Calendar. For example, the [2018/19 Integrated Planning and Budget Development Calendar](https://www.berkeleycitycollege.edu/wp/busserv/files/2017/10/integrated-planning-budget-calendar-2018-19.pdf) is posted on the PCCD Office of Finance and Administration homepage.

**Delineation of Functions**

The PCCD Function Map is intended to illustrate how the four colleges and the District Office manage the distribution of responsibility by function. It is based on the Policy and Procedures for the Evaluation of Institutions in Multi-College/Multi-Unit Districts or Systems of ACCJC/WASC. It was produced as the result of a collaborative process among the four Colleges and the District Office. The Function Map includes indicators that depict the level and type of responsibility, as shown online.

**PCCD Budget Allocation Model (BAM) for Unrestricted General Fund Allocation**

In August 2010, the [District Planning and Budgeting Council](http://web.peralta.edu/pbi/planning-and-budget-committee/) took up the task of developing a [budget allocation model for the District’s unrestricted general fund](http://web.peralta.edu/business/finance-contacts/forms), and subsequently adopted BAM in May 2011. The purpose of creating the BAM was twofold: first, to move to a model that would better serve the colleges, and second, to fully respond to previous accreditation recommendations. Previous resource allocation methods relied almost exclusively on prior year allocations being carried forward and provided minimal linkages between revenues and expenditures. The core principles supporting the current BAM, revised four times after its initial implementation, including:

* being simple and easy to understand,
* remaining consistent with the state’s SB361 funding model,
* affording for financial stability,
* specifying a reserve in accordance with Board policy,
* providing clear accountability,
* allowing for periodic review and revision,
* utilizing conservative revenue projections,
* maintaining autonomous decision-making at the college level,
* supporting necessary centralized services, and
* being responsive to the District’s and colleges’ planning processes.

BAM, a revenue-based funding model, allocates resources to the four colleges in a similar manner as received by the district. Overall, the District relies primarily on the general unrestricted fund revenues, which are distributed to the four colleges, the District Office, and centralized services. College allocations are adjusted up or down based on increases/decreases in their three-year rolling average numbers of FTES.

**Base Allocation**. Each college receives an annual base allocation. The base revenues for each college are the sum of the annual basic allocation, credit base revenue and non-credit base revenue, including revenues to be received from SCFF.

**Credit Base Revenue**. Credit Base Revenue equals to the funded base credit FTES rate subject to cost of living adjustments (COLA) if funded by the State. To provide stability and aid in multi-year planning, funded credit FTES is based upon the three-year enrollment FTES average. This method assists in mitigating significant swings/shifts in credit FTES per college and associated resources.

**Non-Credit Base Revenue**. Non-credit base revenue shall be equal to the funded base non-credit FTES rate subject to COLA if funded by the State. To provide stability and aid in multi-year planning, funded non-credit FTES is also based upon the three-year enrollment FTES average with the goal of mitigating significant swings/shifts in non-credit FTES per college and associated resources.

**Unrestricted Lottery.** Projected revenue is distributed to the four colleges on a per-FTES basis.

**Apprenticeship**. Revenue is distributed to colleges as earned and certified through hours of inspection.

**Measure B Parcel Tax**. Measure B is a special parcel tax measure approved by the voters on June 5, 2012. The approval provided the District with an annual parcel tax on all parcels located within the District’s boundaries of $48 per parcel per year for the duration of 8 years. It is anticipated that annual receipts will be approximately $7.5 million. The funding is restricted in nature and can only be used for maintaining core academic programs, such as Math, Science, and English; training students for successful careers; and preparing students to transfer to four-year universities. All monies collected are accounted for separately (Fund 12) and expended only for those specified purposes above and allocated to the colleges in the manner consistent with BAM. The monies collected cannot be used to pay administrators’ salaries or benefits nor will they be used to fund programs or purposes other than those listed above. The Parcel Tax has been reviewed at the close of the prior fiscal year as part of the closing process by the District Office of Finance and Administration. If the amount collected does not accurately reflect the projected budget amounts for the current fiscal year, the amount will be updated within the college allocations.

**Distribution of New Resources**. Distribution of new resources is first allocated to non-discretionary budgets and then to discretionary budgets. Non-discretionary budgets are those that support the salaries and related benefits of permanent positions within the funded budget. Discretionary budgets consist of hourly personnel, supplies, materials, services, and capital equipment budgets.

**Staffing -** **Faculty (FT, PT), Classified, and Administration.** Staffing budgets are funded within the allocation model as components of the respective college’s and district’s non-discretionary budgets.

**Regulatory Compliance.** PCCD’s budget allocation meets regulatory compliance, including FON, 50% law, Student Fees, and Contracted District Audit Manual.

**Non**-**Resident Enrollment Fees**. The budgets attributed to revenues from out-of-state and international students are allocated to each college in proportion to the FTES generated at each college from the out-of-state and international students.

**Growth.** To the extent that new growth funds are provided by the State of California, growth will be allocated on the basis of FTES. The amount per college will be dependent upon generation of funded FTES and the achievement of productivity targets.

**Productivity.** Under the provisions of Senate Bill 361 (SB 361), state apportionment is primarily driven by FTES workload measure. One such workload measure used is productivity that is generally defined by the number of FTES generated per Full-Time Equivalent Faculty (FTEF). PCCD has set the productivity target of 17.5 FTES/FTEF for its four colleges. For any year in which the State funds growth, approximately one half (50%) of all growth dollars funded and received in the current fiscal year from the State is allocated to the four colleges in proportion to the FTES generated by that college to the District’s total funded FTES, while the other 50% is allocated to the college(s) that meet or exceed established productivity targets.

**Regulatory Costs – OPEB**. Beginning fiscal year 2010/11, the District implemented, as a piece of the revised OPEB strategy, an OPEB charge of 12.5% to each position salary to be used to assist with funding the unfunded actuarial accrued liability of $221 million (per Bartel and Associates’ report dated 3/21/2011). The application of this employer paid benefit charge is consistent with guidance provided by both the United States Department of Education and the California Department of Education. The annual charge, in 2018/19 of 7.5%, is based upon an approved actuarial study and may fluctuate based upon revised actuarial studies.

**Assessment for Centralized Services.** Expenses for centralized services are allocated to each college, again based on the three-year rolling average of FTES. Some of these centralized services occur within the District service centers that provide the colleges, and the District as a whole, support in functional areas that are specifically not located at the colleges, while other centralized services occur within centralized service centers – departments which are physically located at the respective colleges with personnel assigned, but for which the budgets have been centralized for cost efficiency and accountability purposes. In total, there are 18 centralized district services.

**Other Factors.** BAM also illustrates allocations for multi-year information technology (IT) expenditures, for facilities, and for maintenance and operation expenditures; it also describes the use of carryover, apportionment revenue adjustment, summer FTES, and how to shift resources among colleges. For details, please see PCCD BAM.

Chapter 3

PCCD Five-Year Integrated Financial Plan:

Background, Guiding Principles, and Budget Assumptions

Abstract

PCCD’s four Colleges are accredited by ACCJC. Annually the Colleges submit their Annual Financial Reports to the Commission. The guidelines for the development of this Five-Year Integrated Financial Plan include the new Student Centered Funding Formula, Ed. Code, Title 5 Section 58311, and PCCD’s budget development guiding principles and assumptions.

**Background**

The Peralta Community College District, including Berkeley City College, College of Alameda, Laney College, and Merritt College, are accredited by the [Accrediting Commission for Community and Junior Colleges (ACCJC)](https://accjc.org/). The development of this Five-Year Integrated Financial Plan addresses the ACCJC’s requirement for “[Institutional Fiscal Data and Updated Requirements for Evidentiary Documents.](https://accjc.org/publications/)” By developing a five-year financial plan, guided by the 12 Principles for Integrated Financial Planning and based upon six general budget assumptions listed below, PCCD also adheres to the accreditation standards informed by ACCJC.

Per adopted Board policy, PCCD and its four colleges are required to submit an Annual Financial Report (AFR), including the districtwide annual audit, to be reviewed and approved by its Board, and then submitted to AACJC, Western Association of Schools and Colleges. The purpose of AFR is to monitor the fiscal condition of Peralta Colleges in accordance with federal requirements and to enable ACCJC to identify financial risks at both the district and college levels. Based upon data submitted through AFR, AACJC assesses Peralta’s institutional finances through a Composite Financial Index (CFI) using several major factors: Primary Reserve Ratio, Net Operating Revenue Ratio, Salary and Benefit percentages, enrollment changes, default rates on Federal Student Loans, audit reports, and other relevant financial information. After reviewing data in the PCCD’s 2018 AFR, ACCJC requested the district develop a long-term financial plan in order to address several major financial risk factors. In response to this request, PCCD immediately answered this call for action.

The second main force behind the development of this Five-Year Plan is the pending budget deficit that has been projected by PCCD’s Office of Finance and Administration. Without any intervention, the District and its four colleges will experience a declining fund balance this year and the next five years to come. Over a period of two academic years (2016-2018), the enrollment at the four PCCD colleges failed to meet its FTES target. The net impact of this decline was a reduction of state apportionment funding of $4.9 million. As a result of this decline in funding, the District froze $4.5 million in vacancies during the current fiscal year (2018-2019) and has set an initial target of $12 million for ongoing overall reductions. Furthermore, the District and the four colleges augmented the existing District participatory governance meetings to adopt an Integrated Financial Plan, 2019-2024, by May 2019.

The newly introduced [Student Centered Funding Formula (SCFF)](http://extranet.cccco.edu/Divisions/FinanceFacilities/StudentCenteredFundingFormula.aspx) by the State is another main force behind the development of this Integrated Financial Plan. SCFF gradually shifts funding away from the current Base Allocation model that is primarily Resident Credit FTES based to a funding formula including FTES as well as student equity and student success. In addition to the publication and implementation of SCFF, the bill[[10]](#footnote-10) also requires the District:

* Establish PCCD Student Success Goals that are aligned with the Vision for Success Goals, and
* Develop Comprehensive Institutional Plans that are aligned with PCCD/College Success Goals with Annual Budget/SCFF.

The District and its four Colleges have developed comprehensive plans aligning Success Goals at the State, District and Colleges levels, with the Student Center Funding Formula. PCCD believes that through updating, upgrading and implementing strategies identified in its multiple Plans will increase its SCFF revenues. Tables X presents a simple illustration as how success goals at the State and District/college levels aligning with PCCD’s Institutional Plans and SCFF.

Table 3

Success Goals at the State and District/College Levels Aligning with Institutional Plans and SCFF

|  |  |  |
| --- | --- | --- |
| SCFF Category | PCCD and College Plans | Impact |
| Base Allocation | FTES TargetEnrollment Management Plan | Increase overall FTES through establishing realistic FTES targets, scaling CDCP noncredit and SPX offerings and through implementing effective recruitment and student persistent strategies as identified in Enrollment Management Plans. |
| Supplemental Allocation | FTES TargetEnrollment Management Plan | Increase the number of low-income students: Pell Grant recipients, California College Promise Grant recipients, and AB 540 students through establishing FTES Target and implementing Enrollment Management Plans. |
| Student Equity and Success Allocation | Enrollment Management PlansGuided Pathways | PCCD’s Enrollment Management Plans and Guided Pathways are designed to improve Success Measures as displayed in PCCD Success Outcome Metric. These two Plans have different focuses but compliments each other.  |

Furthermore, a simplified metric in Table X below entitled: “Success Goals Alignment” illustrates the association between the Success Goals at the State and District levels with the District’s Enrollment Management Plan. Please see details of the Comprehensive Alignment Plans online at: .

Table 4

Success Goals Alignment:

State Vision for Success, PCCD Strategic Goals, and PCCD Enrollment Management Plan

|  |  |  |
| --- | --- | --- |
| **State Vision for Success Goals** | **PCCD Strategic Goals** | **PCCD Enrollment Management Plan (2017)** |
| **Goal: Student Access, Transfer, and Completion**  |  |
| Completion Over five years, increase by at least 20 percent the number of CCC students annually who acquire associates degrees, credentials, certificates, or specific skill sets that prepare them for an in-demand job.  | ***Advance Student Access, Equity and Success***  1. Complete the development of OnePeralta in a timely manner so that it can be used to enhance both the student experience and employee effectiveness. 2. Implement a proactive ongoing technology Professional Development training to train all Information Technology (IT) staff users at every campus to stay current with technology.3. Ensure the timely adoption of Guided Pathways and Starfish4. Work to improve and streamline the PCCD registration process by Fall 2019.

