



# Peralta Community College District

333 East Eighth Street ▪ Oakland, CA 94606 ▪ (510)466-7202

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## *Office of the Chancellor*

December 2, 2019

Dr. Stephanie Droker  
Vice President, ACCJC  
10 Commercial Blvd., Ste 204  
Navato, CA 94949

Dr. Droker

It is my pleasure to be recently appointed by the Peralta Community College District Board of Trustees. I was hired a little over a month ago and began my tenure as the Chancellor with clear direction from the Board to address the Integrated Financial Plan. I have made an aggressive start and am confident that the Peralta Community College District 5-Year Integrated Financial Plan that you received via snail mail from Dr. Siri Brown, Vice Chancellor, Academic Affairs will demonstrate our commitment to successfully overcoming the challenges at hand. I have attached it again for your convenience.

I am also attaching a copy of a matrix that outlines the specific plan of action on each Financial Crisis Management Assistance Team (FCMAT) recommendation. Though you have the information in the Integrated Financial Plan, this matrix lays out the specifics that allow for more accountability within the organization. You will note several tabs on the spreadsheet. Much of the evidence is included in the 5-Year Integrated Financial Plan but should you have specific questions/requests, we can certainly be responsive to your needs.

I would like to provide you with a level of confidence that we are addressing the FCMAT issues and the matrix provides one way, but we also took additional steps. I engaged Steven Crow, a retired Chief Budget Officer from Monterey Peninsula College and a member of the College Brain Trust Team that assisted us with our work to specifically help us improve the status of the questions included on the tools. Currently, the tool has questions that receive a score based on whether the answer is yes or no. The best scores can be earned by increasing the number of items that can be answered affirmatively. In this short (1.5 months) timeline, Mr. Crow has assisted us in turning 45% of the questions that had a negative response to a positive response. A small number of the items that have been converted to an "in progress" status. For example, when asked if we have adjusted the fte to the declining ftes, we have made some reductions but of course, that is in process to even make more adjustments.

You will note in the Integrated Financial Plan that we have made significant progress regarding the financial services areas. Processes and procedures are in progress, vacant positions are being hired, and

new policies/processes are being developed. Currently we are in the middle of the hiring processes for the internal auditor and the Vice Chancellor of Administrative Services. We just successfully hired a Director of Purchasing. We have several positions across the district in progress and we have several vacant positions (15) on the board agenda for the upcoming meeting. These are significant because many of the recommendations included information that said the large number of vacancies compromised the ability to get the work done and maintain the necessary checks and balances.

Also, I want to give you some confidence surrounding the Other Post Retirement Employee Benefit (OPEB) items. We are working closely with the financial advisors and they are in the process of supporting us in developing a strategic plan to address the liability. As recent as this afternoon, the financial advisors and the district has come to agreement on our underlying assumptions and directions to be included in the action plan for the OPEB Bond.

I am hopeful that this information complements the 5-Year Integrated Financial Plan, gives you the assurance that we are willing to make the hard choices to complete the necessary steps to position Peralta Community College District in a much more financially stable existence.

Please allow me to answer any questions or provide any additional information that you would like to receive.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Regina Stanback Stroud". The signature is written in a cursive style.

Dr. Regina Stanback Stroud  
Chancellor



# Peralta Community Colleges Integrated Financial Plan 2019-2024

A Living Document

December 2, 2019 Update: Special Report

Peralta Community College District  
333 East 8<sup>th</sup> Street  
Oakland, CA 94606

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Align Institutional Effectiveness with Financial Resources

To: Accrediting Commission for Community and Junior Colleges,  
Western Association of Schools and Colleges


From: Dr. Regina Stanback Stroud  
Peralta Community College District  
333 East Eighth Street  
Oakland, CA 94606

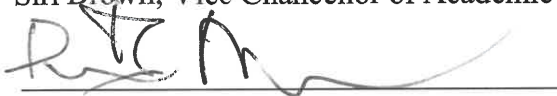
We certify there was broad participation/review by the campus community and believe this report accurately reflects the nature and substance of this institution.

**District Office Signatures:**

  
\_\_\_\_\_  
Julina Bonilla, Board of Trustees, President


  
\_\_\_\_\_  
Regina Stanback Stroud, Chancellor


  
\_\_\_\_\_  
Siri Brown, Vice Chancellor of Academic Affairs

  
\_\_\_\_\_  
Donald Moore, District Academic Senate, President

  
\_\_\_\_\_  
Terrence Fisher, Classified Senate, President

**College President Signatures:**

  
\_\_\_\_\_  
Rowena Tomaneng, Berkeley City College

  
\_\_\_\_\_  
Tammeil Gilkerson, Laney College

  
\_\_\_\_\_  
Timothy Karas, College of Alameda

  
\_\_\_\_\_  
Marie-Elaine Burns, Merritt College



Align Institutional Effectiveness with Financial Resources

## PCCD Integrated Five-Year Financial Plan

### Report Preparation

<b>Governance Body</b>	<b>Action</b>	<b>Date</b>
District Participatory Governance Council (PGC) District Planning and Budgeting Council (PBC)	Reviewed and Approved	February 22, 2019 March 8, 2019 March 22, 2019 April 19, 2019 October 18, 2019 (update) October 25, 2019 (update)
Colleges' Participatory Governance	Reviewed and Approved	March 8 – April 12, 2019
PCCD Board of Trustees	Reviewed and Approved	April 9, 2019 April 23, 2019 November 12, 2019 (update)
Posting Date:		May 1, 2019 December 2, 2019 (update)



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## **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 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 Sciences, 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 (currently under review)**

- 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





## Chancellors' Preface

Founded in 1964, Peralta Community College District is a crucial community resource, providing educational leadership and delivering educational programs and services to the East Bay region through programs and services of the four colleges, The College of Alameda, Berkeley City College Merritt College and Laney College, PCCD empowers students to achieve their highest aspirations.

Serving residents in Northern Alameda County and the extended region, PCCD is the educational home to more than 30,000 students. However, in recent years, a series of events have caused great concern over the future fiscal stability of the District. A number of factors including the recent recession, declining enrollment, executive turnover, a structural deficit in the District budget, a drastic rise in the cost of living in the bay area and the introduction of the Student Centered Funding Formula that has a disproportionate negative impact on the bay area colleges threatening the solvency of 11 of the 15 colleges in the region, all have created grave financial challenges that threaten the long-term fiscal health and viability of PCCD.

The Accrediting Commission for Community and Junior Colleges (ACCJC) of the Western Association of Schools and Colleges (WASC), the regional accrediting body for PCCD's four colleges expressed concern for the fiscal health of the district. PCCD was placed on enhanced monitoring and the four colleges and the district were asked to provide this plan to address the financial conditions outlined in the January 2019 ACCJC communications to the colleges.

PCCD provided the Commission with a Five-Year Financial Plan in October 2019 and was asked to continue the work and provide an updated plan in December 2019. As indicated in the original plan, the Board of Trustees and District administration have taken the situation seriously and responded swiftly and aggressively in a three-pronged approach to address the current landscape.

The following three key actions have been taken:

1. An in-depth internal analysis has been conducted, and the PCCD Integrated Five-Year Financial Plan has been updated; this serves not only as a response to ACCJC for a fiscal improvement plan but also continues the integration of institutional effectiveness with budgeting and resource allocation processes.
2. The Board of Trustees requested and received an external study by Fiscal Crisis Management and Assistance Team (FCMAT) to conduct a management assistance study that includes an analysis of fiscal health risk, staffing, spending, and other post-employment benefits (OPEB); it also provided fiscal management training to staff. The FCMAT report of findings and recommendations were provided in June and have already been acted upon. In this updated report, you will find that more than 50 of the 75 FCMAT recommendations have been implemented.



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3. The Board of Trustees has engaged the Collaborative Brain Trust (CBT) in a project for fiscal improvement plan services by conducting an in-depth external assessment of the district to complement its internal assessment. The project encompasses examination of fiscal services, effectiveness and efficiency of district systems and processes, enrollment management, and executive turnover. The project is planned over two phases:
  - a. to conduct a comprehensive institutional assessment of PCCD and provide recommendations for improvement. This work was completed in June 2019 and the administration has already begun the implementation of the CBT recommendations; and
  - b. to provide support for the implementation of these recommendations, and also those from FCMAT, over the next year. The CBT team has been actively engaged with the District and College personnel to support implementation of the recommendations.

