

Annual Budget Outlook Statement

Key Indicators: After review, discussion, and further inquiry as determined by the group, list the most significant conclusions that can be drawn from each of the following reports.

Program Review (summaries): *(What are the most significant or notable conclusions you draw from a broad overview of CR programs?)*

Based on a review of the 2018-19 Program Review Executive Summary, the following passages (*"in quotations and italics"*) were found to be relevant to CR's budgeting process and the Budget Advisory Committee:

1) *"The committee would like to [...] recommend that the district continue to organize professional development opportunities for all programs and service areas to better use data to inform strategic planning. Though substantial progress has been made thus far, and the district should be acknowledged for its efforts, program review reports as a whole would benefit from even more consistent data-driven planning and decision-making."*

Should the BAC recommend increased budgeting for professional development? Would such opportunities lead to stronger data-driven planning and innovation at the programmatic and disciplinary level? (Consider the interdisciplinary coursework/program design WT-CT-ART "Tiny House" project or the current interdisciplinary re-organization of the digital media and art program.) What monetary value or institutional value is there in pursuing such programs? Would professional development lead to more efficiency and innovation?

2) *"[S]ome programs continue to document resource requests without clear ties to assessment or program planning. ... Program review authors should also provide alternative plans for unfunded resource requests in their reports."*

Is this something that could somehow be connected to the budgeting process? Would creating categorization of kinds of requests help the college to identify ties to assessment or planning in ways that are not clear now? Would it help the BAC to identify trends or possible changes in direction for future budgeting? [See #4 below.]

3) *"The Committee has realized there may be a need to further categorize program planning into some general areas such as: instructional improvement, safety, compliance, and facilities. The committee has realized that not all requests can be effectively documented by assessment."*

Could such categorization help increase efficiency or help the BAC to identify budgetary implications? Should the BAC be charged with identifying such categories?

4) *“The PRC would like to explore how District [sic] integrates the processes of program review and resource ranking. The Committee would like to encourage the District to articulate the process of how program review informs the budget planning process with clear guidelines on how that will work. This would support programs that are doing excellent planning work. [...] The PRC recognizes that the District has devoted time and resources to the creation of a Budget Action [sic] Committee and looks forward to its final recommendations.”*

Should the BAC review the new process of “resource ranking” in order to assist the District in making the process more efficient and data-driven?

5) *“Health, Safety, and Infrastructure Issues: The Committee noted issues that the District must address rather than the PRC itself, because they transcend the individual programmatic focus of the PRC. These should be addressed beyond the program review process. Placing issues like these in the Program Review document as ‘resource requests’ means that infrastructure needs that impact multiple programs are in danger of being overlooked.”*

The PRC should advocate for this change, but is there any way that initiatory budgeting should or could be brought into this process? Is the current process for identifying “health, safety, and infrastructure issues” adequate and/or functional? Does the District recognize “health, safety, and infrastructure issues” as part of a regular and well-designed process, one that is efficient, fair and transparent?

6) *“A Need for Additional Professional Development Opportunities: Nearly all Student Service areas identified a need for professional development for staff. Increased access to better training for all college employees in all service areas will facilitate discussion on pedagogical innovation, improve service to students, increase staff morale, and continue building an organizational culture that values innovation and change. The PRC recognizes efforts by Human Resources over the past year to increase and improve professional development opportunities for staff.”*

Would the benefits of professional development merit additional budgeting? What level of budgeting does the District currently allocate for professional development? Do we agree that professional development can affect such changes?

Analysis: The Budget Advisory Committee notes four specific categories that arise out of the Executive Summary:

Program Planning and the Values and Limitations of Assessment

The PRC noted that logical and effective planning cannot always be tied to the assessment process. The PRC also noted that there may be better, more specific ways to categorize kinds of resource requests, which may in turn indicate whether other methods for identifying resource requests beyond assessment findings might streamline or make resource needs more transparent and clearly indicated. Should the Institutional Effectiveness Committee consider this? Could eliminating extraneous or redundant committee work improve overall efficiency and thus free up people’s time for other kinds of work?

Categorizing Kinds of Resource Requests

The college and Budget Advisory Committee would benefit from clearer categorization of budget requests so that additional funding could be aligned as clearly as possible with planning and goals. This might also improve the BAC's ability to make recommendations regarding reorganizing priorities and promoting initiatives or redirecting the college in unrealized ways that could benefit the college and the community generally.