 ***Engage and Leverage Partners***  1. Continue to work with CCC Technology Center and participate in project cohorts to adopt applications that support better student onboarding experience for little or no cost.  ***Build Programs of Distinction***  1. Complete the implementation of effective operational software applications by promoting user adoption (i.e.: 25Live; Office 365), as well as further develop Academic Student Support Programs, both online and face to face.  2. Adopt applications and tools to improve students "Moving In, Moving Through, and Moving On"  ***Strengthen Accountability, Innovation and Collaboration*** 1. Based on assessment and planning, manage IT resources efficiently including: funding, human resources, and equipment.  ***Develop and Manage Resources to Advance Our Mission*** 1. Reorganize existing IT resources, funding, and human resources 2. Improve operations, functionality, and communications from Finance, Human Resources, and IT.  | SEM Goal: Decrease the time to complete a degree or transfer by 4 semesters, overall all and across equity groups.SEM Goal: Increase the number of enrollments in the transfer-level course by .5% annually. SEM Goal: Increase the number of transfers by 9% over five years, overall and across equity groups. SEM Goal: Increase the number of certificates awarded by 1% each year overall and across equity groups. SEM Goal: Increase successful course completion rates in career technical courses by .5% annually, overall and across equity groups.SEM Goal: Increase Persistence rates of online students by 1% annually, overall and across equity groups. Increase successful course completion rates in the online courses 5% over five years, overall and across equity groups.  |
| •Over five years, increase by 35 percent the number of CCC students transferring annually to a UC or CSU.  | ***Advance Student Access, Equity and Success***  1. Develop process for auto awarding degrees. 2. Increase the number of ADT's (Associate Degree for Transfer) we offer.

***Engage and Leverage Partners*** 1. Introduce courses that are more relevant in today's job market, e.g. Cyber Security/Cloud computing, by patterning with large companies

***Build Programs of Distinction***  1. Implement Guided Pathways effectively and in a collaborative way e.g., Map the student experience using the guided pathways model   | SEM Goal: Increase the number of enrollments in the transfer-level course by .5% annually. SEM Goal: Increase the number of transfers by 9% over five years, overall and across equity groups. SEM Goal: Decrease the time to complete a degree or transfer by 4 semesters, overall all and across equity groups. |
| • Decrease the average number of units accumulated by CCC students earning associate’s degrees, from approximately 87 total units (the most recent system-wide average) to 79 total units—the average among the quintile of colleges showing the strongest performance on this measure.  | ***Advance Student Access, Equity, and Success***  1. Implement a degree planner and an audit system.2. Ensure 100% of students have accurate S.E.Ps (Student Educational Plan)

***Build Programs of Distinction***  1. Increase the frequency and consistency of District-wide professional development training for counselors and advisors. 2. Develop a District wide policy and procedures manual for Human Resources, Finance, IT, Facilities.

 ***Develop and Manage Resources to Advance Our Mission***   1. Improve operations, functionality, and communications from and within Finance, Human Resources, and IT.  | SEM Goal: Decrease the time to complete a degree or transfer by 4 semesters, overall all and across equity groups.  |
| • Increase the percent of exiting CTE students who report being employed in their field of study, from the most recent statewide average of 60 percent to an improved rate of 69 percent—the average among the quintile of colleges showing the strongest performance on this measure.  | ***Advance Student Access, Equity, and Success***   1. Deploy a student survey to assess student needs and preferences and use data to guide projects and activities.  2. Survey industry partners to assess the need and demand   ***Engage and Leverage Partners***  1. Leverage partnerships with local companies like Facebook, Apple, Google etc. to prepare students, acquire in-demand skills and/or internships.

 ***Build Programs of Distinction***   1. Offer flexible class schedules (when students need them) that allow students to complete certificate programs expeditiously. | SEM Goal: Increase the number of enrollments in the career technical courses by 4.5% over five years. SEM Goal: Increase the number of certificates awarded by 1% each year overall and across equity groups. SEM Goal: Increase successful course completion rates in career technical courses by .5% annually, overall and across equity groups.  |
| • Reduce equity gaps across all of the above measures through faster improvements among traditionally underrepresented student groups, with the goal of cutting achievement gaps by 40 percent within 5 years and fully closing those achievement gaps within 10 years.  • Reduce regional achievement gaps across all of the above measures through faster improvements among colleges located in regions with the lowest educational attainment of adults, with the ultimate goal of fully closing regional achievement gaps within 10 years.  | ***Advance Student Access, Equity and Success***   1. Adopt and integrate CCC Technology initiatives like MyPath to improve application process.  2. Implement technology and processes that increase FAFSA Application completion and shorter award time for Pell Grants and other funds.3. Increase Degree and certificate completion for underserved populations.4. Conduct a Competitive pay analysis (Bay 10) to assess where our faculty and staff salaries fall in order for us to ensure the ability to hire skilled employees (districtwide competency hiring). 5. Create a succession plan to respond to employee retirement (knowledge share). 5. Develop a staffing plan that will maximize service coverage. ***Engage and Leverage Partners***  1. Continue to work with CCC Technology Center and participate in project cohorts to adopt applications that support better student onboarding experience for little or no cost. 2. Leverage other resources to address needs for coverage during Sheriff's shortfall. 3. Conduct fundraisers and leverage partnerships to address unmet maintenance and other discretionary needs.

 ***Build Programs of Distinction***   1. Partner with Sherriff's Department to offer safety-focused and disaster preparedness training.  | SEM Goal: Increase the number of transfers by 9% over five years, overall and across equity groups. SEM Goal: Decrease the time to complete a degree or transfer by 4 semesters, overall all and across equity groups.SEM Goal: Increase the number of certificates awarded by 1% each year overall and across equity groups. SEM Goal: Increase successful course completion rates in career technical courses by .5% annually, overall and across equity groups.SEM Goal: Increase successful course completion rates in career technical courses by .5% annually, overall and across equity groups.SEM Goal: Increase Persistence rates of online students by 1% annually, overall and across equity groups. Increase successful course completion rates in the online courses 5% over five years, overall and across equity groups. |

**Principles for Integrated Financial Planning**

PCCD’s Five-Year Integrated Financial Plan is to be developed, implemented, and evaluated by guiding principles of sound fiscal management. Per California Code of Regulations, Title 5, Section 58311, in any organization certain principles, when present and followed by a district, would promote an environment for growth, productivity, self-actualization, and progress. The following principles shall serve as the foundation for a sound long-term fiscal management for PCCD:

1. Each district shall be responsible for the ongoing fiscal stability of the district through the responsible stewardship of available resources.

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.

3. District personnel practices will be consistent with legal requirements, make the most effective use of available human resources, and ensure that staffing costs do not exceed estimates of available financial resources.

4. Each district will adopt policies to ensure that all auxiliary activities that have a fiscal impact on the district comport with the educational objectives of the institution and comply with sound accounting and budgeting principles, public disclosures, and annual independent audit requirements.

5. Each district's organizational structure will incorporate a clear delineation of fiscal responsibilities and establish staff accountability.

6. Appropriate district administrators will keep the governing board current on the fiscal condition of the district as an integral part of the policy-and decision-making processes.

7. Each district will effectively develop and communicate fiscal policies, objectives, procedures, and constraints to the governing board, staff, and students.

8. Each district will have an adequate management information system that provides timely, accurate, and reliable fiscal information to appropriate staff for planning, decision making, and budgetary control.

9. Each district will adhere to appropriate fiscal policies and procedures and have adequate controls to ensure that established fiscal objectives are met.

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.

12. Each district's capital outlay budget will be consistent with its five-year plan and reflect regional planning and needs assessments

**Five-Year Budget Assumptions**

While PCCD’s Annual Budget (Tentative and Adopted) details yearly budget assumptions, the assumptions for this Five-Year Financial Plan remain general:

1. Ever-evolving and ever-changing will continue to be the nature of the financial outlooks worldwide, and at the national, state, and local levels.
2. The financial planning environment in the next five years will continue to be very fluid (e.g., resources, mission and vision, and legislative mandates).
3. National and state goals and policies for postsecondary education will increasingly emphasize degree and certificate completion, transfer to four-year universities, and reduction of achievement gaps between the main study body and targeted student populations.
4. To maintain long-term solvency and financial stability, PCCD will continue to implement and update its financial plans to increase revenues, reduce unnecessary operational expenditures, and apply sound financial management and improve budget administration.
5. Assumptions to be included in the Annual Budget over the next five years are estimates and are based, in part, on the Governor’s January Budget Proposal, historical fiscal trends at the district, including current year-to-date actuals as well as on the most up-to-date budget allocation model (BAM).
6. Regardless of upcoming financial ebbs and flows, annual budget augmentation and/or reduction at all locations will be based upon prioritization through Program Review/APU and Program Improvement Objectives (PIOs)/Resource Requests to be submitted by the District Office and the four colleges, reviewed and discussed by appropriate governance committees. PBIM will then forward its recommendations to the Chancellor and to be approved by the Board. The Annual Planning and Budget Calendar displays the process, submission and the timelines.

Chapter 4

Revenues –

2017/18 Base and Five-Year Estimated Forecast

Abstract

In 2017/18, PCCD received General Fund Unrestricted Revenue of $149,151,135 from all revenue sources, and $45,340,879 as General Fund Restricted Revenue. The District projected five-year up-coming revenues from SCFF and from all Unrestricted General Fund Sources, as its financial planning parameters. The five-year Unrestricted General Fund balance forecast suggests that PCCD will have a budget deficit in 2018/19, as well as in the next five years. To reverse this forecasted financial trend, PCCD is committed to increase revenue by:

* 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.

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…” Per [Education Code – EDC TITLE 3. POSTSECONDARY EDUCATION [66000 - 101060]](https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=EDC&sectionNum=84750.4.), 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)**



\*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 3

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%), non-resident tuition and fees (7%), and Trans Res Revenue (5%) (Chart X).

**Restricted Funding Sources.** There are mainly three sources for the Restricted Funding: State (69%), Local (26%), and Trans Res Revenue (5%). In 2017/18, PCCD received in total of $45,340,879 from all these resources combined.

Table 4

2017/18 Restricted General Fund Revenues ($45,340,879)

**Bond and Parcel Tax Measures[[11]](#footnote-11).** 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 5

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 4

Unrestricted General Fund

Five-Year Budget and Expenditure Projections



**Strengths and Challenges**

Strengths: Devoted Faculty and Staff

 Robust Guided Pathway Plans and Activities on Campus

 Proactive Enrollment Management Plan

Challenges: Declining Credit FTES

 Low Operating Revenue

**Committed Actions[[12]](#footnote-12): 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.

Committed Action: Establishing Realistic FTES Target.

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

**Analysis.**

**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.

Committed Action: Developing, Updating, and Implementing Enrollment Management Plans

|  |
| --- |
| PCCD Strategic Goals: * + Advance Student Access, Equity, and Success
	+ Engage and Leverage Partners
	+ Build Programs of Distinction
	+ Strengthen Accountability, Innovation and Collaboration
	+ Develop and Manage Resources to Advance Our Mission
 |
| **Committed 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 up-to-date Plans: [COA Enrollment Management Plan](http://alameda.peralta.edu/planning-documents/files/2016/05/EMP-Final.pdf), [Berkeley City College Enrollment Plan](https://www.berkeleycitycollege.edu/wp/senate/files/2019/02/BCC-Enrollment-Management-Plan-18-21-DRAFT.docx-2-26-19-v.4b.pdf), [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. |
| Responsible Leads: Responsible Leads: VCAA, VCSS, VPIs, VPSS, College Presidents |

**Analysis.**

**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 (35% increase in enrollment from Fall 2016 to Fall 2018), Dual Enrollment (35% increase from 138.80 FTES in Fall2016 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. It just completed its [2019 Draft Plan](https://www.berkeleycitycollege.edu/wp/senate/files/2019/02/BCC-Enrollment-Management-Plan-18-21-DRAFT.docx-2-26-19-v.4b.pdf). 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](file:///C%3A%5CUsers%5Cmchen%5CDocuments%5CFinancial%20Plan%5CMarch%20Financial%20Plan%5Claney.edu%5C...%5CLaney-College-Enrollment-Management-Plan-updated1142019-%201.docx) 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.