The Executive Summary and chapters that follow in this document reflect the three key actions above: the in-depth internal analysis and its resulting PCCD Integrated Five-Year Financial Plan. The document reflects the current state and progress of Peralta's financial improvement plan and actions; it also serves as a framework and living document for further work. Additional actionable implementation strategies have been added to further augment and update the plan.

I am pleased to present this updated PCCD Integrated Five-Year Financial Plan and look forward to greater fiscal stability of the District in the future as we continue to provide and expand outstanding higher education services to students, residents, and the Peralta Community College District community.

Dr. Regina Stanback Stroud  
Chancellor, Peralta Community College District



## Executive Summary

The Peralta Community College (PCCD) Integrated Financial Plan, 2019-2024, provides the District and its four colleges with a fiscal planning document approved by the participatory governance process and the Board of Trustees. The ultimate goal is to provide the District with effective budgetary decision-making that addresses current concerns of the Accrediting Commission for Community and Junior Colleges (ACCJC) and solidifies the actions needed to create financial stability in the immediate future. As discussed in the Plan, the District utilizes the most recent actual budget information (FY 2017/18) as the baseline for assumptions, analysis, projections, and all known funding trends from the State and local sources to [Project the Unrestricted General Fund Revenues and Potential Expenditures](#) in order to assist PCCD in developing and implementing Committed Actions in the five-year time frame.

The newly introduced [Student Centered Funding Formula \(SCFF\)](#) is a key component behind the development of this Plan. SCFF generally uses three allocations: (a) Base Allocation – current factor (primarily in-state credit FTES), (b) Supplemental Allocation – counts of low-income students, including Pell Grant recipients, California College Promise Grant recipients, and AB 540 students, in the prior year, and (c) Student Success Allocation – counts of outcomes related to the [Vision for Success](#), with “premiums” for outcomes of low-income students.

The other major forces behind the development of this Plan were the concerns expressed by the ACCJC about the fiscal status of PCCD as noted in the November 2018 letter to the Chancellor and College Presidents. ACCJC informed the District of financial challenges that needed to be addressed in a multi-year, integrated plan including: (a) declining resident FTES, (b) material weaknesses and significant deficiencies discovered through Independent Audit Findings, (c) outstanding OPEB liabilities, (d) high executive-level staff turnover, (e) a districtwide structural deficit, (f) the need for a Student Success Infrastructure Plan that aligns with the SCFF, (g) the need for a Board Policy on reserves and fund balances, and (h) the need to address districtwide restructuring.

PCCD has taken a robust [three-pronged approach](#): (1) conducting a self-assessment and taking action internally regarding the challenges that can be addressed immediately; (2) inviting Fiscal Crisis & Management Assistance Team (FCMAT) through the State Chancellor’s Office to conduct a full fiscal health risk assessment and provide external, objective recommendations. This assessment was completed June, 2019 and is entitled, [Peralta Community College District: Financial Review and Fiscal Health Risk Analysis](#); and (3) contracting with Collaborate Brain Trust (CBT) to complete an external, objective, institutional assessment and provide recommendations on fiscal and operational efficiencies, enrollment services and enrollment management strategies, and executive turnover to provide both short- and long-term strategies for sustainable fiscal health. CBT’s [Fiscal Improvement Plan Services: Phase i - Final Report](#) was also completed in June, 2019.

The FCMAT Report details numerous serious financial concerns facing PCCD. The Executive Summary states, “Without fundamental changes, these concerns may result in a high risk that the



## Align Institutional Effectiveness with Financial Resources

district would become insolvent or require emergency appropriations from the state.” (FCMAT Report, 7) The report discusses serious challenges with leadership, enrollment decline, FTES targets and productivity, communication, technology systems, a cost-prohibitive number of Vice Chancellors at the district office, vacancies in key areas in the district Finance department, and numerous fiscal operational practices. Ultimately, FCMAT gave PCCD a Fiscal Health score of 69.9%, well above the “High Risk” percentage of 40%. In the report, FCMAT provided analysis and recommendations. These recommendations have been used to create the [Recovery, Accountability, and Sustainability Action Plan](#) which have been integrated into the December 2, 2019 PCCD Five-Year Integrated Financial Plan Update and can be seen in [a matrix](#) that summarizes and assigns responsibility for improvements.

Similarly, the Phase I (discovery) Final Report from CBT states, “There is an urgent and critical need for the District Administrative Services and the four colleges to work together with unified purpose to address the fiscal challenges PCCD faces today and for the future. The need for this approach was found to be pervasive in all the activities of Phase I of the project, and can be represented as a progression of coordinated efforts represented in the graphic below.” (Peralta Fiscal Improvement Plan Services, 7)



In the report, CBT provides analysis and recommendations on six thematic areas; leadership and accountability, enrollment management, district-wide systems and processes, organizational structure and staffing, fiscal stability, and public image and marketing.

Further, CBT provided a supplemental report entitled [Focused Assessment: Information Technology Department and Services](#) where serious concerns are addressed regarding leadership, safety and security, compliance and ethical issues, organizational structure, staffing skill sets, and IT operations, services and communication. (Peralta Focused Assessment, 2-6).

Both reports and an internal District assessment of its financial challenges has resulted in immediate remedies 2018-2019 year and are continuous. Each of these challenges and PCCD’s Committed Actions designed to address these challenges are discussed in detail in the Plan. Thus, they serve as the majority content for both analysis and solutions.

In addition to receiving assistance from FCMAT and the CBT as part of the analysis surrounding the eight areas mentioned by ACCJC, this Plan discusses several scenarios under consideration for PCCD’s Five-Year Unrestricted General Fund Projections. The Projections suggest that the



## Align Institutional Effectiveness with Financial Resources

final decision will impact the fund balance in a manner that either maintains a 10% or more reserves or not. Integrating the final reports from FCMAT and CBT, the District Office, together with the four colleges, has developed and will continue to proactively update and implement action plans to reverse this forecasted financial trend. The Five-Year Integrated Financial Plan provides the documentation and path toward these ends.

The aim of the PCCD Five-Year Integrated Financial Plan is three-fold:

**One: Increasing Revenue** -- As documented in the College and District Enrollment Management Plans and Guided Pathways, PCCD is working to increase its revenue from the State through:

- maximizing established multi-year targets<sup>1</sup> for each factor of the SCFF to maximize specific areas of strength and focus activities in each college,
- implementing and assessing the Enrollment Management Plans at both the District and the college levels on a quarterly basis (all Plans are current and implementations and assessments are on-going), and
- implementing the Student Success Infrastructure Plan in order to earn the highest possible amount of revenues through the new SCFF (the Infrastructure Plan, established with specific activities, and aligned with Success Goals and Resource Allocation).

**Two: Reducing Operational Expenditures** -- The District plans to reduce expenditures through:

- Maintaining the new Board Policy (April, 2019) to increase the reserve ratio from the previous 5% to 10% ([Board Policy 6250](#)) as approved by participatory governance bodies, as well as the Board of Trustees,
- improving the management of its OPEB debt (OPEB has not had any unqualified Audit Findings since 2014; and a well-designed Irrevocable Trust was established with 2019 contribution deposited), and
- reducing operational overspending and eliminating the structural deficit (a primary Expenditure Reduction Plan developed aiming at generating net budget increases in four out of five years).

**Three: Applying Sound Financial Management and Administration** -- The District will achieve this by:

- developing and implementing a plan to retain executive level administrators so that consistency in leadership occurs (an Executive Retainment Plan established; strategies currently being implemented),
- addressing all audit findings (PCCD's [17/18 Audit Finding Correction Active Plan](#) completed), and

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<sup>1</sup> [BCC Multi-Year Target](#), [COA Multi-Year Target](#), [Laney Multi-Year Target](#), and [Merritt Multi-Year Target](#).



