

## Annual Budget Outlook Statement (2020-2021)

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The budget outlook statement is a guiding document of the budget advisory committee. The BAC reviews the work of other committees, plans, and budget forecasts to determine if there are any key indicators of future budgeting needs. We also review the BACs previous outlook plan to determine if the plan was met, and if not, whether there are any budgetary needs that will carry over from the previous plan. Finally, based on this analysis, we create goals for the next fiscal year and conclude with the summary budget outlook statement.

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## Key Budget 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 Executive Summary

*What are the most significant or notable conclusions you draw from a broad overview of CR programs?*

Based on a review of the 2019-20 Program Review Executive Summary, the following were found to be possibly relevant to CR's budgeting process and the Budget Advisory Committee:

#### Themes from Instructional Program Reviews

This year was a pilot for having the PRC rank resource requests based on program planning. The process outlined in the executive summary indicated that the process generally went well, and resource requests were first sent to Division Deans to see if they could be covered by discretionary funds before being sent to the Executive Cabinet for further consideration. They indicated a need for increased efficiency and functionality with the technology and facilities consultation element of the process.

#### Themes from Student Services Reviews

Similar to last year, there is still an expressed need for professional development. The PRC indicated nearly all Student Services area identified this as an ongoing area of need.

#### Themes from Administrative Services Reviews

The PRC noted that nearly all Administrative Services areas also identified professional development as an ongoing need, especially in the business office and IT in order to stay up to date on best practices. HR and IT both highlighted efforts to increase access to better training for all college employees.

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

First, this year is the pilot of the new budget planning process, and the fruition of this pilot will not be realized until the next year. For the BAC, we expect that this process will clearly align spending with program goals and emphasize the planning process behind budget prioritization.

Second, there continues to be an emphasis on professional development, both in the expressed need and plans for getting better access to it. This could very well be an ongoing need, and the reason it is expressed in these reports is reflective of that fact. However, there is also concern that the professional development that is being offered isn't meeting the need. For example, we have purchased "canned" professional development programming that may or may not actually fit the specific needs of our employees. Sometimes this type of programming is provided free through the chancellor's office, but even this can give the false sense that our employees are receiving professional development when they may not be using it at all. Clearly there is a need for information gathering: are the needs expressed being met with our current model of professional development? Are employees using the programming that we've purchased? Are the professional development provided during flex sessions at convocation being utilized and/or meeting the actual need of our institutions? The primary concern that the BAC has at this moment is that since there is no one person overseeing professional development, many of these questions and the corresponding solutions will not be pursued with any long-lasting effect.

### **Program Viability Committee Reports**

#### ***What themes and patterns arise from a review of PVC individual reports over the previous year?***

During the previous year, the Program Viability Committee indicated substantive financial changes to the athletics department that will involve the BAC.

- The PVC strongly recommended better accounting practices that will increase the clarity of the costs and revenues associated with each sport.
- Once these practices are in place for a few years and new data is generated, the PVC recommends that BAC re-audit the athletics program sooner than originally scheduled with a focus on individual sports.

## Annual Plan

### *What goals and actions indicated in this year's plan require budget allocations?*

These items may require budget allocations:

*"#1 Develop first-year sequences for Guided Pathways. Provide materials for student advising."*

Will increased funding be required for additional materials?

- It is not expected that any additional funding will be required.

*"#3 Increase outreach to students near completion or who have left."* This carried over from the previous annual plan. Was increased funding required in this effort?

- Last year this was done primarily through current counseling staff. Additionally, IR has generated lists. No additional expenses are expected.

*"#4 Implement a 3-5 year plan to address student homelessness and food insecurity."* How much of this will be grant funded, and how much will we need to provide?

*"#7 Expand course offerings offered via telepresence or alternate means from Eureka to alternate locations."* Will this require any additional infrastructure?

- We are applying for grants for infrastructure improvements that may require 50% matched funding. There was discussion about this being matched from Garberville funds.

*"#8 Join CVC-OEI consortium and participate in both offering and accepting CVC-OEI Exchange courses."* Will this require any additional expenses from us in professional development or fees? Will this require more support personnel?