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

**Student Centered Funding Formula as announced by the State Chancellor’s Office.**

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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
 |
| **Committed Action: PCCD Student Success Infrastructure.** Establishing a Student Success Infrastructure Plan to comply with the Student Centered Funding Formula (SCFF) |
| **Action: Staff Development.** To masterPCCD’s Efficacy forSuccess – the Student Success Infrastructure, with a thorough understanding of the SCFF, all involved PCCD staff and Board members will 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. All involved PCCD members will also become familiar with the [California Community Colleges Vision for Success.](http://californiacommunitycolleges.cccco.edu/portals/0/reports/vision-for-success.pdf) Diving into [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 fund allocations are calculated and actions the District can take to maintain or earn more revenues in future years. **Action: Program Review/APU**. To enhance/retrofit the foundation of PCCD Efficacy for Success, the District and its four colleges will incorporate success outcome measures at both [the state and the district](http://californiacommunitycolleges.cccco.edu/portals/0/reports/vision-for-success.pdf) levels, when appropriate, into program review/APU, so that all involved offices and services could assess their progress toward achieving these outcome goals annually.**Action: System-wide Coordination.**  At both the district and college levels, leaders of the Efficacy will collaborate with each other by conducting institutional activities and communications with the purpose of enhancing efficiency and effectiveness.**Action:** **Success Outcome Measure Assessment and Reporting.** Guided Pathways, Enrollment Management Plan, Distant Education Plan and other programs and plans share similar success outcome measures, e.g., transfer and certificate or degree completion. The PCCD internal outcome measures are assessed and reported annually through program review/APU, PBIM Summit, and other regular reporting mechanisms. Milestone and accomplishments will be published at college or District Homepage. Externally, the four colleges submit evidence of progress and achievement annually to the State Chancellor’s Office. The numbers of students served are collected from the colleges and submitted to the State Chancellor’s Office through Management Information System (MIS) four times a year. In addition, completion and success data are submitted to ACCJC through Annual AACJC Report and CCCCO’s Institutional Effectiveness Partner Initiative (IEPI) Report. These success outcome measures are also calculated and published regularly by the State Chancellor’s Office Data Mart - Outcomes, as well as Student Success Scorecard.  |
| Responsible Leads: VCAA, VCSS, VC of Finance and Administration, College Presidents, VPIs, VPSSs. |

**Analysis**

**The Ecological System of the PCCD Student Success Infrastructure[[13]](#footnote-13).** The Microsystem, PCCD Efficacy for Success – the District’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 SCFF.

**PCCD Efficacy for Success[[14]](#footnote-14)**

Components of 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, technology, research and planning, organizational structures, and communication channels.

**Five Major Contributors to PCCD Efficacy for Success**

**1. SEM Crosswalk.** Student success is a priority at Peralta Community College District. The District and each campus’ education master, strategic enrollment, integrated, distance education, and other operational plans are being aligned to the *Vision for Success* goals in order to address the challenges that students face, to become more responsive to the success initiatives set out by the State Chancellor’s Office, and to identify areas of growth to maximize the new SCFF Allocation.

In ensuring students are on track to complete their educational goals in a timely manner, the SEM Crosswalk for each campus was created to identify how goals and objectives, strategies and activities, and expected outcomes utilize best practices and strategies to support the Student Equity and Achievement Program and SCFF. In addition, these alignments demonstrate the interconnectedness of state initiatives and new funding methodology, through PCCD Success Outcome Metric[[15]](#footnote-15), in the effort to promote access, close achievement gaps, create more opportunities for workforce training, and increase degree completion and transfer for all students.

In short, this Crosswalk serves as an enrollment management blueprint for alignment, planning, and evaluation.

One of the areas of opportunity for PCCD is in Distance Education. Building on the District’s strategic planning work, PCCD’s Distance Education (DE) Plan, is based on guiding principles for learners and equity, and outlines goals and related projects to increase

* Online student retention and success rates,
* The number and quality of resources and services for student support and learning support, and
* The number of courses that meet guidelines for quality, consistency, and accessibility.

This plans informs the campus goals and activities that support student success and growth in distance education enrollment.

**2. Guided Pathways Alignment.** The main purpose of the Guided Pathway is to create the environment where best practices support and ensure students are on track to meet their educational goals with well-designed academic programs and wrap around support services that take into account a holistic view of the student. The four pillars of Guided Pathways are “Clarifying the Path,” “Enter the Path,” “Stay on the Path,” and “Ensure Learning”.

All four PCCD colleges are in a five-year adoption plan of Guide Pathways and have annual work plans in place on the campuses[[16]](#endnote-1). 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. 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. Colleges document their activities through integrated and equity plans with an annual report documenting progress and program evaluation submitted to the state.

The Guided Pathways Alignment details how Guided Pathways and Strategic Enrollment Plans share common philosophy to shift the culture at the campuses and district to one that is focus on student success, further tying how Guided Pathways work should underpin enrollment planning in the student success paradigm shift and leads to meeting enrollment goals and other metrics. Here’s an example of this alignment:

* + Purpose – Both Guided Pathways and Strategic Enrollment Plans focus on improving and optimizing student success.
	+ Principles – Both Guided Pathways and Strategic Enrollment plans ensure equitable access and student outcomes
	+ Approach – Both Guided Pathways and Strategic Enrollment plans take the holistic approach at student needs and in creating integrated systems.
	+ Structure – Both Guided Pathways and Strategic Enrollment Plans are mission driven, decisions are data informed, and the work is collaborative at all levels, with the inclusion of the student voice.

**3. Student Services Technology Plan.** Serving as the backbone supporting PCCD Success Efficacy, the District’s Student Affairs, in collaboration with Information Technology and campuses, tailored a plan to fit the purpose. The plan identifies the critical tools and functionalities that PCCD needs to improve student experiences, to create efficiencies in business processes, and to meet strategic enrollment goals, including new state initiatives. The Student Services Technology Plan contains two features vital to student success. (Attach Plan)

Feature One - Upgrades and New Features

* Transfer Credit Evaluation -Utilize delivered PeopleSoft functionality to evaluate transcripts, post credits, and create rules to automate evaluation.
* Test Table and Equivalency Module - Provide equivalence for conditions and values for new Math and English sequence and automate registration.
* Degree Audit - Continue testing, training, and deployment of online graduation application and degree audit automation to improve graduation process and identify students for automatic degree conferral.
* Password Reset and Verification - Continue to improve password reset process and create a ticketing system that provides immediate feedback to students applying or registering.
* Financial Aid - Assess the current FA processes delivered to ensure the full utilization of PeopleSoft, to revise and update processes to account for better operation and service to students, to ensure that new policies are being addressed, and to provide better tools for campuses to complete reports and reconciliation. Ultimately, the updates will the goal of increasing students completing and receiving financial aid and improve compliance.
* Transcripts - Assess current Transcript issues between third party collaborator and PS. Identify recurring errors and determine a better tool to improve transcript requests from students and information sharing with partner transfer institutions.

Feature Two - Partnership with California Community College Technology Center and State Chancellor’s Office:

* MyPath is a student on-boarding tool from the California State Chancellor's Office that is designed to help students navigate through their educational journey by providing them with an individually tailored and structured pathway that includes career and program exploration, goal-setting, and just-in-time and follow-up messaging. MyPath supports the Guided Pathways’ philosophy for informed onboarding experience for applicants and students. In addition, campuses can create checklist and communication tools to track students and access data to further ensure that barriers to access are addressed.
* Starfish Early Alert and Connect is a suite of applications that help ensure student success at PCCDs. Faculty and instructors, program staff, and counselors use Starfish to provide students with feedback and support about their academic performance. Students also receive instructions in some cases to take action on tasks initiated by instructor, counselor, or program coordinators. Students receive communications via this platform, and can utilize the application to make appointments and seek services. The ability to proactively address attendance, academic progress, and other barriers to success promote retention and persistence to support completion and transfer.

**4. Assessment and Evaluation.** Evaluation of the progress and outcomes is an important component of the PCCD Efficacy for Success model. The semester and annual review help track goals, adjust strategies and projections, align resources, communicate progress district-wide, and support completion of data collection and reporting. Each campus has developed five-year projected milestones to meet enrollment and fiscal goals and to use to track data for assessment and evaluation purposes. These projected milestones show areas of growth and opportunities, as well as, areas that will drop or level off due to other environmental factors, thus giving campuses a way to manage student success and revenue to meet their needs.

**Success Outcome Reporting –** an important link connecting the college effort with the state funding. The four colleges submit evidence of progress and achievement annually through program updates to the State Chancellor’s Office. The numbers of students served are collected from the colleges and submitted to the State Chancellor’s Office through Management Information System (MIS) four times a year. In addition, completion and success data are submitted to ACCJC through Annual AACJC Report and CCCCO’s Institutional Effectiveness Partner Initiative (IEPI) Report. These accountability outcome measures are also calculated and published regularly by the State Chancellor’s Office Data Mart - Outcomes, as well as Student Success Scorecard.

**Program Review/Annual Program Update (APU).** Program Review/APU serves as the foundation for assessment and improvement for PCCD’s Efficacy for Success. Annually, PCCD assesses accomplishment of its Mission through program review and evaluation of goals and objectives, student learning outcomes, and student achievement. The District 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. In exercising collective ownership over the design and improvement of the learning experience, faculty and staff conduct systematic and inclusive program reviews, using student achievement data, in order to continuously improve instructional courses and programs, thereby ensuring program currency, improving teaching and learning strategies, and promoting student success.

**5. Student Centered Funding Formula (SCFF) and Five-Year Projection.** SCFF is a new funding method comprised of three allocations: Base Allocation ties to in-state credit FTES, Supplemental Allocation targets low-income and other under-served populations, and Student Success Allocation that is calculated based on meeting outcomes set forth in the *Vision 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. The District and the four colleges are reviewing, updating and upgrading plans that may contribute to access, persistence, and success, and aligning goals and strategies of these plans to make areas of potential growth and manage areas that may see a dip to maximize SCFF Allocations.

**Other Plans and Programs.** The Colleges have many other categorical or grant funded programs also contributes to equity and student success. For example, the four colleges have a very mature integrated Student Success and Support Program (SSSP)/Student Equity/Basic Skills Initiative (BSI) program on the campuses. This integrated program has just been named as Student Equity and Access Program by the State Chancellor’s Office and SSSP has been discontinued. It is important to note that the SEA Program changes has been adopted by PCCD to further ensure that funds support activities identified in the SEM plan for each campus. Per CCCCO’s guidelines, to meet students’ varied needs, the four colleges custom-tailored, evaluated, and updated their SEA annually or every two years. While the Equity Plan provides support services to targeted student populations of high needs, BSI assists students who need additional support to become college ready. The major purpose for both programs is to close the achievement gap and facilitate access and success to every student, including California College Promise Grant recipients, low-income, special admit, AB 540 students, on transfer and/or career pathways.