## Align Institutional Effectiveness with Financial Resources

- implementing the FCMAT recommendations to establish 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 (with assistance from CBT, PCCD is drafting its Restructuring Plan during the summer and fall 2019 semesters).

This Five-Year Integrated Financial Plan includes timelines and milestones for each of the Committed Actions. This allows for the ability to evaluate progress and improvement in subsequent reports. Guided by its Mission, PCCD's planning, resource allocation, implementation, and evaluation occur on an ongoing basis through its participatory governance and operational structures in an integrated manner. Implementing the Committed Actions in this Plan will assist the District in facilitating its decision-making with an ultimate goal to achieve PCCD's efficacy for success and solvency.



## Chapter 1

### Introduction

**Challenges.** The Peralta Colleges have been experiencing sharp declines in enrollment in recent years. According to Data Mart figures, the FTES at PCCD has declined 18 percent from 2009/10 to 2018/19. Despite successful areas of growth, the decline persists and presents a severe fiscal impact on revenues. For the 2018/19 academic year, Peralta had 16,597 Resident FTES which is a 3.5% decline from the previous year of 17,206 Resident FTES. Discussed at length in chapters four and five of this document are the Strategic Enrollment Plans and Student Services Infrastructure activities the District has implemented. In spite of these initiatives, challenges persist and include scheduling that is not based on substantial, student-centered data, lack of building a districtwide view of the class schedule, fragmented marketing and more. This adds to the high rate of student swirl (53%) that displaces students and makes it hard for them to find the courses needed to align with their educational goals. Both FCMAT and CBT highlight PCCD's declining enrollment as a matter of serious concern on the fiscal health of the District and site specific recommendations for implementation. Concerns expressed by committee members and the general constituency about transparency and efficacy are currently under evaluation.

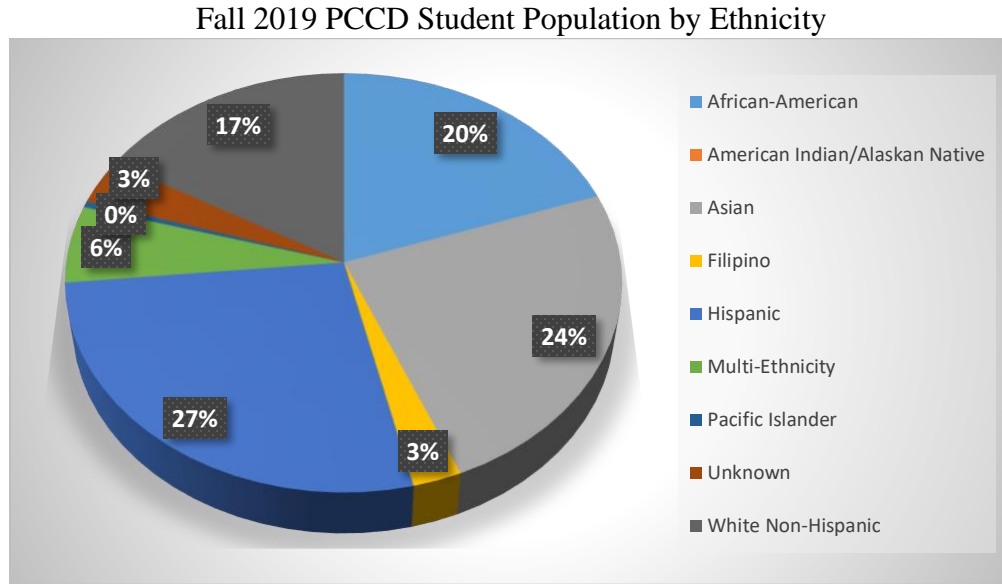
#### **The District and its Service Area**

**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](#) had over 615,000 residents. The District in general serves over 25,000 students a semester, the majority of whom (68%) are part-time. PCCD's student population is very diverse and mirrors the surrounding community. Roughly 27% are Hispanic/Latino, 24% Asian American, 20% African American, 17% white (non-Hispanic) and remaining as displayed in Chart 1 below.





Chart 1



Source: CCCCCO DataMart

According to State’s SCFF data, 36,668 of the PCCD student body in 2016/17 was categorized as Non-Supplemental Students.<sup>2</sup> CA Promise Grant recipients represented 44% of the student body, followed by 21% Pell Grant recipients, and 2% AB 540 Students (Table 1).

Table 1

2018/19  
PCCD Pell Grant, CA Promise Grant, and AB 540  
Student Headcount

Non-Supplemental Student Counts	Pell Grant (21%) Totals	AB 540 (2%) Totals	Promise Grant Students Total (44%)
36,668	7,701	629	16,269

Source: CCCCCO’s 2018/19 SCFF data

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)<sup>3</sup> over the last

<sup>2</sup> Students may receive more than one grant.

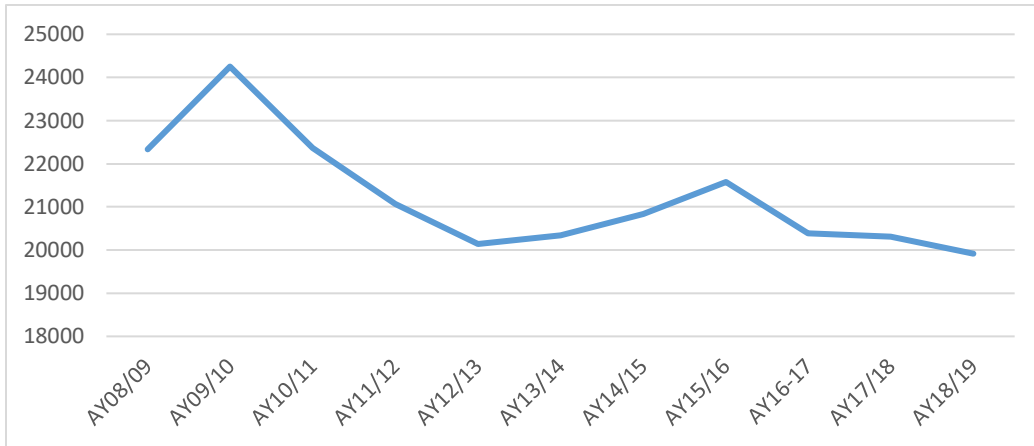
<sup>3</sup> Including resident, non-resident, credit, and non-credit FTES.





ten years dropped from its peak, 24,252 in AY 2009/10 to 19,916 in AY 2018/19. This drop represents a 18% decline in FTES (Chart 2).

Chart 2  
Total PCCD FTES, Ten Year Trend  
AY 2008/09 and AY 2018/19



Source: CCCCCO 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](#)”; 53% of students within the district attend more than one of the four PCCD colleges, and 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 industries, 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](#) predicts that the Bay Area labor market will continue to outperform the rest of the state and the nation. [Business Insider](#), 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](#), January 31, 2019, the unemployment rates in both the 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](#) announced in July



2018 that 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.**<sup>4</sup> Community college enrollment and the regional economy tend to have a reverse relationship. While celebrating the country’s recent economic growth as the nation’s second longest in history, according to [Bloomberg](#), PCCD, along with many other Bay Area multi-college districts, has been struggling with enrollments in recent years. 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 2 below.

Table 2

Bay Area Community College District Three-Year (2015/16 to 2017/18)

	1-Yr % Chg. 15/16 to 16/17	1-Yr Chg. 16/17 to 17/18
	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: CCCCC Data Mart

<sup>4</sup> 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](#), January 2019; [Inside Higher Ed](#), June 2018; [United States Census](#), June 2018, [EvoLLLurtion](#), February 2019; along with many other sources of information. A 2015 article in [Insider Higher Ed](#) took one step further to indicate 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 workforce when the economy is blooming and jobs are available, whereas they go back to school when employment opportunities disappear. 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 bubble when jobs were scarce. However, in 2017/18 when the job market was thriving, the district student body was 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.



**PCCD's Proactive Enrollment Strategies.** In spite of this reality, PCCD is engaged in constant analysis and activities with an intent to reverse the declining enrollment trend. Data in Table 3 explain 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, Special Admit, 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 Special Admit and CDCP noncredit.

*Special Admit:* PCCD initiated the strategies prior to this legislation, the number of Special Admit 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 Special Admit FTES, adding over \$6 million dollars to PCCD allocation.