- This round we were currently turned down to join the CVC-OEI Exchange. If we still move forward, this would require network upgrades (which are already being pursued), plus \$10,000 for setting up with Ellucian
- We expect that once accepted the District may want to incentivize instructors to get their courses designed and approved for the CVC-OEI exchange.

*"#14 Identify strategies for equipment replacement."* This was carried over from the previous annual plan. Our previous question was whether such strategies would decrease costs or lead to savings.

- Paul Chown has a spreadsheet that lists the current needs (excluding servers) that will cost approximately one-million dollars, which he expects will have to be split over multiple years.

#15 Identify strategies to fund the budget for capital repairs and maintenance. This also was carried over from the previous plan. Similarly, our question addressed possible savings or reduced costs.

- Outreach to Steve McKenzie

## **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*

*Enhance quality and expand access to distance learning education*

*Expand support services for online students*

### **Engage all Students**

*Improve the effectiveness of tele-conferencing*

*Offer culture-specific programming*

### **Community Partnerships & Workforce Training**

*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*

**Analysis** Tutoring opportunities for students have reduced because of structural changes in the Academic Support Center, changes to academic programs (specifically with math and English), and the loss of grant funding (BSOT). If it is determined that these opportunities need to increase from their current size, then it will likely require budget allocation.

However, the Guided Pathways Committee is currently tasked to assess what is effective and sustainable. We are expecting a report in Spring, 21. Most items in these categories will either be grant funded or delayed in their implementation aside from restructuring workforce.

The annual plan shows an emphasis on expanding online education and services. We are pursuing cloud-based services such as Vizio. We currently have free access to support products such as Cranium Café License and Ally provided by the Chancellor's office. They are expected to end soon, and if we want to continue to use them, we will have to fund them.

### **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?***

The 2020-21 budget forecast indicates that projected revenue for the unrestricted general fund is sufficient to cover projected expenses. However, due to COVID-19, the state's revenue isn't sufficient to cover apportionment payments. Instead of cutting funding to Community Colleges, deferred payments will be used to balance the budget. That means that although the District is earning sufficient revenue to cover expenses, the revenue won't be realized until 2021-22. The District may have to borrow funds with a Tax and Revenue Anticipation Note (TRAN) to ensure there is enough cash to cover operating expenses.

In anticipation of a challenging budget year, several permanent positions were frozen, resulting in a decrease in the salary and benefit expenses from 2019-20 amounts. The estimated transfer out to OPEB is sufficient to cover current year expenses, and will also provide additional funding that will help to fund the future liability. The transfer out is revenue contingent, meaning that sufficient revenue has to be received to support the transfer. The estimated ending fund balance is 9%, and is also revenue contingent.

## **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 unknown impact COVID-19 will have on FTES, Student Success Metrics, Supplemental Metrics, and the state's economy. Hold Harmless revenue is assumed for both 2021-22 and 2022-23. Estimated salary expenses in 2021-22 increase significantly from 2020-21 amounts as it is assumed that some frozen positions will be filled out of necessity. 2021-22 expenses are greater than revenues, reducing the estimated ending fund balance to 7.3%. Expenses are greater than revenues in the 2022-23 forecast as well, reducing the estimated ending fund balance to 5.6%.

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 SCFF has been favorable for the District, however the possible impact from COVID-19 on FTES and success metrics could result in the District being in the Hold Harmless scenario in the near future.

For the past couple of years the state hasn't had enough revenue to cover the cost of the SCFF and has had to apply a deficit factor to Community College revenue. So far, the deficit factors have been backfilled by the identification of additional funds after the fiscal year has ended. Actual state revenues aren't finalized until well after the fiscal year is over. As a result 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. This will only be compounded by COVID-19. The BAC has recommended a list of contingency spending priorities, in the event revenue exceeds projections by a certain amount.

The planned transfers out to OPEB of \$800,000 in 2021-22 and 2022-23 are slightly less than the estimated retiree health and welfare costs.