Timelines and Milestone

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| **Timelines and Milestone - Increase Revenue**  |
| **Action Plan** | **Plan Development** | **Implementation/Completion Length** | **Milestone Outcomes- to be measured at least once per year for five years** | **Evidence - to be updated annually** |
| FTES Target | Annual  | Annual, On-going | Target met/unmet, SCFF annual revenue | PCCD homepage, PCCD Annual Adopted Budget, PCCD Annual Financial Report, Annual Base Allocation from the State. |
| Enrollment Management Plan | Development/Update complete by 5/1 annually | On-going | PCCD Success Outcome Metric, SCFF annual revenue | PCCD Homepage, PCCD annual PBIM Summit, PCCD Annual Adopted Budget, PCCD Annual Financial Report, ACCJC Annual Report, IEPI Annual Report, Student Success ScoreCard, Data Mart Enrollment/Outcomes, SCFF annual revenues from the State. |
| Student Success Infrastructure Plan | Development/Update complete by 5/1 annually. | On-going | PCCD Success Outcome Metric, SCFF annual revenue | PCCD Homepage, PCCD annual PBIM Summit, PCCD Annual Adopted Budget, PCCD Annual Financial Report, ACCJC Annual Report, IEPI Annual Report, Student Success ScoreCard, Data Mart Enrollment/Outcomes, SCFF annual revenues from the State.  |

1. The noncredit FTES would be funded at current rates, while all rates are calculated to provide a three-year transition. [↑](#footnote-ref-1)
2. Major College–level Success Accountability Indicators include: increased degree/certification completion, increased number of transfers, shortened student time to completion, increased CTE student job placement, and reduced equity gap. [↑](#footnote-ref-2)
3. \*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. [↑](#footnote-ref-3)
4. The projection is estimated based upon all known factors as of March 31, 2019. [↑](#footnote-ref-4)
5. Students may receive more than one grant. [↑](#footnote-ref-5)
6. Including resident, non-resident, credit, and non-credit FTES. [↑](#footnote-ref-6)
7. Although a great local economy may offer PCCD students plenty of opportunities for employment, as well as upward mobility, national data has shown that there is a reverse relationship between economy and community college enrollment, indicated by [Community College Review](https://www.communitycollegereview.com/blog/why-student-enrollment-rises-as-the-economy-falls), January 2019; [Inside Higher Ed](https://portal-cneqsise01.guestwireless.kp.org:8443/portal/AupSubmit.action?from=AUP#&ui-state=dialog), June 2018; [United States Census](https://www.census.gov/library/stories/2018/06/going-back-to-college.html), June 2018, [EvoLLLurtion](https://evolllution.com/revenue-streams/opportunities_challenges/economic-and-demographic-challenges-facing-community-and-technical-colleges/), February 2019; along with many other sources of information. A [2015 article in Insider Higher Ed](https://www.insidehighered.com/views/2015/08/27/unemployment-rate-community-college-enrollments-and-tough-choices-essay) took one step further indicating that as a general rule of thumb, community college enrollment tends to decline by about 2.5 percent for every 1 percent drop in the unemployment rate. It is primarily due to the fact that those adult learners aged 25 or older would leave college and go back to the work force when economy is blooming and jobs are available, whereas they go back to school when employment opportunities disappearing. This statement may be supported by the age representation shift of PCCD students. PCCD student age data indicate that adult students (age 25 or older) represented 51% of the total PCCD student body back in 2009/10 – PCCD’s enrollment peak; that year was also the tail end of the housing bobble when jobs were scarce. However, in 2017/18 when the job market was thriving, the district student body only comprised of 44% of adult students. This means, in between these two years, PCCD only lost 2,194 or 7.2% students aged 24 or younger, but 9,680 or 30.2% adult students. [↑](#footnote-ref-7)
8. Include resident and non-resident credit FTES. [↑](#footnote-ref-8)
9.  [↑](#footnote-ref-9)
10. **Education Code - EDC**

**TITLE 3. POSTSECONDARY EDUCATION [66000 - 101060]**

*( Title 3 enacted by Stats. 1976, Ch. 1010. )*

  **DIVISION 7. COMMUNITY COLLEGES [70900 - 88933]**

*( Division 7 enacted by Stats. 1976, Ch. 1010. )*

  **PART 50. FINANCE [84000 - 85304]**

*( Part 50 enacted by Stats. 1976, Ch. 1010. )*

  **CHAPTER 5. Community College Apportionment [84750.5 - 84920]**

*( Chapter 5 repealed and added by Stats. 1979, Ch. 282. )*

  **ARTICLE 2. Program-Based Funding [84750.4 - 84810.7]**

*( Heading of Article 2 renumbered from Article 2.5 by Stats. 1991, Ch. 1038, Sec. 11. )* [↑](#footnote-ref-10)
11. 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-11)
12. PCCD develops Committed 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-12)
13. PCCD assessed the Ecological Systems Theory developed by Bronfenbrenner & Morris, and adopted a simplified model to address its Student Success Infrastructure Plan. [↑](#footnote-ref-13)
14. The District applied Albert Bandura’s Self Efficacy Theory to address its Efficacy for Success. [↑](#footnote-ref-14)
15. PCCD’s Success Outcome Metric. In Fall 2018, District Academic Affairs provided a multi-year instrument based on the SCFF in alignment with District’s 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 meetings. [↑](#footnote-ref-15)
16. Please see [COA Guided Pathways](http://alameda.peralta.edu/office-of-research-planning-and-institutional-effectiveness/guided-pathways/),

Chapter 5

Obligated Expenditures

Abstract

In 2017/18, the District’s Unrestricted General Fund Expenditures totaled $147,540,420. Salaries represented approximately half of this amount, followed by 29% spending in Fringe Benefits less OPEB. The Restricted General Fund expenditures totaled $45,338,707. Based upon PCCD's forecasted budget balance, the District will experience a deficit over the next five years. The district is committed to trim down unnecessary operational expenditures by:

	* developing and implementing a new Board Policy to increase the reserve ratio from the previous 5% to 10%,
	* improving the management of its OPEB debt, and
	* reducing operational overspending and to eliminate the structural deficit.PCCD District Office serves to support the four colleges in their endeavors to provide quality educational and support services to their students. In order to assess the District’s liabilities, this Five-Year Financial Plan considers both PCCD’s short- and long-range financial priorities and liabilities in order to assure financial stability by clearly identifying resource requirements, including sources of corresponding revenues, planning, and allocating resources for payment of liabilities and future obligations, including Other Post-Employment Benefits (OPEB), compensated absences, and other employee related commitments. The [actuarial plan](http://web.peralta.edu/business/opeb/) is current and prepared as required by appropriate accounting and actuarial standards. PCCD prepares and publishes its financial documents, including the budget, with a high degree of credibility and accuracy reflecting the appropriate allocation and the use of financial resources to support student learning programs and services.

**Unrestricted General Fund Expenditures**

Illustrated in Chart X below, in 2017/18, academic salary represented 33% of all unrestricted general fund expenditures that included salaries for full- and part-time instructional faculty, non-instructional faculty, and academic administrators. Classified salary accounted for 20% of all unrestricted general fund expenditures. Expenditures for OPEB represented 3%, while fringe benefits less OPEB represented 29% of the expenditures. This means, salaries and fringe benefits accounted for 82% of PCCD’s general fund expenditures. The remaining expenditures included 8% for books, supplies, and services; and 7% for equipment and capital outlays, debt service, and other transfers.

Chart 6

PCCD 2017/18 Unrestricted General Fund Expenditures ($147,540,420)

Source: PCCD 2018-19 Adopted Budget

**Salary.** PCCD takes the responsibility of making salary payments to its employees. The District Office of Finance and Administration annually calculates the percentage of the revenue dedicated to employee salaries. Annually PCCD committed approximately 50% of its unrestricted general fund to employee salaries. At the beginning of each budget cycle, the District allocates salary and fringe benefits along with the positions to the assigned fund location. To ensure payments are made to these employees, when necessary, the fund managers may only reallocate discretionary funds to cover deficits in salary/fringe benefit or cover deficits among various discretionary funds. No salary/fringe benefit budget is allowed to be reallocated to cover discretionary deficits, without permission.

**Faculty Obligated Numbers (FON).** State law requires that community college districts increase the number of full-time faculty over the prior year in proportion to the amount of growth in funded credit FTES. Similar to other districts, PCCD is obligated to increase its full-time faculty number annually approximately by its percentage increase in funded credit FTES. However, between Fall 2014 and Fall 2017, the full-time to part-time ratio declined from 65.5:34.5 to 50.7:49.3. Although being “held harmless”, the District has been working toward reaching 75:25 ratio by trimming the unnecessary use of part-time faculty without jeopardizing instructional and student support services.

**50% Law.** The State Law has required each community college district to allocate no less than 50% of its general fund expenditures to “salaries of classroom instructors” under a formula that is based on the current expense of education. Each year, PCCD reports its compliance of the 50% law to the State. According to [PCCD Annual Financial Report 2018](http://web.peralta.edu/business/files/2019/01/Peralta-CCD-2018-Final-Report.pdf), pp 85-87, the independent auditor verified that in 2017/18, PCCD met its 50% law with instructional salary cost representing 50.07% of its unrestricted general fund expenditure.

**Pension and Healthcare Liabilities.** The District has been meeting the obligation for funding ongoing pension and healthcare liability for current employees, and healthcare liability for retirees. Benefits account around 30% of general fund annual expenditures. The long-term planning for the sustained financial stability of the District will continue to include attention to obligations that will be coming due in the future, such as the postemployment health care benefits and the annual line of credit repayments, which impact the District both at the operating fund level and the districtwide financial statement level.

**Current Employee – Pension and Benefits.** PCCD has liabilities associated with the employment of faculty and staff including pension contributions and healthcare liabilities. PCCD has been taken the healthcare liability for both current employees and retirees seriously and initiated several proactive actions to meet the growing health costs. The District’s medical expenses, California Public Employee’s Retirement System (CalPERS) and California State Teacher Retirement System (CalSTRS) employer contributions continue to increase. On the other hand, both CalPERS and CalSTRS have documented reduced rates of return in their investment portfolios and each agency has taken steps to lower their long-term rate of return assumptions. PCCD has been assuming and will continue to assume its Self-Insurance Fund (Workers’ Compensation account) also.

**Fixed and Mandated Expenditures.** PCCD is committed to meeting all regulatory requirements from outside agencies. Payments for fixed and mandated costs, including utilities, liability and property insurance, salary schedule, debt service and reserve requirements, have been made and will continue to be made in a timely fashion.

**PCCD Retirees Benefits.** The District recognizes future liabilities related to OPEB. The District continues to provide retirees who were hired prior to July 1, 2004 with lifetime medical benefits. For employees hired after July 1, 2004, medical benefits upon retirement are provided until age 65 or Medicare eligibility. As of June 30, 2018, PCCD’s total OPEB liability is $202.7 million, with $189.8 million for the pre-2004 hires and $12.9 million for the post-2004 hires. The OPEB liabilities for both pre- and post-2004 hires are projected to be over $500 million in years to come (2048-49).

In December 2005, the District issued $153 million in OPEB Bonds; the proceeds of the bonds have been placed in a revocable trust fund, which may be used only to pay or reimburse the payments made for retiree health costs and related bond debt services costs. In order to ensure proper management and investment of OPEB funds, PCCD established a [Retirement Board](http://web.peralta.edu/retirement-board/) in 2011 to oversee the management of OPEB. The OPEB Board meets one-to-two times a month and posts its [meeting agenda and minutes online](http://web.peralta.edu/retirement-board/agendas-and-minutes/).

The District has established an employer-funded OPEB charge to finance its ongoing OPEB obligations, including health care benefits and debt service, fees and other obligations associated with the OPEB bonds. In addition, the District developed a comprehensive long-term plan to fund its OPEB liability and associated debt service. With conservative fiscal assumptions, it models cash flow projections through 2029, and general projections through 2050 - the final maturity date of the pre-2004 program. PCCD has established an [OPEB investment policy](file:///D%3A%5CFinancial%20Planning%5Chealthcare%20liability%20for%20both%20current%20employees%2C%20as%20well%20as%20retirees) and contracted with [Neuberger Berman](https://www.nb.com/pages/public/global/index.aspx) as its investment adviser, and Total Compensation Systems, Inc. to conduct [Actuarial Study of Retirees Health Liabilities](file:///D%3A%5CFinancial%20Planning%5CActuarial%20Study%20ofRetiree%20Health%20Liabilities). Furthermore, the debt service costs have been managed in accordance with Bond Indentures. The District is in the process of working with Bond Counsel to determine the amount of funds that is needed to transfer from the investment portfolio to an irrevocable trust for post-2004 OPEB liabilities. A new actuarial report is being conducted to determine the future value of the OPEB liability; at that time, the OPEB contribution will be adjusted to address future needs.

The post-2004 OPEB program, with significantly less liability ($12.9 million out of $202.7 million in total), will also be addressed. The District contributes funds from mainly Funds 1 (general fund), 69 (restricted fund), and 94 (restricted fund) to the post-2004 OPEB fund. Funds 1, 69, and 94 have the capacity to support the plan as developed, including the establishment of a new irrevocable trust fund 99.In addition, the District continues to look forward and has been actively assessing options to restructure the current OPEB program in order to reduce both long-term liability and annual costs, while fully recognizing the importance and impact of the OPEB program management in years to come.The Office of Finance and Administration will provide continual assessment of the OPEB program and report to the Planning and Budgeting Council and Board of Trustees periodically.