*December 2019 Update-* PCCD signed a [CCAP Agreement](#) with its largest dual enrollment partner, the Oakland Unified School District in May, 2019. This agreement will allow PCCD to continue to expand dual enrollment to include Guided Pathways principles and thus expand and grow higher educational opportunities for high school learners.

*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 face-to-face 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. The estimated revenues from the State's Base Allocation is presented in Table 3 below.

Table 3

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<sup>5</sup> [PCCD Enrollment Management Plan](#), [BCC Enrollment Management Plan](#), [COA Enrollment Management Plan](#), [Laney Enrollment Management Plan](#), and [Merritt Enrollment Management Plan](#).



Estimated General Fund Revenue Generated  
by Special Admits<sup>6</sup> and CDCP Enrollment  
Source: CCCCCO Finance and Facilities Division, and 320 Reports

Year	Rate/FTES	Special Admit and CDCP Noncredit			Revenue
		Special Admit Credit FTES	Revenue: Actual	CDCP Noncredit FTES	
2015-2016	\$4,675	845	\$3,951,123	0	\$0
2016-2017	\$5,005	1,093	\$5,471,666	0	\$0
2017-2018	\$5,457	1,141	\$6,226,819	11	\$60,409
2018-2019	\$5,457	1,215	\$6,630,255	66.7	\$363,982

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](#) 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 Special Admit 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 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 (DE) continues to expand, PCCD’s ability in increasing retention, persistence, and completion of its DE students becomes even more important, as the SCFF emphasizes equity and success.

During the 2019-2020 academic year in [Phase II](#), the Collaborative Brain Trust is supporting the growth of more effective enrollment management practices. This includes, working with Academic Affairs and Institutional Research (District) to develop a Power BI tool for analyzing the schedule from a district-wide lens, providing training for Department Chairs and working directly with Deans and VPs from each college to analyze enrollment trends and effective scheduling that meets the needs of students.

<sup>6</sup> Special Admits include concurrent high school students and adult education students.



## District Participatory Governance Structure

Participatory 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 (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 committees 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 (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;



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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, the 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).** 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).** 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:



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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 and Principles, and Budget Allocation Model (BAM)**

**Challenges.** During the 2018-2019 academic year, PCCD revised its Budget Development Process. The revision was initiated due to challenges with ensuring meaningful participation in the process and clarity in timelines for essential decisions. The BAM, established in 2010, continues to be an item with multiple conflicting opinions. Concerns include the lack of adherence to all aspects of BAM, the fact that the District budget is not built into BAM, and the need to rework the BAM to align with the Student Centered Funding Formula. During the August, 2019 PBIM Retreat, revising the BAM was one of two major agenda items to address during the fall semester. Although supported through voter approval, perceptions of proper use of and over reliance on the Parcel Tax remains an ongoing financial challenge where improved accountability, transparency and communication to the community are needed. Of the 75 total Recommendations, FCMAT identified 42 areas of concern directly related to Budget Development and Monitoring. Of these, as of October, 2019, 6 have been completed, 12 are in progress and the remaining 24 are incomplete. In addition, FCMAT recommended 5 areas in Spending Pattern Analysis in need of improvement. 3 of which are complete, 1 that is not complete and 1 that is in-progress.

#### **FCMAT Recommendations Regarding Budget Development and Monitoring**

Of the total 75 recommendations, FCMAT identified 42 areas of concern and recommended corrective actions in the area of Budget Development and Monitoring [Budget Development and Monitoring](#). These recommendations have been categorized in general areas that the District is working to address. These include creating and adhering to calendars and timelines, aligning staffing to FTES, providing training, increasing effective communication strategies, college and District reconciliations and adhering to policies and procedures. Of the 42 recommendations, PCCD has completed 6, in in-progress for 12 and the remaining 24 are incomplete. PCCD created a matrix to track and assign responsibility to each of the 42 recommendations. These (and other recommendations) were approved at the [Board of Trustees September 10, 2019](#) and was presented to the [Board of Governors September 16, 2019 meeting](#).

#### **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 2019/20 Budget





Assumptions are listed in the [2019/2020 Annual Adopted Budget](#) on page 13 for example.

In the Peralta Community College District, the integrated budgeting and planning processes and the participatory governance structure receive information about financial resources and is available to PBIM committees whose meetings are open to the public, to the colleges, and to the larger community. The [Annual 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](#) is posted on the PCCD Office of Finance and Administration homepage.

### **Principles for Annual Budget Development**

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 its annual budget development 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.



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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.
13. Student Accounts Receivables will be reported to the state as required but will not be included in revenue for distribution unless receivables are actually collected.
14. Student Accounts Receivables will be reviewed to implement student-friendly strategies to lower the amount owed to the district.
15. The Board of trustees will evaluate every aspect of the budget through each stage of the development and reconciliation process. This will include timely updates and review of actual revenue and expenses versus projections to ensure fiscal compliance and sustainability.

### **PCCD Budget Allocation Model (BAM) for Unrestricted General Fund Allocation<sup>7</sup>**

In August 2010, the [District Planning and Budgeting Council](#) took up the task of developing a [Budget Allocation Model](#), 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, include:

- 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.

*December 2019 Update-* Efforts to update the BAM began prior to the beginning of the fall, 2019 semester. During the August 13 [PBIM Summit](#), the topic was agendaized and discussed as a priority item for the academic year and [recommendations](#) were made by

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<sup>7</sup> In 2018/19, PCCD continues to use BAM that was updated in December 17, 2014.



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PBIM committees. Discussions involved using the metrics of the SCFF to allocate funds to the colleges and the need to add the District Office/Centralized services to the formula. During the first [PBC meeting on September 20, 2019](#) the committee reestablished a working group to begin analysis and discussion.

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

**Credit Base Revenue.** Credit Base Revenue equals 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 the colleges as earned and certified through hours of instruction.

**Measure B Parcel Tax.** Measure B is a special parcel tax measure approved by the voters. 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 Measure's duration. 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.



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Discretionary budgets consist of hourly personnel, supplies, materials, services, and capital equipment budgets.

**Staffing - Faculty (Full-Time, Part-Time), 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 Full-time Faculty Obligated Number (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 – Other Post-Employment Benefits (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



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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, Long-Term General Budget Assumptions, Budget Projection Methodology and Reduction Approach, and Incorporated Institutional Effectiveness and Resources Allocation**

**Challenges.** PCCD’s AFRs over the last three years have pointed out several major fiscal risks for the District. The evolving SCFF at the State level adds additional complexities when the District and its four colleges begin to develop or update their data-driven Plans in order to meet the requirements and increase revenues through enrollment, equity, and student success. To meet these challenges, through participatory governance, PCCD initiated its first attempt to maintain a five-year financial stability and solvency, while anticipating further changes and endeavors.

#### **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 \(ACCJC\)](#). The development of this Five-Year Integrated Financial Plan addresses the ACCJC’s requirement for “[Institutional Fiscal Data and Updated Requirements for Evidentiary Documents](#).” 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 ACCJC, Western Association of Schools and Colleges. The purpose of the 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 the AFR, ACCJC 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 Net Decrease 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 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. In order to tackle this funding decline, PCCD developed a [multi-year projection of its Unrestricted General Fund](#) from all potential revenues and obligated expenditures based upon 2018/19 known factors.

**Fiscal Year 2019-2024 Budget Projection Methodology**

The PCCD Office of Finance and Administration utilized a comprehensive methodology per the State’s regulations and assumptions to generate its Five-Year Unrestricted General Fund Projections. It is an estimate and is based, in part, on the Governor’s January 2019 Budget and SCFF Allocations. Please see the per-FTES and per-Headcount rate in the two spreadsheets below. As more detailed information is received from the Governor’s Office and the State Chancellor’s Office, these rates and assumptions will be adjusted accordingly.

Basic Allocation (in Dollars)				
Year	Credit FTES	Non Credit FTES	Special Admit	Total
2019-2020	3,727	3,433	5,597	12,757
2020-2021	3,208	3,525	5,747	12,480
2021-2022	3,317	3,645	5,943	12,905
2022-2023	3,317	3,645	5,943	12,905
2023-2024	3,317	3,645	5,943	12,905

The rate is flat from 2022 through 2024 due to the State providing only three years of data. These numbers will adjust as more information is distributed.