Staffing and Programmatic Decline

The persistence of this theme in Program Review documents and reports over the recent past merits some inclusion in this outlook. Declining enrollments and apportionment as well as the usual rhythm of retirements in an aging workforce have meant efforts to maintain programs and staffing at historical levels going back over the past two decades has led to more and more difficulty in maintaining the stability and integrity of programs from year to year. While the creation of the Program Viability Committee has offered some response, it would be worth considering whether the issues arising from this problem could—or should—be addressed via the budgeting process. The college's current faculty prioritization process does, in fact, take community need and the college's overall health and viability into account, but the institution might benefit from a deeper analysis of the dynamic forces at work in programmatic decline.

Professional Development

The Program Review Committee's notes regarding the need for more professional development opportunities across all constituencies raises this question: How would more opportunities for professional development improve the college in terms of fiscal efficiency or improved budgeting processes? For instance, while most would acknowledge that professional development in instructional programs should be at the heart of disciplinary relevance and currency, it could benefit the budgeting process to have a clearer sense of precisely how professional development enhances classroom instruction, student success, student services, administrative services, and other structures at the college. Beyond ensuring that professional development funding is maintained at adequate levels, how might the college determine specific and direct effects realized through professional development? One way that lack of professional development has affected some disciplines and departments seems clear: educational programs that did not stay current with disciplinary advances or technological innovations or changes in community needs, experience declines in enrollment sometimes to the point of needing to be referred to the 4021 process. Understanding how professional development affects the college—both positively and negatively—would benefit the institution and might lead to meaningful budget implications.

Program Viability Committee (individual reports): *(What themes and patterns arise from a review of PVC reports over the previous year?)*

During the previous year, the Program Viability Committee summary points to a few useful indicators and trends:

- The committee noticed that some certificates had become outdated or lacked the flexibility that would allow them to be revised, occasionally due to a failure to update curricular offerings in line with changes in technology or disciplines. This corresponded with the Program Review Committee's recognition that troubled programs were clearly indicated through that process as well.
- The committee also found some course redundancies that pointed to overlap between disciplines in such ways that greater flexibility might be gained through cross-listed courses or the creation of interdisciplinary programs. Would more of this sort of curricular innovation save money or increase efficiency/enrollments?
- The committee also noted occasional overspecialization that could lead to programs becoming outdated or programs lacking currency based on a failure to monitor job markets and/or changes in industries or technology or business practices. A specific focus on currency or outdated curriculum beyond simply checking the year of the last update may be indicated for the Program Review process.
- The PVC noted several cases where issues regarding staffing, of both Instructional Support Specialists or Associate Faculty, might address problems.
- The question of adequate oversight for instructional programs arose in most cases.

Annual Plan: *(What goals and actions indicated in this year's plan require budget allocations?)*

These items may require budget allocations:

- Item #1: "Increase the number of students completing core SSSP services, aligning with funding formulas." Are there increased costs indicated by such an increase? Is additional staffing required?
- Item #6: "Increase outreach to students near completion or who have left." Would this require increased outlays or additional hiring?
- Item #15: "CTE expand partnerships, internships, externships with employers, other colleges, high schools, and local, state, and federal agencies." What kind of allocation/how much would such an increase or creation of new partnerships cost? Is this about a new position?
- Item #17: "Create short-term certificates that can be offered as needed in the community." Based on the proposed new funding model, could such short-term certificates be included for purposes of counting "completers?" If so, how could the college budget in such a way to increase the number and value of such certificates? What role do faculty time commitments play in such an equation?
- Item #18: "Identify strategies for equipment replacement." Could such "strategies" decrease costs or otherwise lead to savings? Are we losing

money/spending more than we should due to outdated or inefficient equipment?

- Item #19: “Identify strategies to fund the budget for capital repairs and maintenance.” As with #18 above, could the college experience savings out of improved strategies?