PCCD acknowledges its significant OPEB liability. In order to continuously and effectively administer its bond and debt management, in 2016 the District revised its [Board Policy](file://D:\Financial%20Planning\A.As%20outlined%20in%20the%20College%202018%20Midterm%20Report,%20the%20District%20developed%20a%20comprehensive%20long-term%20plan%20to%20fund%20its%20OPEB%20liability%20and%20associated%20debt%20service.%20With%20conservative%20fiscal%20assumptions,%20it%20has%20modeled%20cash%20flow%20projections%20through%202029,%20and%20general%20projections%20through%202050,%20the%20final%20maturity%20date%20of%20the%20pre-2004%20program.%20Both%20OPEB%20programs%20cover%20pre%20and%20post%202004%20liabilities.%20%20The%20post-2004%20OPEB%20program,%20with%20significantly%20less%20liability,%20has%20also%20been%20addressed.%20%20As%20is%20evident,%20all%20District%20funds%20impacted%20by%20the%20OPEB%20program—%20Funds%201,%2069,%20and%2094—%20have%20the%20capacity%20to%20support%20the%20plan%20as%20developed%20including%20the%20establishment%20of%20a%20new%20irrevocable%20trust%20fund%2099.%20%20In%20addition,%20the%20District%20continues%20to%20look%20forward%20and%20has%20been%20actively%20assessing%20options%20to%20restructure%20the%20current%20OPEB%20program%20to%20reduce%20both%20long-term%20liability%20and%20annual%20costs,%20in%20full%20recognition%20of%20the%20importance%20and%20impact%20of%20the%20OPEB%20program%20management%20in%20years%20to%20come.%20%20The%20District’s%20Finance%20Department%20will%20provide%20continual%20assessment%20of%20the%20OPEB%20program%20and%20report%20to%20the%20Planning%20and%20Budgeting%20Council%20and%20Board%20of%20Trustees%20periodically.) and [Administrative Procedures](http://web.peralta.edu/trustees/files/2013/12/AP-6305-Debt-Issuance-and-Management.pdf) with respect to Debt Management. The District has continued to follow the 2014 audit recommendations and developed an action plan to fund OPEB liabilities, including associated debt service and is confident that it has met Standards (III.D.1.c, III.D.3.c) and will continue to do so.

**Other Obligated Expenditures.** The key obligated expenditures, other than salaries and benefits, include student financial aid, supplies and materials, miscellaneous operating expenses and services, equipment, maintenance, and repairs.

**Restricted Obligated Expenditures**

**Table 7**

**2017/18 General Fund Restricted Expenditures (Total =$45,338,707)**

During 2017/18, PCCD’s total General Fund Restricted Expenditures was $45,338,707. Salaries represented 43% of the expenditures with 25% of classified salary and 18% of academic salaries. Transfer/Equipment and Other Outgo represented 26% of all General Fund Restricted Expenditures. Other expenditures compromised of 17% books/supplies/services, 12% fringe benefits except OPEB, while OPEB represented 2% of the total. These expenditures equal the amount that the District received from the State.

**Total Unrestricted General Fund Expenditure Forecast**

Mentioned earlier inChapter 4. Revenues, PCCD has developed a multi-year projection of its unrestricted general funds from all potential revenues and all obligated expenditures, based upon 2018/19 known factors (Table X). A simplified five-year budget forecast is shown in Table X below. If without proactive intervention, PCCD will experience budget deficit in 2018/19 as well as the next five years.

Table 5

Five-Year Budget Forecast

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|   | Amended Budget | Fiscal Year | Fiscal Year | Fiscal Year | Fiscal Year | Fiscal Year |
|   | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| Revenue Total | 153,129,619  | 151,726,101  | 154,687,952  | 155,548,277  | 155,548,277  | 155,548,277  |
| Total Expenditures | 153,551,507  | 152,042,829  | 156,647,312  | 157,495,190  | 157,991,296  | 163,135,130  |
| Forecasted Balance | (421,888) | (316,728) | (1,959,360) | (1,946,913) | (2,443,019) | (7,586,853) |

Strengths:

	* No audit findings regarding OPEB since 2014.
	* The pre-2004 OPEB trust was over-funded at 157.1%, that is in excess of current and future liabilities as of June 2018.
	* In March 2018, PCCD received a stable credit rating of AA- from S&P Global on general obligation bonds demonstrating the District’s strong capacity meeting its financial commitment on its obligations.

Challenges: Significant liability of OPEB Irrevocable Funding

Low Primary Reserve Ratio

Low Operating Surplus

Significant negative cash in treasury account

Committed Actions - reducing unnecessary operational expenditures – the District plans to trim down its expenditures through:

	* developing and implementing a new Board Policy to increase the reserve ratio from the previous 5% to 10%,
	* improving the management of its OPEB debt, and
	* reducing operational overspending and to eliminate the structural deficit.**Committed Action: Establishing Guidelines to Reduce Operational Overspending and Eliminate the Structural Deficit**

|  |
| --- |
| PCCD Strategic Goals:
	* Build Programs of Distinction
		+ Strengthen Accountability, Innovation and Collaboration
		+ Develop and Manage Resources to Advance Our Mission |
| **Committed Action: Establishing Guidelines to Reduce Operational Overspending and Eliminate the Structural Deficit**  |
| **Committed Action: Following**  [**PCCD Board Policies and Administrative Procedures 6000 Business and Fiscal Affairs**](http://web.peralta.edu/trustees/bps-aps/)**.** PCCD hasup-to-date and upgraded Board Policies and Administrative Procedures that provide guidance for the District throughout the process of reducing operational overspending and eliminating the structural deficit. While the Board Policy points out the overall direction, the Administrative Procedure serves as a road map for the District to implement its spending reductions.**Committed Action: Developing a Spending Reduction Plan**. PCCD has developed a Plan with the goal of achieving fiscal health by reducing overall spending from the General Fund. This Spending Reduction Plan proposes five possible scenarios: the total reduction may spread over between one- and five-year period. The District is considering among these proposed scenarios and will continue to vet them through the participatory governance process in spring 2019, with a final overall Plan slated for approval in April 2019. **Committed Action: Conducting Financial Reconciliation and Budget Monitoring.** Finance leaders in both the District Office and on campuses will conduct financial reconciliation routinely and regularly, The Reconciliation includes reconciliations on a monthly basis, adoption of a quarterly close financial system, adoption of a year-end soft-closing process, review and approval of effective procedures and timely processing of transactions, adequate training of staff, and conducting regular monthly department meetings. These reconciliations will be done for both revenues and expenditures and then compared to budget to identify any shortfalls in revenues or over-expenditures with corrective actions to be taken in a timely manner and in accordance with the prioritization process described below.**Committed Action: Staying in Concert with the Districtwide Restructuring Plan as described in Chapter 6**. In order to reduce duplications and to bridge to staffing and enrollment strategies for ongoing fiscal stability, PCCD will continue to implement this Five-Year Financial Plan by focusing on the overall directions as well as paying attention to details as stated in related Plans.**Committed Action:** **Following the Prioritization Process**. During the Plan Implementation period, annual budget augmentation and/or reduction at all locations will be based upon the prioritization process through Program Review/APU and Program Improvement Objectives (PIOs)/Resource Requests to be submitted by the District Office and the four colleges, reviewed and discussed by appropriate governance committees. PBIM will then forward its recommendations to the Chancellor and to be approved by the Board. The Annual Planning and Budget Calendar displays the process, submission and the timelines.  |
| Responsible Leads: VC of Finance and Administration, College Directors of Business and Administrative Services, College Presidents, all VCs and VPs. |

**Analysis.**

Since 1964, PCCD has met many challenges and overcome obstacles in fulfilling its Mission of providing accessible and affordable education to the East Bay residents. The revenue reductions over the past several years have presented new challenges and obstacles. Fortunately, a strategic planning process has begun which will help the District make the necessary adjustments required to accommodate these reductions and to ensure continued ability to meet its Mission. The District has made every effort through the shared governance process to develop a plan that protects students and their education experience. Recommendations for reduction are made by following the criterion listed below.

	* Staying True to PCCD’s Mission. Budget reductions should have minimal impact on student success including recruitment/access, retention, persistence, transfer, career preparation, and timely completion of degree/certificate.
	* Meeting Student Demand for Classes and Services. The four PCCD Colleges offer programs and courses in quality and in quantity to meet students’ demand.
	* Contract Employees. PCCD continues to attract, retain, and reward high quality employees, including faculty and staff, who contribute to the diverse PCCD community.
	* Staying in Compliance: 50% Law, Fon, 75/25 Ratio. The State Law requires each community college district to allocate no less than 50% of its general fund expenditures to “salaries of classroom instructors” under a formula that is based on the current expense of education. In addition to complying with the 50% Law, PCCD will strive to meet the 75/25 full-time to part-time faculty ratio by trimming the unnecessary use of part-time faculty without jeopardizing instructional and student support services.
	* Across-The-Board Budget Cuts. In 2018/19, PCCD initiated budget reduction by cutting non-essential expenditures in the District Office, the Central Services, and on the four campuses. Over the next five years, the District will continue this reduction practice.
	* Reduction through Attrition. In 2018/19, the District has reduced some operational expenses by freezing vacant positions. The District may continue this practice during the next five years, if necessary.
	* Efficiency and Cost Effectiveness. The District emphasizes cost saving through driving inefficiencies out of the operations in the District Office, as well as on the four campuses.
	* Transparency. PCCD has been and will continue to be as transparent as possible in dealing with budget reductions and to provide on-going communication with the entire PCCD community.**Committed Actions: Establishing strategies to improve the management of the OPEB debt with a total projected liability of $559 million as of 2050.**

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| PCCD Strategic Goals:
	* + Engage and Leverage Partners
		+ Build Programs of Distinction
		+ Strengthen Accountability, Innovation and Collaboration
		+ Develop and Manage Resources to Advance Our Mission |
|  |
| **Committed Action: Pre-2004 OPEB – Trust I, Revocable Trust.** The pre-2004 (OPEB Charge, Fund 94), a trust established by the District to address the liability of retiree health benefits for current or retired employees hired on or before July 1, 2004. This Trust was established through the issuance of Bonds and therefore is subject to covenants under the Indenture of Trust associated with the Bonds. The balance of assets in Trust I as of June 30, 2018 was $218.7 million with the accrued liabilities for health care costs of $189 million; this means the funded level was at 115%. However, the total projected cost for the Trust I OPEB Bond alone is $518 million as of the maturity year - 2050. PCCD has made and will continue to make payments into the Debt service for both principal and interest from its Unrestricted General Fund (Fund 01) and from (Fund 94) for Debt Service principal only. According to the cash flow projections, in the next five year, PCCD will have paid close to $69 million to cover the debt service liabilities, with $40 million from Fund 94 and $29 million from Fund 01.  |
| **Committed Action Post-2004 OPEB – Trust II, Irrevocable Trust**. The post-2004 (Fund 99) was established by the District to address the liability of retiree health benefits for employees of the District starting on or after July 1, 2004. OPEB Board approved in June 2018 PCCD’s participation by Trust II in the Community College League of California’s Joint Powers Authority OPEB Trust. The District has a comprehensive plan to fund Trust II for the current and future years from various eligible funding sources. For instance, PCCD has allocated $6 million from OPEB Special Reserve Fund (69) to fund Trust II, and will complete this contribution by June 2019. According to the cash flow projections, in five years, PCCD will have paid close to $15 million to cover the liability in Trust II from Fund 69. |
| Responsible Lead: Vice Chancellor of Finance and Administration |

**Analysis**

[**PCCD OPEB**](http://web.peralta.edu/business/files/2019/03/OPEB-Response-ACCJC-Findings-Revision.pdf)**.** The District has established an employer-funded OPEB charge to finance its ongoing OPEB obligations, including health care benefits and debt service, fees and other obligations associated with the OPEB Bonds. In addition, the District developed a comprehensive long-term plan to fund its OPEB liability and associated debt service. With conservative fiscal assumptions, it models Trust I cash flow projections through 2029, and general projections through 2050, the final maturity date of the *pre*-2004 program. The combined OPEB programs cover all pre- and post-2004 liabilities. PCCD has established an [OPEB investment policy](file:///D%3A%5CFinancial%20Planning%5Chealthcare%20liability%20for%20both%20current%20employees%2C%20as%20well%20as%20retirees) and contracted [Neuberger Berman](https://www.nb.com/pages/public/global/index.aspx) as its investment adviser, and Total Compensation Systems, Inc. to conduct [Actuarial Study of Retirees Health Liabilities](file:///D%3A%5CFinancial%20Planning%5CActuarial%20Study%20ofRetiree%20Health%20Liabilities).