While the state is estimating there will be enough revenue to pay districts the 2020-21 deferred revenue payments in 2021-22, it seems unlikely that there will be enough revenue to also make 2021-22 revenue payments. According to the Legislative Analyst's Office, in 2021-22 the state will be facing an operational deficit, with expenses growing faster than revenues. Instead of revenue deferrals, districts may experience cuts. It's important that CR continues to focus on implementing strategies for operational savings to build a healthy fund reserve that can support the District during challenging times.

## 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%	10.00%	3.50%	\$ 689,666.00
2020-21	9.00%				
*The 2019-20 audit has not been completed as of 12/14/20					

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.

2019-20 - The ending fund balance was increased to 7.9% in December due to the finalization of the prior year's ending fund balance. The variance in the adopted ending fund balance and the unaudited actual ending fund balance is due to a decrease in spending due to COVID-19, a hiring freeze, and a reduction in the state deficit.

## **Review of Previous Year BAC Process and Goals**

### **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?*

The committee has identified budget allocation as an issue with the budget process. The committee had discussions on several occasions about the lack of clarity in regards to the budget allocation process, especially as it relates to Program Review Resource Requests through ranked plans.

Another two issues identified by the committee are the lack of efficiency in financial reporting, as well as the need for data integration in the planning processes. These can both result in the absence of timely data that can be used to inform the budget process.

### **Primary Goals Assessment from Previous Year**

*How well were prior year goals met?*

Accomplishments from 2019-20:

1. Increased efficiency in financial reporting
  - Accomplishments:
    - Although there has been turnover in the Business Office, training has proven successful, as there is more communication between the budget technician and departments.
    - Business Office training continues training focused on purchasing, travel, budget, Datatel, and more.
    - The Business Office looked at using Prophix, which integrates with Ellucian and helps with integrated reports that pull info from HR, financials and the enrollment side to inform planning.

2. Integrated data-driven interpretation and planning

- Accomplishments:
  - A rubric for faculty prioritization has been created and is under review.
  - Faculty prioritization committee coming together with ASPC
  - Revenue contingent spending priorities document has been created

3. Professional-development leading to a strengthened sense of community

- Accomplishments:
  - The Districts professional development committee was dismantled. There is now a task force lead by Angelina Hill.
  - Additional topics such as online mental health and others beyond instruction are incorporated into training.
  - Biology Professor Wendy Riggs and Instructional Technologist Reno Giovannetti are leading multiple professional development sessions each week on Keep Teaching, an innovative platform they have developed using the college's learning management system, Canvas. They have made the Keep Teaching site a robust repository of "train the trainer" information, examples, exercises and advice.
  - Mathew Shell has also been helping students on Canvas and the website.
  - The website has been completely renewed providing a more student friendly and focused interface.
  - Additional training occurred which included e-signature and FERPA compliance training.
  - The partnership resource team provided a sense of community.
  - The professional development task force will continue sending surveys to gather information from the District on desired trainings.
  - Libguide account has been created. Stephanie created a professional development website. Website developed just for professional development. Links to vision resource center, and all other training sites.
  - Faculty coming together to help one another and provide a sense of community

## **Primary Goals 2020-21 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 or budget planning processes.***

After careful review and discussion about the above information, the committee has identified five specific areas that should be focused on:

- Provide resources to support relevant professional development opportunities and have a responsible party who will assess the effectiveness of what is provided.
- Identify budget for technology and facilities infrastructure renewal to support instruction and the overall student experience.
- Provide tutoring/peer mentoring resources pending Guided Pathways Committee recommendation Spring 2021.
- Identify which Chancellor's Office provided/free resources are necessary for the District, and secure funding for those resources that will no longer be free to the District.
- Create a dedicated budget for the funding of Program Review ranked plan resources and clarify for the campus community the budget allocation process for unfunded ranked plan resources. Ensure the final list of ranked plans is distributed to Program Review authors and posted to the website, and that the steps to acquire the resources for the funded plans are clear.

## **Budget Outlook Statement**

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

While improvements have been made, the college needs to continue to address budget allocation and planning, as there is a need for a more defined process with increased transparency. This will help identify resources for the goals mentioned above, and other needs/initiatives that require funding throughout the year.