Educational Master Plan: *(List the long-term goals that will likely require budget allocations indicated for the next two to three years?)*

The following categories and specifics, from the Goals and Strategic Initiatives section, may require funding:

Student Success, Access & Equity

Increase outreach to potential students

Promote pedagogical innovation

Broaden learning support opportunities including tutoring and peer mentoring

Grow the retention alert program and follow-up services

Strengthen psychological support services

Offer more student-achievement related professional development opportunities

Engage all Students

Improve the effectiveness of tele-conferencing

Offer culture-specific programming

Community Partnerships & Workforce Training

Refocus the Adult education program to emphasize non-credit to credit mobility

Strengthen the collaboration of Adult and Community Education to respond to short-term training needs

Increase the number of community events

Intensify marketing and outreach efforts and elevate the profile of CR in the region

Institutional Effectiveness & Planning

Improve technology throughout the District

Carry out technology infrastructure upgrades at each location

Carry out facility infrastructure upgrades at each location

Review and revise website content regularly

A review of the claims made in the **Strategic Vision** section show that the college has been following the plans and goals generated during the educational master planning process. However, the following broad claim stuck out as something that might be worth further inquiry: “*We promote and encourage a learning community among students, faculty, and staff.*”

How do we currently do this? What, specifically, is meant by “a learning community among students, faculty, and staff”? Would such a thing mean that people extended themselves beyond their regular contractual duties to promote membership in

something more than arriving at and working in the physical setting—the classrooms, shops, labs, offices, practice rooms, and grounds—of the college? What characteristics mark a “community” as something different from a “workplace” or a “school”? Have those ways of thinking about and acting towards and in relation to College of the Redwoods declined, increased, changed, or otherwise been altered over the past 5 to 10 years? Would improving or shifting the college toward such a learning community concept benefit the institution and the people it serves? Could such a thing be planned or budgeted for?

Budget-year Forecast: *(What does this year’s budget forecast indicate for revenue, expenses, fund balance, capital expenditures, and any liabilities such as OPEB, PERS, or STRS?)*

A review of the 2019-20 budget forecast for the unrestricted general fund (UGF) indicates that expenses aren’t exceeding revenues, and current PERS and STRS increases are included in the budget. There are three planned transfers out from the UGF to the Child Development Center, Farm, and Other Post Employment Benefits (OPEB) funds. The OPEB transfer out will help to ensure current health and welfare expenses for active retirees are covered, however some of the OPEB fund balance will be used as well. The estimated UGF ending fund balance is 7.9%.

Multi-year Budget Forecast: *(What does the multi-year budget forecast indicate for revenue, expenses, fund balance, capital expenditures, and any liabilities such as OPEB, PERS, or STRS ?)*

The state revenue assumptions in the multi-year forecast are conservative due to the implementation of the new Student Centered Funding Formula (SCFF), so there is minimal revenue growth each year. In 2020-21 permanent staff salaries include a COLA pass – through, which results in a significant increase to expenses. 2020-21 expenses are greater than revenues, reducing the estimated ending fund balance to 5.1%. Expenses are greater than revenues in the 2021-22 forecast as well, reducing the estimated ending fund balance to 2.9%.

As part of the budget process, a Preliminary Budget is provided to the Board of Trustees in April that includes two revenue scenarios - one that is conservative based on the Hold Harmless provision of the SCFF, and one that is best-case that assumes a fully funded SCFF. The initial SCFF was favorable for the District, however recent projections that incorporate the subsequent changes and clean-up language, as well as more current metric data, indicate the District will be in the Hold Harmless scenario in the forecast years starting in 2020-21.

In 2018-19, the SCFF was favorable for the District, however the state initially didn’t have enough money to fully fund the cost of the SCFF. Due to this uncertainty, the Final Budget revenue assumptions are conservative, and expenditures have to stay within projected revenue amounts for the budget to balance. Actual state revenues could end up being higher than projected, but the District doesn’t know the actual

revenue of any given year until 7-8 months after the fiscal year has ended. This can result in a difference between estimated and actual ending fund balance. It also creates a challenge for planning. The District could develop a list of contingency spending priorities, in the event revenue exceeds conservative projections by a certain amount.

The planned transfers out to OPEB of \$340,000 in 2020-21 and 2021-22 aren't adequate to cover current retiree health and welfare costs.

The District has already been working on identifying and implementing strategies for operational savings to ensure the ending fund balance remains above 5%. As priorities are developed for the budgeting process, revenue generation and operational savings need to be considered.