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Student Center Funding Formula (Funding Rate)						
Factor	2019-20	2020-21	2021-22	2022-23	2023-24	
Pell Grant Recipients	943	968	1,001	1,001	1,001	
AB540 Students	943	968	1,001	1,001	1,001	
California Promise Grant Recipients	943	968	1,001	1,001	1,001	
All Students	Associate Degree	2,031	2,780	2,875	2,875	2,875
	Associate Degrees for Transfer	2,708	3,707	3,834	3,834	3,834
	Credit Certificates	1,354	1,853	1,917	1,917	1,917
	Nine or More CTE Units	677	927	958	958	958
	Transfer	1,015	1,390	1,438	1,438	1,438
	Transfer Level Math and English	1,354	1,853	1,917	1,917	1,917
	Achieved Regional Living Wage	677	927	958	958	958
Pell Grant Recipients	Associate Degree	771	1,052	1,088	1,088	1,088
	Associate Degrees for Transfer	1,028	1,403	1,451	1,451	1,451
	Credit Certificates	514	701	725	725	725
	Nine or More CTE Units	257	351	363	363	363
	Transfer	385	526	544	544	544
	Transfer Level Math and English	514	701	725	725	725
	Achieved Regional Living Wage	257	351	363	363	363
Promise Grant Recipients	Associate Degree	514	701	725	725	725
	Associate Degrees for Transfer	685	935	967	967	967
	Credit Certificates	343	468	484	484	484
	Nine or More CTE Units	171	234	242	242	242
	Transfer	257	351	363	363	363
	Transfer Level Math and English	343	468	484	484	484
	Achieved Regional Living Wage	171	234	242	242	242

Source: CCCC.O.edu

**Five-Year Expenditure Reduction Approach.** Subsequently, the District identified an expenditure reduction approach. The five-year budget reduction was decided through the participatory governance process as reflected on the March 8, 2019 [PBC minutes](#). The first part of the process was the commitment of the committee members to agree upon an adequate fund balance target for each year. It was decided to increase the fund balance from 5% (the state requirement) to 10%. The second step in the process was that committee members reviewed several different reduction scenarios and the majority voted on the following:

- 1) to allocate an additional 2% (roughly \$2 million annually) to the budget for contingency reserves. December, 2019 Update- This commitment was completed
- 2) to add the vacant positions of approximately \$4.5 million that were frozen in the FY2018/19 adopted budget back into the FY2019/20 budget.
- 3) to reduce \$8 million in FY2019/20
- 4) to reduce \$2.1 million in FY2023/24





The newly introduced [Student Centered Funding Formula \(SCFF\)](#) 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<sup>8</sup> also requires the District to:

- 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 the Annual Budget/SCFF.

The District and its four colleges have developed their first edition of a [Student Services Integrated Action Plan](#) – a joint comprehensive plan 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, it will increase its SCFF revenues. Table 4 presents a simple illustration of how SCFF success goals align with the goals and targets established by the District and its four colleges through their Plans.

Table 4

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 Target Enrollment Management Plan	Increase overall FTES through establishing realistic FTES targets, scaling CDCP noncredit and Special Admits (SPX) offerings and through implementing effective recruitment and student persistence strategies as identified in Enrollment Management Plans.
Supplemental Allocation	FTES Target Enrollment Management Plan	Increase the number of low-income students - Pell Grant recipients, California College Promise Grant recipients, and AB 540 students - through

<sup>8</sup> 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.)



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		establishing a FTES Target and implementing Enrollment Management Plans.
Student Equity and Success Allocation	Enrollment Management Plans Guided 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 complement each other.

**Long-Term General Budget Assumptions**

1. While PCCD’s Annual Budget (Tentative and Adopted) details yearly budget assumptions, the assumptions for this Five-Year Financial Plan remain general.
2. Ever-evolving and ever-changing will continue to be the nature of the financial outlooks worldwide, and at the national, state, and local levels.
3. The financial planning environment in the next five years will continue to be very fluid (e.g., resources, mission and vision, and legislative mandates).
4. 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.
5. 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.
6. 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, on historical fiscal trends at the district, including current year-to-date actuals, and on the most up-to-date budget allocation model (BAM).
7. 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, and 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 timelines.

**Integrated Institutional Effectiveness and Resource Allocation**

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 participatory governance and operational structures in an incorporated and interrelated 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



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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 and goals through [program review/annual program update \(APU\)](#). It also evaluates goals and objectives (Education Master Plan<sup>9</sup>, [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). Aspects of these plans are supported and complemented by budget from general funds, restricted/categorical funds, and/or grants when approved and feasible. The District disaggregates and analyzes learning outcomes and achievements for student subpopulations. When performance gaps are identified, PCCD and its four colleges develop and 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.

The Plans and evaluation findings are published online on the PCCD website. Once plans are executed, outcomes are assessed with summary reports and provided to the colleges, district, responsible offices in the state and federal government, and ACCJC. Both the District and the colleges utilize Success Outcome Indicators as the basis for future plan/program review and improvement. Plans and the implementation of the plans are aligned with State's Vision for Success Goals and PCCD's Strategic Goals, and are supported by budget where possible. Resource allocation is driven by financial forecasts, budgetary projections, and strategic allocation of available resources identified through the planning process.

PCCD's Five-Year Financial Plan has a major impact on all districtwide Plans related to Student Access, Equity, and Success. In August 2018, PCCD held its annual [PBIM Summit](#) where the Strategic Goals were assessed along with the alignment of the Vision for Success. What resulted was a draft Vision Alignment that has yet to be discussed or approved with the Board of Trustees. On [May 28, 2019](#), The Board of Trustees approved the [Vision Aligned Goals](#), however there is still a need to update the goals and objectives which were established in 2015/16.

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<sup>9</sup> [Educational Master Plan \(BCC\)](#)  
[Educational Master Plan \(COA\)](#)  
[Educational Master Plan \(Laney\)](#)  
[Educational Master Plan \(Merritt\)](#)



## Chapter 4

### General Fund Revenues – 2019/20 Baseline and Five-Year Estimated Forecast for Unrestricted General Fund

**Challenges.** PCCD has a history of borrowing, stability and restoration that, along with setting highly unachievable FTES targets, has impacted proper budget planning and enrollment management. In addition, the district only recently (2017) began developing a Strategic Enrollment Management (SEM) Plan and it was not fully integrated with college input. The colleges' SEM plans were either brief, without benchmarks and other data, or did not exist. In addition, all SEM Plans needed to be updated to address the SCFF. The District will commit to improving internal data analytics to inform all levels of integrated planning for student success. In preparation for the new SCFF funding formula an improved data-driven analysis will determine efficiencies in allocation for the district. As part of this requirement, PCCD needs to demonstrate a comprehensive plan that connects fiscal stability to SCFF results. The need for a student success infrastructure demands that PCCD ensure equitable access and success, answer how various completion goals will be met, determine how strategic enrollment plans will maximize the SCFF, identify what technology and business practices are needed, and establish a timeline for review. The aim is to develop a sound data-driven infrastructure that promotes success to counter-balance PCCD's historical systemic challenges as the District gains momentum to align with the State Chancellor's Vision for Success. FCMAT identified 10 areas of concern and recommendations related to the SCFF. 6 of which are completed and 4 are in progress. These recommendations are primarily focused on maximizing funding as PCCD transitions to the new funding formula.

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](#). PCCD's budget requirements and processes follow the guidelines as described in the [California Code of Regulations \(CCR\)](#), beginning with 58300.