In March 2018, the District received from S&P Global an AA- rating, which is a stable credit rating on general obligation Bonds. This rating reflects the District’s strong capacity to meet its financial commitments. To formalize the commitment of allocated resources to fund OPEB costs, PCCD established an employer-funded OPEB charge to finance its ongoing OPEB obligations, including health care benefits and debt services, fees and other obligations associate with the OPEB Bonds. OPEB charges funds from restricted accounts are then deposits to Fund 69 in order to make contribution to Trust I (Fund 94) and Trust II (Fund 99) as well.

The District continues to look forward and has been actively assessing options to restructure the current OPEB program in order to reduce both long-term liability and annual costs, while fully recognizing the importance and impact of the OPEB program management in years to come.The District’s Finance Department will provide continual assessment of the OPEB program and report to the Planning and Budgeting Council and Board of Trustees periodically.

**Pre-2004 Trust I.** In December 2005, the District issued $153 million in OPEB Bonds; the proceeds of the Bonds have been placed in a revocable trust fund, which may be used only to pay or reimburse the payment made for retiree health costs and related debt services costs. To further ensure professional oversight this OPEB trust, PCCD established a [Retirement Board](http://web.peralta.edu/retirement-board/) in 2006 to oversee the management of OPEB. The OPEB Retirement Board meets one-to-two times a month and posts its [meeting agenda and minutes online](http://web.peralta.edu/retirement-board/agendas-and-minutes/).

**Post-2004 Trust II.** The post-2004 OPEB program, with significantly less liability ($12.9 million out of $202.7 million in total) as of 6/30/2018, has also been addressed. The District contributes funds from mainly Fund 69 to the post-2004 OPEB fund. Funds 1 and 69 has the capacity to support the plan as developed, including the establishment of a new irrevocable trust fund 99.

Timeline and Milestone

|  |
| --- |
| Timelines and Milestone - Reduce Unnecessary Operational Expenditures |
| Action Plan | Plan Development | Implementation/Completion Length | Milestone Outcomes- to be measured at least once per year for five years | Evidence - to be updated Annually |
| Board Policy | Complete by 5/1/2019 | On-going | N/A | Posted on PCCD Board of Trustees BP and AP site. |
| OPEB Debt | Development/Update complete by 5/1 annually | On-going | Annual Audit Report Findings - Annual Financial Report | PCCD Homepage, PCCD annual PBIM Summit, PCCD Annual Adopted Budget, PCCD Annual Financial Report, ACCJC AFR, IEPI Annual Report |
| Reduce Operational Overspending and eliminate the Structural Deficit | Development/Update complete by 5/1 annually. | On-going | Annual Audit Report Findings - Annual Financial Report | PCCD Homepage, PCCD annual PBIM Summit, PCCD Annual Adopted Budget, PCCD Annual Financial Report, ACCJC AFR, IEPI Annual Report. |

Chapter 6

Financial Management and Administration

Abstract

Peralta utilizes a number of processes to assist with Financial Management including Board Policies, Administrative Procedures, oversight committees, internal audits, shared governance bodies and external consultants. Each of these a critical to the aim of ensuring accuracy, accountability and compliance. Currently the expertise of the Collaborative Brain Trust and Fiscal Crisis & Management Assistance Team is adding a thorough evaluation of all fiscal related items. Although there has been a high level of Executive Administrative turn over occurs at PCCD, all four college Presidents have been in place since May, 2016. PCCD is planning multiple strategies to support the retention and growing administrative leadership from within.

The core of financial management and administration is to ensure the financial integrity of the district and responsible use of its financial resources. In addition, PCCD strives to maintain an internal control structure to have appropriate control mechanisms. In addition, the District widely disseminates dependable and timely information for sound financial decision making. PCCD’s financial management and administration is guided by [BP 6250](http://web.peralta.edu/trustees/files/2018/12/BP-6250-Budget-Management.pdf), [BP 6300](http://web.peralta.edu/trustees/files/2013/12/BP-6300-Fiscal-Management-Accounting2.pdf), and [BP 6305](http://web.peralta.edu/trustees/files/2013/12/BP-6305-Debt.pdf), and follow Board approved administrative procedures, including [AP 6250](http://web.peralta.edu/trustees/files/2018/09/AP-6250-Budget-Management.pdf), [AP 6300](http://web.peralta.edu/trustees/files/2013/12/AP-6300-General-Accounting1.pdf), and [AP 6305](http://web.peralta.edu/trustees/files/2013/12/AP-6305-Debt-Issuance-and-Management.pdf). Accordingly, the District publishes its financial documents, including the budget, with a high degree of credibility and accuracy that reflects appropriate allocation and use of financial resources to support student learning programs and services. PCCD regularly evaluates its financial and internal control systems, and uses the results for improvement. At both the district and college levels, PCCD practices effective oversight of finances, including management of financial aid, grants, externally funded programs, contractual relationships, auxiliary organizations or foundations, and institutional investments and assets. For example, PCCD manages all of its auxiliary funds, e.g., bookstore commission fee, facility rental fee, and parking fee, following [AP 6300](http://web.peralta.edu/trustees/files/2013/12/AP-6300-General-Accounting1.pdf).

In addition, when appropriate, PCCD forms program Board or oversight committees to assist the District in legally managing its funds and complying with requirements of the applicable measures and constitutional requirements. The Citizen’s Oversight Committee for Bonds and Parcel Tax is a perfect example. Details about the [committee and its meeting minutes](http://web.peralta.edu/publicinfo/citizens-oversight-committee/) are posted online. The [OPEB Board](http://web.peralta.edu/retirement-board/) is another example. The Retirement Board was established on April 13, 2011. It is charged with the discretion, responsibility, and authority to oversee the management of OPEB.

To further improve the District’s financial management and administration, PCCD conducts internal audits within the system and employs external auditors by contracting with Vavrinek, Trine, Day & Co., LLP, - a certified public accounting firm. PCCD’s internal audit assumes the responsibility of assisting the District in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. On the other hand, the independent auditor’s responsibility is to express their professional opinions based upon financial statements prepared by the District. The audit findings may be categorized either as material weakness or significant deficiency, based upon risk assessments of the appropriateness accounting policies used by the District and the reasonableness of significant accounting estimates made by PCCD management. They also evaluate the overall presentation of the financial statements prepared by the District and shared with the auditors. Although the number and the severity of the audit findings have decreased in recently years, the District has experienced a budget deficit in unrestricted general fund where expenditures exceeded total revenues. This may suggest that PCCD needs to ensure its internal control structure has appropriate control mechanisms, and to regularly evaluate its financial management practices and use the results to improve internal control systems.

As mentioned in previous chapters, to effectively manage its budget and expenditures in years to come, the Office of Finance and Administration in Spring 2019 developed a Five-Year Projection mechanism. With this mechanism, the Office of Finance and Administration estimated both potential revenues and all obligated expenditures between 2019/20 and 2023/24. With these projections, the Finance Office plans to work with the District and the four colleges to develop and implement strategies in order to assure the financial integrity of PCCD and the responsible use of its financial resources.

Strength: Decreased number of audit findings

 Five-Year Budget and Expenditure Projection Mechanism in place

Challenges: Audit Deficiencies

High Executive-Level Turnover
Declining Fund Balances

Committed Actions - applying sound financial management and administration - the District will reach this goal by:

	* practicing effective oversight of its finances and improving its internal control system by adopting a restructuring plan to improve efficiencies and accountability at the District Office as well as at the four colleges,
	* developing and implementing a plan to retain executive level administrators so that they may exercise their leaderships with few disruptions, and
	* addressing all audit findings.**Committed Action: Adopting a Restructuring Plan to Improve Efficiencies and Accountability at both the District and College Levels.**

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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 Manage Resources to Advance Our Mission |
| **Committed Action: Adopting a Restructuring Plan to Improve Efficiency and Accountability at both the District and College Levels.**  |
| **Action: Participation in the Restructuring Plan Development Process**. Shared Governance Committees along withmany PCCD faculty, staff and administration may be invited for interviews, asked to respond to surveys, or engaged in other collaborative activities. Upon invitation, PCCD members should answer the invitation, and offer fair, professional, factual, and objective opinions, and provide constructive recommendations. **Action: Coordinate with State-wide Experts.** Through a two-way communication process that involves the Board of Trustees, administration, faculty and staff leadership, with the state-wide experts, PCCD will consider the utilization of recommendations proposed by FCMAT and CBT (June, 2019) as a framework for the Restructuring Plan. These recommendations are being developed in spring, 2019 through PCCD documents, interviews, data and shared governance participation and thus reflect comprehensive ideas from multiple angles on Improving Efficiency and Accountability. **Action: Staff Development.** To become actively engaged in the Restructuring Plan implementation team, all PCCD members will need a thorough understanding of the Plan. Staff development events should be offered at the district, college, program, and the office levels. In addition, information regarding the Restructuring Plan should be posted online, for PCCD members conducting community events on- and off-campus so that the entire PCCD community will be familiar with the Plan and become a change agent. **Action: Program Discontinuance and Consolidation**. The District and its four colleges will implement AP 4021(add live link) beginning fall, 2019 so that annually, PCCD will engage in assessing program viability and potential discontinuance or consolidation. This aspect of the Improved Efficiency and Accountability outcome indicator will assist in the assessment of the progress toward achieving outcome goals.**Action: System-wide Coordination.**  To operationalize the Restructuring Plan, leaders of the Restructuring Plan implementation teams will collaborate with each other to make changes necessary in both district operations and at the colleges with the purpose of enhancing efficiency and effectiveness. Institutional activities and communications will be conducted to actualize the end goal of student success and financial sustainability.  |

**Analysis.**

As mentioned earlier in the Plan, without intervention, the District will experience negative forecasted budget balances in the next five years. The previous chapters have provided an extensive amount of analysis about the fiscal challenge and proposed many committed actions, including increasing revenues and reducing operational overspending and eliminating the structural deficit.

With a structural deficit, one-time spending cuts may help to relieve the pressure but cannot solve the problem. Structural deficits will persist so long as the District continues to spend more than the revenue it can generate. Closing the structural deficit means coming to grips with the forces that are driving spending and revenues farther apart, and with the magnitude of the changes that must be made to rein in the resulting deficits.

The District believes that the structural deficit reflects a chronic problem that must be addressed through developing and adopting a restructuring plan to improve efficiencies and accountability at the District Office and the four Colleges. To understand the current situation and to choose appropriate solutions, the District contracted two teams of experts to assist PCCD in not only developing a viable restructuring plan, but also operationalizing the plan with expected positive outcomes. The two teams provide services to PCCD from different angles, not overlapping, but complimenting each other. The two teams are:

Collaborate Brain Trust (CBT), and

Fiscal Crisis & Management Assistance Team (FCMAT).