Prior-Year Projected to Actual Budget Comparisons

Fiscal Year	Final Adopted Budget	Adjusted Budget	Audited Year-End	Fund Bal. Variance Adopted to Actual	Dollar Variance Adopted to Actual
2010-11	5.00%		8.30%	3.30%	\$ 985,205.00
2011-12	6.90%	6.40%	4.60%	-2.30%	\$ (632,855.00)
2012-13	-4.56%	4.20%	5.00%	9.56%	\$ 2,697,450.00
2013-14	5.31%	5.30%	7.90%	2.59%	\$ 656,338.00
2014-15	5.40%	6.06%	6.20%	0.80%	\$ 200,847.00
2015-16	6.68%	6.40%	6.40%	-0.28%	\$ (94,171.00)
2016-17	6.90%		6.80%	-0.10%	\$ (18,852.00)
2017-18	7.40%	7.31%	8.25%	0.85%	\$ 261,381.00
2018-19	6.30%	7.30%	8.80%	2.50%	\$ 472,688.00
2019-20	6.50%	7.90%			

From an initial assessment of readily available information, here are some brief explanations regarding the adopted -to- actual variances each year:

2010-11 - Actual expenditures were much lower than those in the adopted budget.

2011-12 - Revenues lower and expenses higher than adopted budget.

2012-13 - Adopted a deficit budget and made drastic last minute cuts during the year to reduce expenses.

2013-14 - Mostly due to expenditures coming in under budget, while revenues were slightly higher due to a lower deficit factor.

2014-15 - The ending fund balance was adjusted up after year-end closing due to a higher ending fund balance, but then back down as expenses came in higher than expected.

2015-16 - Slight increase to fund balance, with a decrease to revenue.

2016-17 - Slight decrease to revenue with an offsetting decrease to expenses.

2017-18 - Transfers in from prior year set-asides to the UGF to cover salary restoration.

2018-19 – This was the first year of the new SCFF. Mid-year the Chancellor’s Office notified Community Colleges that they were only guaranteeing prior year revenue levels due to a budget shortfall. At the year-end, Community Colleges were given notice that the state could fund a constrained total computational revenue. Revenues ended up higher than expected, and expenses were lower.

Annual Budget Process Assessment from Previous Year: *(How well did last year’s BAC process work to predict or identify issues with the budget process?)*

See 2020 Annual Budget Outlook Statement for first assessment.

Primary Goals for meeting College of the Redwoods’ needs and addressing the core commitments: *(Based on your assessment of the college’s significant challenges, opportunities, and possible misalignments, create a list of desired ends [or a course of action] that could be [accomplished] with reallocation of funds.)*

After careful review of the above materials, the committee recognized that inefficiencies in budgeting, planning, and organization have led to insufficient allocation of resources, in both time and funding, which are affecting a number of vital aspects of the college’s health. The college should identify wasteful practices with the goal of improving three specific areas: 1) increased efficiency in financial reporting, 2) integrated data-driven interpretation and planning, and 3) professional-development leading to a strengthened sense of community.

- Streamlining financial reporting would provide greater flexibility and transparency for the business office to engage more actively in producing financial data.
- Creating specific methods for identifying kinds of data-recovery and how data could or should be integrated into the planning processes would improve the college’s overall ability to conceive and integrate effective, workable plans.
- Offering valuable and innovative professional development across constituencies, and especially for pedagogical advancement in both face-to-face and online curriculum, would foster a unified sense of community and progress among staff, students, and community members.

Some actions that might be taken to improve these aspects of the college follow:

Require the business office to consult closely with institutional research to define relevant data in order to streamline financial reporting.

Create time and space, such as College Hour and the Center for Teaching Excellence, for interaction between planning committees, institutional researchers, and faculty and staff.

Engage faculty and staff in a process for identifying goals for innovation and means for attaining them, including professional development opportunities and an overall system for planning professional development.

Budget Outlook Statement: Based on a review of the above, describe the Budget Planning Committee's idea of what the central focus for the budgeting process should be for the coming year in one or two sentences.

As the administration plans next year's funding, the question should be posed: Will any aspect of this budget increase or decrease the likelihood of achieving the goal of creating a more coherent, unified, and active community? The college should strive to increase interaction across constituencies, divisions, departments, and disciplines and outside of individual employees', students' and community members' usual roles to foster a sense of connectedness and membership in the larger institution and community. Promoting collaboration over fragmentation should lead to more efficiency and innovation.