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 \[66000 - 101060\]](#), this [Student Centered Funding Formula \(SCFF\)](#) generally uses three allocations:



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- Base 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](#), 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)<sup>10</sup>**

District Code:	340	Peralta CCD				
		Description	2018-19	2019-20	2020-21	2021-22
General		COLA	2.71%	3.26%	3.00%	2.80%
		Applied Growth Target Rate	maximum	0.00%	0.00%	0.00%
		Growth Target Rate	0.56%	0.00%	0.00%	0.00%
Base Allocation	Credit FTES	Credit	\$ 3,727.00	\$ 3,849	\$ 3,964	\$ 4,075
		Special Admit Credit	\$ 5,456.67	\$ 5,635	\$ 5,804	\$ 5,966
		Incarcerated Credit	\$ 5,456.67	\$ 5,635	\$ 5,804	\$ 5,966
	Noncredit FTES	CDCP	\$ 5,456.67	\$ 5,635	\$ 5,804	\$ 5,966
		Noncredit	\$ 3,347.49	\$ 3,457	\$ 3,560	\$ 3,660
Supplemental Allocation	Headcounts	Pell Grant Recipient	\$ 919	\$ 949	\$ 977	\$ 1,005
		AB540 Students	\$ 919	\$ 949	\$ 977	\$ 1,005
		California Promise Grant Recipients	\$ 919	\$ 949	\$ 977	\$ 1,005
Student Success Allocation	All Students	Associate Degrees	\$ 1,320	\$ 1,363	\$ 1,404	\$ 1,443
		Baccalaureate Degrees	\$ 1,320	\$ 1,363	\$ 1,404	\$ 1,443
		Associate Degrees for Transfer (ADTs)	\$ 1,760	\$ 1,817	\$ 1,872	\$ 1,924
		Credit Certificates	\$ 880	\$ 909	\$ 936	\$ 962
		Nine or More CTE Units	\$ 440	\$ 454	\$ 468	\$ 481
		Transfer	\$ 660	\$ 682	\$ 702	\$ 722
		Transfer Level Math & English	\$ 880	\$ 909	\$ 936	\$ 962
		Regional Living Wage	\$ 440	\$ 454	\$ 468	\$ 481
	Equity: Federal Pell Grant Recipients	Associate Degrees	\$ 500	\$ 516	\$ 531	\$ 546
		Baccalaureate Degrees	\$ 500	\$ 516	\$ 531	\$ 546
		Associate Degrees for Transfer (ADTs)	\$ 666	\$ 688	\$ 708	\$ 728
		Credit Certificates	\$ 333	\$ 344	\$ 354	\$ 364
		Nine or More CTE Units	\$ 167	\$ 172	\$ 177	\$ 182
		Transfer	\$ 250	\$ 258	\$ 266	\$ 273

<sup>10</sup> 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.



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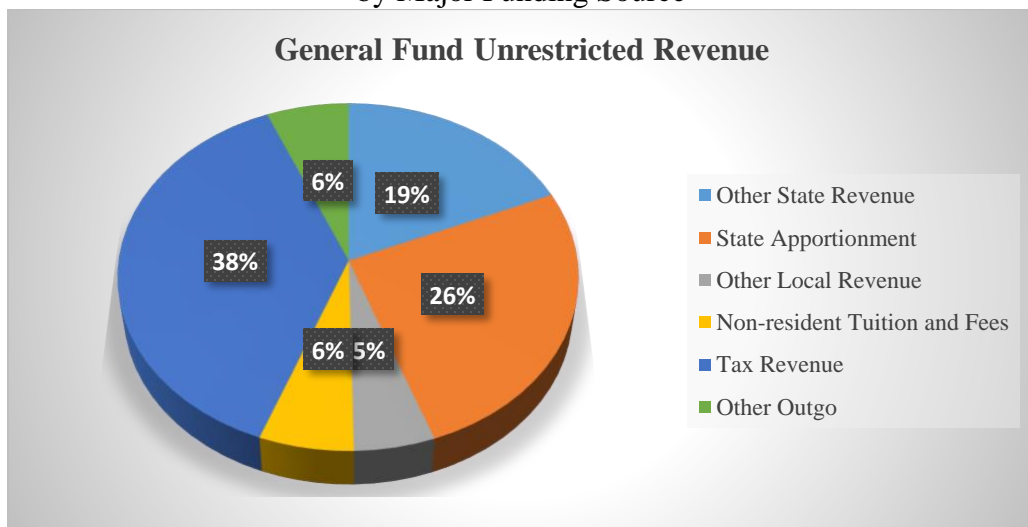
		Transfer Level Math & English	\$ 333	\$ 344	\$ 354	\$ 364	
		Regional Living Wage	\$ 167	\$ 172	\$ 177	\$ 182	
	Equity: California Promise Grant Recipients	Associate Degrees	\$ 333	\$ 344	\$ 354	\$ 364	
		Baccalaureate Degrees	\$ 333	\$ 344	\$ 354	\$ 364	
		Associate Degrees for Transfer (ADTs)	\$ 444	\$ 458	\$ 472	\$ 485	
		Credit Certificates	\$ 222	\$ 229	\$ 236	\$ 243	
		Nine or More CTE Units	\$ 111	\$ 115	\$ 118	\$ 121	
		Transfer	\$ 167	\$ 172	\$ 177	\$ 182	
		Transfer Level Math & English	\$ 222	\$ 229	\$ 236	\$ 243	
		Regional Living Wage	\$ 111	\$ 115	\$ 118	\$ 121	
<b>Alternative Scenarios</b>			Funding % above the 2017-18 TCR +COLA	87.655%			

**2019/20 Fund Analysis**

**Unrestricted General Fund Revenue.** The 2019/20 total Unrestricted General Revenue received from all sources totaled \$153,025,964. Chart 3 below displays major revenue sources for 2019/20.

Chart 3

PCCD 2019/20 Total Unrestricted/General Fund Revenues (\$153,025,964) by Major Funding Source



Source: PCCD 2019-20 Adopted Budget

**Base Allocation: In-state Credit FTES.** In 2019/20, PCCD received \$58,257,462 (38%) from local tax. In-state residents’ credit FTES is the primary workload measure used by the state to



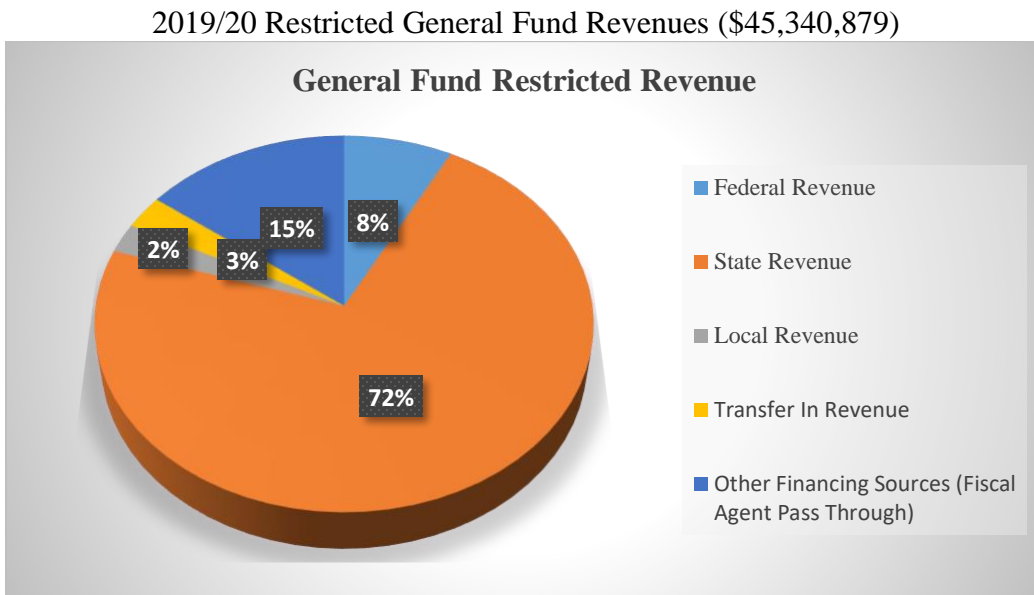


determine how much apportionment revenue a community college district receives. The amount of the State general apportionment received by PCCD depends on the number of FTES generated and reported to the State from prior year, less amounts received from non-resident tuition and fees (est. \$9,092,697 in 2019/20) and local property taxes. However, if the amount of the latter two revenues increases, it would lead to the decrease in apportionment revenue.