A summary of the services to be provided by FCMAT and CBT is presented below.

|  |  |
| --- | --- |
| FCMAT | CBT |
| Contract duration: January 9 – December 31, 2019 | Contract duration: Phase I March – June 2019Phase II September 2019 – May 2020 |
| Service Scope and Objectives.
	1. Prepare an analysis using FCMAT’s fiscal Health Risk Analysis (2019 version) and identify PCCD’s specific risk rating for fiscal insolvency.
	2. Provide training on financial health for the PCCD Board, the district administration, and other identified by PCCD Chancellor. The training will focus on managing finances in a community college district, including efforts to improve fiscal accountability and competency.
	3. Analyze the organization and staffing levels of the employees responsible for district finances in the District Office and make recommendations, which may include changes in the organization and staffing, to allow the district to function effectively and efficiently.
	4. Provide recommendations on best practices for communication between the district administration and the Board on issues related to the district’s financial health.
	5. Develop a corrective action plan to address PCCD audit findings 2012/13 - 2017/18, and conduct an internal control review of PCCD’s reporting and monitoring of financial transactions, including an evaluation of policies, procedures, and transactions performed by the district.
	6. Evaluating spending patterns, including OPEB liabilities., and
	7. Project funding for PCCD under SCFF and make recommendations for actions PCCD can take to maximize funding. | Service Scope and Objectives.Phase I.CBT conducts a districtwide assessment with four objectives:Objective One: Perform fiscal review and improve fiscal stability and sustainability. Collaborating with the District and College stakeholders, the CBT team analyzes four major factors contributing to PCCD’s fiscal health: the district’s integrity and effectiveness of fiscal procedures and internal controls, revenue and projected fund acquisitions, allocation and expenditure of funds, and long-term obligations of the District. Objective Two: Assess PCCD’s organizational efficiencies and accountability.CBT reviews PCCD’s process and procedures in order to identify inefficiencies causing delays in service as well as unnecessary spending, including productivity, automation, function delineation, duplicated services and staffing, and organizational structure.Objective Three: evaluate PCCD’s enrollment management and identify strategies to improve student access and success. Through a data-driven process, CBT examines PCCD’s current enrollment practices and identify new enrollment opportunities, strengthen student access, enrollment, and success (retention, progression, and completion) across all four colleges, identify underperforming programs, and recommend new programs that would cater to current and future students and PCCD’s service area.Objective Four: analyze and identify factors contributing to PCCD’s executive turnover, and recommend policies and procedures to increase the longevity of appointments. Phase II.Operationalize PCCD’s Fiscal Improvement PlanBased on the findings and recommendations from Phase I, CBT assists the District and the four Colleges in implementing the Five Year Integrated Financial Plan and making necessary changes. CBT will work with PCCD to:
	* develop a unified vision for the District Office and the four Colleges, and an overarching set of goals that both align with the State’s Vision for Success.
	* provide overall directions to the Colleges for collective, proactive work toward student access, success, and enrollment growth.
	* act collaboratively with common purpose, and respond locally to each college’s unique needs, with the end goal of student success and fiscal sustainability. |

**Committed Action: PCCD has conducted the turnover analysis and developed innovative recommendations to retain executive-level staff at the district.**

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| PCCD Strategic Goals: |
| Strengthen Accountability, Innovation and Collaboration |
| Develop and Manage Resources to Advance Our Mission |
| Strategies:  |
| 1.      Establish a Meet and Confer process for management. |
|  2.      Provide clarity of job descriptions. Specifically, within one month of hire, and annually, managers are required to meet  |
|   with their supervisor to analyze job descriptions, to determine if it is in line with actual work performed or expected. |
| 3.      Institute and define professional development opportunities for management. |
| 4.      Consult with an outside, third party agency, to establish a Leadership Academy for managers. |
| 5.      Cease the overuse of Interim appointments. |
| 6.      Establish organized coaching and training sessions between managers and their direct reports.  |
| 7.      Review the current management evaluation process and consider disallowing managers to choose their own evaluators.  |

**Analysis.**

**Executive Level Staff Turnover.** Leadership turnover in California is on the rise. Several personnel studies have shown that the tenure of executives is getting shorter for a myriad of reasons. In 2015/16 and 2016/17, PCCD’s executive-level staff turnover rate was 33%. However, the rate went up to 53% in 2017/18. After a thorough study of the recent executive-level turnover, findings reveal that the causes of these turnovers include: retirement, reclassification of the position, employee’s desire of changing career pathways, external promotional opportunities, and undisclosed personal reasons. Nevertheless, the frequently turnover has caused interruptions of financial management at all levels.

Facing this challenge, the District and the four colleges have proactively taken actions to mitigate administrator turnover. Several effective tactics are listed below.

**Board Training Sessions.** The Board recognizes the need to create an environment that enhances the retention of personnel. The Board has engaged in [several training sessions](http://web.peralta.edu/files/2018/12/Board-Retreat-and-Cultural-Humility.pdf) on the topics of Board stewardship and strengthening leadership through the lens of equity.

**Contract Extensions for Administrators.** Some of top-level executives, especially the college presidents, have been awarded long-term contracts, based on their performance. While PCCD may not be able to enhance the pay of the administrators, the long-term security that the District offers is designed to increase longevity. For example, since May 2016, the District has not experienced turnover of our college presidents, resulting in more stability for the Colleges and the opportunity to engage in better planning and coordinating with the District.

**Development of a Peralta Leadership Academy.** The District is located in an area where the residents are proud to be associated with their cities and have planted deep roots in the community. With the cost and scarcity of housing, hiring local employees who are well qualified for the jobs is part of the strategy to reduce leadership turnover.

**Internal Recruitment for Interim Positions.** Working with faculty leaders, PCCD has updated its recruitment for interim positions by advertising internally prior to external searches. This method has ensured that existing employees become aware of leadership positions and are encouraged to apply.

**Analysis of Administrative Turnover.** District Human Resources is currently working on an updated analysis of administrative turnover. Additionally, a participatory governance workgroup has been formed and has suggested some preliminary recommendations for addressing the turnover.

In addition, PCCD has determined to take an extra effort to address leadership turnover.

**Committed Action: Addressing all 2017/18 Audit Findings**

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| PCCD Strategic Goals:
	* Build Programs of Distinction
		+ Strengthen Accountability, Innovation and Collaboration
		+ Develop and Manage Resources to Advance Our Mission |
| **Committed Action: Developing and Implementing Action Plans to Address Audit Findings during the Year Ending in June 2018.**  |
| **Committed Actions** – Please see details in Table X. 2017/18 Audit Finding Corrective Action Plan below.  |
| Responsible Leads: VC of Finance and Administration, VCAA, VPSS, Director of Fiscal Services |

**Analysis.**

PCCD’s responses to external audit findings are comprehensive, timely, and broadly disseminated. The District has the primary responsibility for organizing external audits for both the District and its individual colleges. Each college is then responsible for responding to the external audit finding in a comprehensive and timely manner.

The District has an established process for responding to external audit findings. All audit findings are first reviewed in an exit conference attended by the audit firm, the District Vice Chancellor of Finance and Administration, accounting and finance staff and, depending on the significance of audit findings in any college operational area, the appropriate college staff.

The complete audit report is then presented to the Governing Board annually, as soon as it is available. The findings from the District’s most recent external audit report, for example, were compiled in the [2017/18 Annual Financial Report](http://web.peralta.edu/business/files/2019/01/Peralta-CCD-2018-Final-Report.pdf), which was presented to the Board of Trustees, and subsequently placed on the District website for information and access by all employees and the public.

Through the audit report, the Board is made aware of any audit findings and recommendations provided by the auditors, along with the administration’s response to each finding and the management report. The Vice Chancellor of Finance and Administration assembles all findings and draft responses and is responsible for the creation of the management responses. The administration’s response to each finding includes actions taken and/or planned in response to the auditor’s findings and recommendations. Recommendations made by the auditors in the years prior to 2017/18 have been fully implemented and addressed.

Annual audit reports and the corrective action matrix are regularly presented to the Planning and Budgeting Council (PBC), a component of the District’s participatory governance structure, and the Chancellor’s Cabinet. District financial information, including annual audit reports, is published regularly, and copies of these documents made public online. They can be found at the webpage for [District Offices/Business Services.](http://web.peralta.edu/business/annual-financial-reports/)

Responding to the 2017/18 recommendations contained in the [Annual Financial Report](http://web.peralta.edu/business/files/2019/01/Peralta-CCD-2018-Final-Report.pdf), The Vice Chancellor prepares a Corrective Action Matrix shown in Table X below that includes audit findings, and recommendations along with a summary of corrective actions, responsible parties and timelines for completion.

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| **PERALTA COMMUNITY COLLEGE DISTRICT****CORRECTIVE ACTION PLAN** **for Fiscal Year Ending June 30, 2018** |
| **Audit #/Agency** | **Audit Findings** | **Responsible/ Point** | **Resolution Due Date** |
| MATERIAL WEAKNESSES FINANCIAL STATEMENT **Independent Audit** **Finding 2018-1** DISTRICT FINANCIAL REPORTINGAudit findings for Fiscal year ending June 30, 2018 and received on December 21, 2018 | 1) The District's Finance Division will implement regular reconciliation of accounts and develop year-end closing process with an appropriate delegation of duties and clearly defined oversight. (2) The District's Finance Division staff will also be trained on reconciliation of accounts and year-end closing process in order to improve internal controls.
	* Hire a replacement of the Senior Accountant to assist with some of the balance sheet accounts reconciliations, review of staff journals, quarterly closing and year-end closing process.
	* Implement appropriate accounting procedures to ensure general ledger account balances are reconciled accurately and timely (Expected Implementation Date: Ongoing.)
	* Provide training department staff on reconciliation process of general ledger accounts. (Expected Implementation Date: Ongoing.)
	* Utilize a monthly and year-end closing checklist. | Responsible: Vice Chancellor of Finance & Administration **Point:** Director of Fiscal Services | June 30, 2019April 30, 2019OngoingOngoingMarch 31, 2019 |
| MATERIAL WEAKNESSES FINANCIAL STATEMENT **Independent Audit** **Finding 2018-2** DISTRICT FINANCIAL REPORTINGAudit findings for Fiscal year ending June 30, 2018 and received on December 21, 2018 | The District Finance will work with District Department of General Services and consultants to conduct a comprehensive review of all Capital Assets and Constructions-In-Progress (CIP) in order make sure that capital assets are capitalized and depreciated properly. District Finance will also conduct training for staff on reconciliation of Capital Assets. Also, Director of Fiscal Service will review the completeness and accuracy of Capital Assets.
	* Conduct review of districtwide Fixed Assets Inventory
	* Maintain the accuracy of Fixed Assets depreciation schedule
	* Provide staff trainings on reconciliation of Fixed Assets and Constructions-In-Progress (CIP) completion date schedule
	* Complete Schedule of Construction In Progress (CIP) at year end | Responsible: Vice Chancellor of Finance & Administration & Vice Chancellor of General Services **Point:** Director of Fiscal Services | June 30, 2019 |
| RETURN TO TITLE IV **Independent Audit** **Finding 2018-3** MERRITT COLLEGE FINANCIAL AID | A. Merritt College will review and continue to implement its Corrective Actions Plan to avoid repeat finding(s).In addition,B. Merritt College will review the current Drug and Alcohol Prevention Program and document the results of the biennial review to determine if it meets the regulatory requirements.C. The College will provide the required consumer information to prospective/current students and/or employees. Examples of missing elements include:  1. Notice of Availability of Institutional and Financial Aid  Information  2. Notice of Drug Law Violation Penalty  3. Price of Attendance  4. Transfer of Credits Policies and Articulation  Agreements  5. Requirements for Withdrawal (Including Online Option) Also, the institution will ensure that all publications have consistent information and is updated across all platforms. The institution should consider a point of contact for reviewing and updating consumer information. Please see the FSA resource referenced above for a complete list of required consumer information.D. The institution will develop a taskforce and create a Default Management/Prevention Plan. The MSURSD team will provide specialized training in this area | Responsible: College President**Point:** Vice President of Student Services | June 30, 2019 |
| REPORTING COMMON ORIGINATION & DISBURSEMENT (COD)**Independent Audit** **Finding 2018-4**MERRITT COLLEGE FINANCIAL AIDAudit findings for Fiscal year ending June 30, 2018 and received on December 21, 2018 | A. The College will develop a policies and procedures manual in coordination with the districtwide manual.B. Merritt will review its Satisfactory Academic Progress (SAP) Policy and determine if it meets the Title IV compliance standards. The institution may consider including departments outside of Financial Aid on the SAP appeal committee. Additionally, the faculty should submit grades in a timely manner to ensure that Satisfactory Academic Progress (SAP) standards are checked prior to the beginning of the next term.C. The College will review its Program Participation Agreement (PPA) and ensure all elements are correct. Additionally, the institution’s current certification will expire on June 30, 2019. The reapplication due date is 90 days prior to the certification expiration date.D. Merritt will consider imaging files. Also, the institution must ensure that the institution data security plan/program meets the regulations outlined by the Department of Education (ED).E. Merritt College will expand its use of the student portal.F. The institution will designate a coordinating official to administer Title IV programs. The institution will hire a Financial Aid Director. | Responsible: College President**Point:** Vice President of Student Services | April 5, 2019           March 5-7, 2019  |
| APPRENTICESHIP ANNUAL REPORTING**Independent Audit** **Finding 2018-5** DISTRICT ACADEMIC AFFAIRS Audit findings for Fiscal year ending June 30, 2018 and received on December 21, 2018 | The District will file an amendment to the current CCS-321 Annual Report to correct the overstatement of 54 hours. The District will review the TOP Codes and CBO-9 Values for all APPR courses and correct any coding errors that added to this finding. The Dean over the courses identified in the audit conducted a training to APPR faculty on January 2019 to ensure staff’s awareness on the need for accurate attendance keeping methods. During the spring 2019 semester, the District is evaluating several plug-in software to allow faculty to input weekly attendance hours through Canvas, our current LMS system. This will make catching errors in advance more systematically and easier. | Responsible: Career Education Dean, Vice President of Instruction, Laney, & Vice Chancellor of Academic Affairs**Point:** Vice Chancellor of Academic Affairs | April 30, 2019 |

Timelines and Milestone

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| Timelines and Milestone - Sound Financial Management and Improved Fiscal Administration |
| Action Plan | Plan Development | Implementation/Completion Length | Milestone Outcomes- to be measured at least once per year for five years | Evidence - to be updated annually |
| Restructuring Plan | Complete by 5/1/2021 | On-going | To be determined | Posted on PCCD and Colleges' Homepage -Organizational Chart |
| 2018 Audit Findings | Development/Update complete by 5/1/2019 | On-going | Complete or Status Updates by 5/1/21, Annual Audit Report Findings - Annual Financial Report | PCCD Business/PCCD Annual Financial Report/Corrective Action Matrix/CAM Evidence, ACCJC AFR, IEPI Annual Report |
| Executive Staff Retainment  | Development/Update complete by 5/1/2019. | On-going | Reduced Executive Level Staff Turnover Rate | PCCD and Colleges' Homepage - Leadership Team |

Chapter 7

Integrated Institutional Effectiveness and Resource Allocation

Abstract

This Financial Plan is not a stand-alone plan, it is linked and fully integrated with other major districtwide plans. Guided by its Mission, PCCD’s planning, resource allocation, implementation, and evaluation occur on an ongoing basis through its shared governance and operational structures in an incorporated and inter-related fashion.

The integrated institutional effectiveness planning and resource allocation effort at PCCD is organized around the district’s Mission and Strategic Goals. PCCD engages in continuous, broad based, systematic evaluation and planning. The district integrates program review/APU, planning, and resource allocation into a comprehensive process that leads to the accomplishment of its Mission and improvement of institutional effectiveness and academic quality. Institutional planning, including the Five-Year Financial Plan, addresses short- and long-term needs for educational programs and services and for human, physical, technological, and financial resources. The Mission guides institutional decision-making, planning, and resource allocation and informs institutional goals for student learning and achievement.

This Five-Year Financial Plan is not a stand-alone plan; it is linked and fully integrated with other major districtwide plans. Guided by its Mission, PCCD’s planning, resource allocation, implementation, and evaluation occur on an ongoing basis through its shared governance and operational structures in an incorporated and inter-related fashion. All of the District’s key processes and resource allocation efforts center on producing, supporting, measuring, and/or continuously improving student learning at all levels of the district, from academic instruction and student support services to planning and budgeting, facility management, learning resources, and technological infrastructure.

In order to ensure its effectiveness, PCCD assesses accomplishment of its Mission through program review/annual program update (APU). It also evaluates goals and objectives (Education Master Plan, Annual Strategic Goal/Strategic Plan), student learning outcomes and student achievement (IPEI Report, Annual ACCJC Report), and instructional programs and student learning support services (Annual Strategic Goals/Strategic Plan, and Education Master Plan. These plans are supported and complimented by budget from general funds, restricted/categorical funds, and/or grants. Evaluations are built into each and every plan. The District disaggregates and analyzes learning outcomes and achievements for student subpopulations. When performance gaps are identified, PCCD and its four colleges implement strategies which may include allocation or reallocation of human, fiscal and other resources to mitigate those gaps and evaluate the efficacy of those strategies. In addition, the District broadly communicates the results of all of its assessment and evaluation activities so that the entire PCCD community has a shared understanding of its strengths, challenges, and priorities. All of the plans and evaluation findings are published online on the PCCD website. Once plans are executed, outcomes are assessed with summative reports provided to the colleges, districts, state, federal, and ACCJC. Both the District and the Colleges utilize these accountability outcome measures as the basis for future plan/program review and improvement.

As illustrated in the Diagram below, plans and the implementation of the plans are aligned with and supported by budget. Resource allocation is driven by financial forecasts, budgetary projections, and strategic allocation of available resources identified through the planning process.

Table 6

PCCD Integrated Planning and Resource Allocation Diagram

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| **California Community Colleges Vision for Success, Statewide Goals:**
	1. Completion: In five years, increase by at least 20% of the number of students annually who acquire Associate Degrees for Transfer (ADT), Associate Degrees except ADT, Credit Certificates.
	2. Transfer: in five years, increased the number of students transferring to UCs/CSUs by 35%.
	3. Accumulated Units: Decreasing average number of units accumulated for degree/certificate from approximately 87 to 70 total units.
	4. Increase the percentage of existing CTE students who report being employed from 60% to 69%.
	5. Equity: Reduce equity gaps by 40% within five years.
	6. Reduce regional achievement gaps and eliminate the gaps for good within ten years. |
| **PCCD Strategic Goals:**
	* + Advance Student Access, Equity, and Success
		+ Engage and Leverage Partners
		+ Build Programs of Distinction
		+ Strengthen Accountability, Innovation and Collaboration
		+ Develop and Manage Resources to Advance Our Mission**Five-Year District/College Vision for Success Goals:**
	* Increase degree/certificate completion
	* Increase first-time college students’ completion of transfer-level math and English within the same district within the first year
	* Increase the completion of nine CTE Units within the same district
	* Improve time to completion
	* Increase job placement in field of study
	* Narrow the achievement gap |
| **Programs and Plans designed to reach Student Success Goals: Access, Success and/or Equity** Education Master Plan Guided Pathways SSSP/Equity/Basic Skills (SEA) Resource Plans: Financial Plan, Technology Plan, Human Resource Plan, Facility Plan Enrollment Management Plan EOPS/CARE CalWORKs DSPS Strong Workforce, CTE/Perkins Financial Aid California College Promise Grant  Other Grant Funded Programs  |
| **Target Student Populations Served by Plans/Programs:**All and Targeted Student Populations: Education Master Plan, Guided Pathways, SSSP/Equity/Basic Skills (SEA), Enrollment Management Plan, EOPS/CARE, CalWORKs, DSPS, CTE/Perkins, Financial Aid, California College Promise Grant Recipients, AB 540 Students, Special Admit Students, and other Grant Funded Programs. Resource Plans: Financial Plan, Technology Plan, Human Resource Plan, and Facility PlanTargeted Student Populations: EOPS/CARE, CalWORKs, CTE/Perkins, DSPS, Financial Aid, California College Promise Grant recipients, AB 540 Students, Special Admit Students, and other Grant Funded Program Participants |
| **Funding Source by Plan/Program:**General Restricted/Unrestricted Funds: Education Master Plan, Enrollment Management Plan, Guided Pathways, SSSP/Equity/Basic Skills (SEA), EOPS/CARE, CalWORKs, CTE/Perkins, DSPS, Financial Aid, California College Promise Grant recipients, AB 540 students, Special Admit Students, Other Grant Funded Programs, Resource Plans: Financial Plan, Technology Plan, Human Resource Plan, Facility PlanRestricted Funds/Grants: EOPS/CARE, CalWORKs, CTE/Perkins, Financial Aid, DSPS, California College Promise Grant, AB 540 students, Special Admit Students, and other Grant Funded Programs |
| **Research, Development, and Evaluation Tool for all Plans/Program**:Program Review/Annual Program Update, Student Learning Outcomes (SLO)/Area Learning Outcomes, PCCD Success Outcome Metric |
| **Vision for Success Indicators by Student Population**:All Students: Annual AACJC Report, IEPI Report, PCCD Strategic Goal Assessment, PCCD Success Outcome Metric, Student Success Scorecard, AccreditationTargeted Student Populations: PCCD Success Outcome Metric, Student Success Scorecard, Program Specific Annual Reports, Accreditation |
| **Purpose and Major Activities** – Please see individual program plan purpose and major activities on PACCD or college home page. |
| **Plan/Program Review Timeline:**On-going/Annual: All plans/programs |
| **Process Evaluation Timeline:**On-going/Annual: All plans/programs |

Chapter 8

Process Evaluation

Abstract

Annually, the District assures the effectiveness of its ongoing planning and resource allocation processes by systematically reviewing and modifying, as appropriate, all parts of the process cycle.

PCCD assures the effectiveness of its ongoing planning and resource allocation processes by systematically reviewing and modifying, as appropriate, all parts of the cycle. The process evaluation is comprehensive and broadly participated in through shared governance. The evaluation methods mainly include quantitative (surveys, outcome measures, etc.) and qualitative research (focus group discussion, districtwide dialogue, etc.) data gathering and analysis.

Systematic, On-going Process Evaluation

PCCD is committed to the continuous improvement of institutional effectiveness through the analysis of qualitative and quantitative data, dialogue, reflection, and implementation, which drive the District’s integrated planning and resource allocation processes. These processes help to establish priorities aligned with the PCCD Mission and Strategic Goals, and inform decision- making and resource allocation.

PCCD assesses progress toward achieving its stated goals and makes decisions regarding the improvement of institutional effectiveness in an ongoing and systematic cycle of evaluation, integrated planning, resource allocation, implementation, and re-evaluation. Evaluation is based on analyses of both quantitative and qualitative data. PCCD uses ongoing and systematic evaluation and planning to refine its key processes and improve student learning.

In addition to structured opportunities for dialogue, other mechanisms exist to elicit and integrate input from key stakeholders on student learning and institutional effectiveness. These include formal and informal avenues for communication and dialogue: shared governance, committees at both district and college levels, districtwide forums, planning retreats, faculty/staff development days, surveys, suggestion boxes, memos, emails, publications, and postings on the web site. Faculty, staff, and students are also welcome to attend and/or bring their concerns to the District’s shared governance committee meetings, which are widely publicized and open to all.

Evaluation Cycle and Timeline for Integrated Financial Planning Process

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| **Timeline** | **Process and Activity** |
| 2019: the development of the Five-Year Integrated Financial PlanThe Plan will be evaluated every year thereafter | **Building/Re-Confirm Foundation** - The vice chancellors and shared governance committees convene a taskforce and charge the ad hoc committee with gathering statewide models, refining, revising, and developing a process, methodology, and implementation plan to evaluate PCCD’s planning and decision-making processes. |
| September – November Annually | **Model Development** - Process Evaluation ad hoc (Survey) Committee recommends to PGC and PBC the Process Evaluation Plan, including evaluation tools, timelines, and execution. |
| October – DecemberAnnually | **Shared** **Governance** – PCCD goes through shared governance process, to review, collect inputs and feedback, and receive approval for Process Evaluation Plan and Execution. |
| January – FebruaryAnnually |  PCCD evaluates its Planning and Decision-Making Processes through surveys, focus group discussion, and/or other evaluation methods. |
| March Annually | **Research Findings Report to the District** – PCCD reports to its community regarding feedback to PCCD’s Planning and Decision-Making processes. |
| April Annually | **Planning and Decision-Making Process Improvement** – Based upon feedback through the Evaluation, PCCD improves its Planning and Decision-Making Processes. |

PCCD has multiple mechanisms for assessing and modifying its ongoing integrated financial planning processes. The shared governance structure remains the main vehicle for the assessment of student learning and evaluation of institutional effectiveness. Shared governance committees, including the PBC/PGC, conduct regularly reviews to effectively improve the District’s financial conditions and successfully meet the financil challenges while student success is the core of this Integrated Financial Plan. [↑](#endnote-ref-1)