Other unrestricted general fund revenue sources include state revenues other than apportionment (19%), local revenues less tax and tuition/fees (5%), non-resident tuition and fees (7%), and Transfer In Revenue (6%). With the exception of interest income, the majority of PCCD’s revenue received is to support the district’s instruction.

**Restricted General Funding Sources.** There are mainly three sources for the Restricted Funding: state (72%), local (2%), and Transfer In Revenue (3%). In 2019/20, PCCD received a total of \$45,340,879 from all of these resources combined (Chart 4).

Chart 4



**Bond and Parcel Tax Measures.**<sup>11</sup> PCCD has 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,

<sup>11</sup> PCCD maintains its Bond and Parcel Tax Measures by the 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.



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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 support PCCD's Mission by passing Measure G - PCCD's \$800 million bond proposal. Voters also approved Measure E, extending the current parcel tax (\$48 per parcel) to supplement funding for core academic programs at the Peralta Colleges. These Measures have been assisting 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 PCCD's service area. PCCD's budget development activities, including all of its newly constructed facilities funded by Bond and Parcel Tax, will continue to take total cost of ownership into consideration. The Facility Plans at all four colleges are up-to-date.<sup>12</sup>

### **Five-Year Estimated Revenue Forecast**

**SCFF 2017/18 to 2021/22.** Based upon [SCFF published by the State Chancellor's Office](#), PCCD made a multi-year projection of the SCFF revenue to be received from the State, as illustrated in Chart 5 below. The Office of Finance and Administration and Academic Affairs generated the [Five-Year SCFF Revenue Projections](#) with data from the colleges to 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. Data from year 2018/19-2019/20 are actuals, 2020/21 are based on the FCMAT State Simulator and colleges projections and the remaining years are projections based on budget assumptions.

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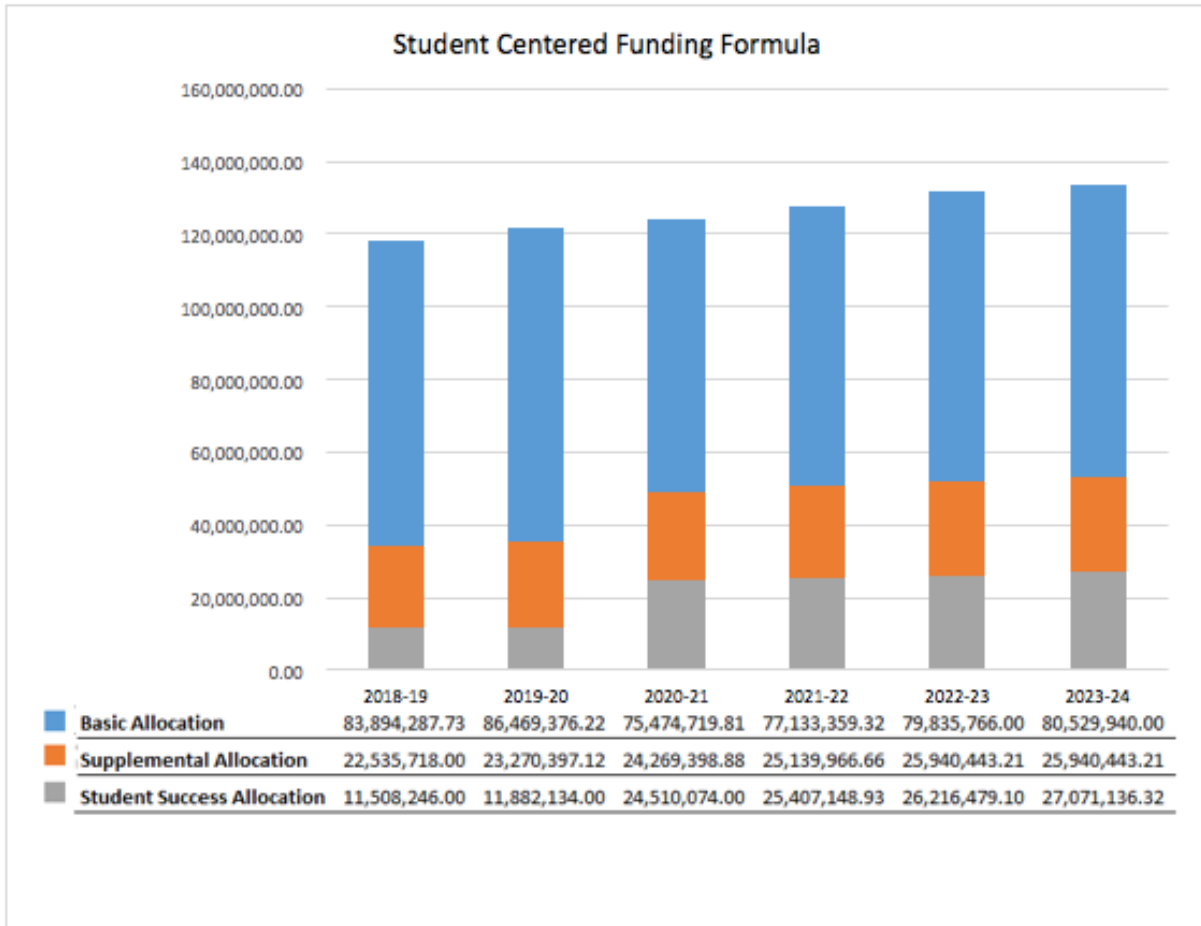
<sup>12</sup> [Berkeley City College Facilities Master Plan](#), [COA Five-Year Construction Plan](#), [Laney College Facilities and Technology Plan](#), [Merritt College Facilities Master Plan](#).





Chart 5

SCFF Funding by Component,  
2018/19 and 2019/20 Actual Revenues, and Projections between 2019/20 to 2023/24



**Total Unrestricted General Fund Forecast.** Currently under consideration, are several scenarios of Unrestricted General Fund Five-Year Budget and Expenditure Projections. PCCD will engage in participatory governance discussions about each scenario through the PBIM process during the 2019-2012 academic year.



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Table 5  
Unrestricted General Fund  
Five-Year Budget and Expenditure Projections

Scenario 1: With Full Parity and Cola

Latest Update	Adopted Budget Fiscal Year 2018-2019	Amended Budget Fiscal Year 2018-2019	Unaudited Actual Fiscal Year 2018-2019	Tentative Budget Fiscal Year 2019-2020	Projections Fiscal Year 2020-2021	Projections Fiscal Year 2021-2022	Projections Fiscal Year 2022-2023	Projections Fiscal Year 2023-2024
<b>Revenues:</b>								
Federal Revenue								
State Revenue	\$ 65,486,282	\$ 72,692,251	\$ 64,006,532	\$ 68,077,817	\$ 69,928,198	\$ 70,221,758	\$ 69,164,805	\$ 67,765,520
Local Revenue	70,787,368	70,787,368	73,457,731	75,298,147	75,257,304	77,003,346	78,801,769	80,654,146
Interfund Transfer In	9,650,000	9,650,000	9,401,415	9,650,000	9,650,000	9,650,000	9,650,000	9,650,000
Other Revenues	-	-	-	-	-	-	-	-
<b>Total Revenues:</b>	<b>145,923,650</b>	<b>153,129,619</b>	<b>146,865,678</b>	<b>153,025,964</b>	<b>154,835,502</b>	<b>156,875,104</b>	<b>157,616,574</b>	<b>158,069,666</b>
<b>Expenditures:</b>								
Full Time Academic	25,151,587	25,985,115	22,008,148	26,494,736	27,377,699	27,788,364	28,205,189	28,628,267
Academic Administration	5,424,834	5,424,834	5,455,284	5,545,939	5,466,986	5,548,991	5,632,226	5,716,709
Other Faculty	4,236,677	4,236,677	4,690,528	4,862,479	5,435,005	5,516,530	5,599,278	5,683,267
Part Time Academic	11,677,623	12,050,064	17,025,532	10,083,450	8,235,744	8,359,280	8,484,670	8,611,940
Classified Salary	27,276,438	27,276,438	26,658,552	29,131,772	28,751,398	29,182,668	30,641,802	31,101,429
Fringe Benefits	41,944,230	47,944,230	46,298,290	47,030,588	47,963,580	48,922,852	49,901,309	50,899,335
Bad Debts	1,050,000	1,050,000	850,000	850,000	1,150,000	1,130,000	1,000,000	1,000,000
Books Supplies, SVcs	19,121,578	21,001,078	11,437,607	21,319,082	20,913,469	21,166,567	21,432,320	21,763,544
Equipment Outlay	274,071	274,071	377,406	273,267	243,344	243,344	243,344	243,344
Other Outgo	6,309,000	8,309,000	8,056,355	6,198,805	5,444,323	5,280,209	5,153,789	4,995,823
Parity Pay	-	-	-	3,080,000	3,080,000	3,080,000	3,080,000	3,080,000
Cola 3.29%	-	-	-	-	-	-	-	-
Contingency Reserves	-	-	-	-	-	-	-	-
<b>Total Expenses:</b>	<b>142,466,038</b>	<b>153,551,507</b>	<b>142,857,702</b>	<b>156,953,562</b>	<b>156,144,991</b>	<b>158,302,249</b>	<b>161,457,371</b>	<b>163,807,102</b>
<b>Beginning Fund Balance:</b>	<b>15,830,544</b>	<b>13,894,554</b>	<b>13,894,554</b>	<b>18,737,530</b>	<b>14,809,932</b>	<b>13,500,443</b>	<b>12,073,298</b>	<b>8,232,501</b>
Net Increase (Decrease)	3,457,612	(421,888)	4,007,976	(3,927,598)	(1,309,489)	(1,427,145)	(3,840,797)	(5,737,437)
Audit Adjustment	-	-	835,000	-	-	-	-	-
<b>Ending Fund Balance:</b>	<b>\$ 19,288,156</b>	<b>\$ 13,472,666</b>	<b>\$ 18,737,530</b>	<b>\$ 14,809,932</b>	<b>\$ 13,500,443</b>	<b>\$ 12,073,298</b>	<b>\$ 8,232,501</b>	<b>\$ 2,495,064</b>
Fund Balance %	13.54%	8.77%	13.12%	9.44%	8.65%	7.63%	5.10%	1.52%

Scenario 2: Without Cola and Without Parity

Latest Update	Adopted Budget Fiscal Year 2018-2019	Amended Budget Fiscal Year 2018-2019	Unaudited Actual Fiscal Year 2018-2019	Tentative Budget Fiscal Year 2019-2020	Projections Fiscal Year 2020-2021	Projections Fiscal Year 2021-2022	Projections Fiscal Year 2022-2023	Projections Fiscal Year 2023-2024
<b>Revenues:</b>								
Federal Revenue								
State Revenue	\$ 65,486,282	\$ 72,692,251	\$ 64,006,532	\$ 68,077,817	\$ 69,928,198	\$ 70,221,758	\$ 69,164,805	\$ 67,765,520
Local Revenue	70,787,368	70,787,368	73,457,731	75,298,147	75,257,304	77,003,346	78,801,769	80,654,146
Interfund Transfer In	9,650,000	9,650,000	9,401,415	9,650,000	9,650,000	9,650,000	9,650,000	9,650,000
Other Revenues	-	-	-	-	-	-	-	-
<b>Total Revenues:</b>	<b>145,923,650</b>	<b>153,129,619</b>	<b>146,865,678</b>	<b>153,025,964</b>	<b>154,835,502</b>	<b>156,875,104</b>	<b>157,616,574</b>	<b>158,069,666</b>
<b>Expenditures:</b>								
Full Time Academic	25,151,587	25,985,115	22,008,148	26,494,736	27,377,699	27,788,364	28,205,189	28,628,267
Academic Administration	5,424,834	5,424,834	5,455,284	5,545,939	5,466,986	5,548,991	5,632,226	5,716,709
Other Faculty	4,236,677	4,236,677	4,690,528	4,862,479	5,435,005	5,516,530	5,599,278	5,683,267
Part Time Academic	11,677,623	12,050,064	17,025,532	10,083,450	8,235,744	8,359,280	8,484,670	8,611,940
Classified Salary	27,276,438	27,276,438	26,658,552	29,131,772	28,751,398	29,182,668	30,641,802	31,101,429
Fringe Benefits	41,944,230	47,944,230	46,298,290	47,030,588	47,963,580	48,922,852	49,901,309	50,899,335
Bad Debts	1,050,000	1,050,000	850,000	850,000	1,150,000	1,130,000	1,000,000	1,000,000
Books Supplies, SVcs	19,121,578	21,001,078	11,437,607	21,319,082	20,913,469	21,166,567	21,432,320	21,763,544
Equipment Outlay	274,071	274,071	377,406	273,267	243,344	243,344	243,344	243,344
Other Outgo	6,309,000	8,309,000	8,056,355	6,198,805	5,444,323	5,280,209	5,153,789	4,995,823
Parity Pay	-	-	-	-	-	-	-	-
Cola 3.29%	-	-	-	-	-	-	-	-
Contingency Reserves	-	-	-	-	-	-	-	-
<b>Total Expenses:</b>	<b>142,466,038</b>	<b>153,551,507</b>	<b>142,857,702</b>	<b>151,790,118</b>	<b>150,981,547</b>	<b>153,138,805</b>	<b>156,293,927</b>	<b>158,643,658</b>
<b>Beginning Fund Balance:</b>	<b>15,830,544</b>	<b>13,894,554</b>	<b>13,894,554</b>	<b>18,737,530</b>	<b>19,973,376</b>	<b>23,827,331</b>	<b>27,563,630</b>	<b>28,886,277</b>
Net Increase (Decrease)	3,457,612	(421,888)	4,007,976	1,235,846	3,853,955	3,736,299	1,322,647	(573,993)
Audit Adjustment	-	-	835,000	-	-	-	-	-
<b>Ending Fund Balance:</b>	<b>\$ 19,288,156</b>	<b>\$ 13,472,666</b>	<b>\$ 18,737,530</b>	<b>\$ 19,973,376</b>	<b>\$ 23,827,331</b>	<b>\$ 27,563,630</b>	<b>\$ 28,886,277</b>	<b>\$ 28,312,284</b>
Fund Balance %	13.54%	8.77%	13.12%	13.16%	15.78%	18.00%	18.48%	17.85%



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Scenario 3: With Part-Time Parity Only and With Cola

Latest Update	Adopted Budget Fiscal Year 2018-2019	Amended Budget Fiscal Year 2018-2019	Unaudited Actual Fiscal Year 2018-2019	Tentative Budget Fiscal Year 2019-2020	Projections Fiscal Year 2020-2021	Projections Fiscal Year 2021-2022	Projections Fiscal Year 2022-2023	Projections Fiscal Year 2023-2024
<b>Revenues:</b>								
Federal Revenue								
State Revenue	\$ 65,486,282	\$ 72,692,251	\$ 64,006,532	\$ 68,077,817	\$ 69,928,198	\$ 70,221,758	\$ 69,164,805	\$ 67,765,520
Local Revenue	70,787,368	70,787,368	73,457,731	75,298,147	75,257,304	77,003,346	78,801,769	80,654,146
Interfund Transfer In	9,650,000	9,650,000	9,401,415	9,650,000	9,650,000	9,650,000	9,650,000	9,650,000
Other Revenues	-	-	-	-	-	-	-	-
<b>Total Revenues:</b>	<b>145,923,650</b>	<b>153,129,619</b>	<b>146,865,678</b>	<b>153,025,964</b>	<b>154,835,502</b>	<b>156,875,104</b>	<b>157,616,574</b>	<b>158,069,666</b>
<b>Expenditures:</b>								
Full Time Academic	25,151,587	25,985,115	22,008,148	26,494,736	27,377,699	27,788,364	28,205,189	28,628,267
Academic Administration	5,424,834	5,424,834	5,455,284	5,545,939	5,466,986	5,548,991	5,632,226	5,716,709
Other Faculty	4,236,677	4,236,677	4,690,528	4,862,479	5,435,005	5,516,530	5,599,278	5,683,267
Part Time Academic	11,677,623	12,050,064	17,025,532	10,083,450	8,235,744	8,359,280	8,484,670	8,611,940
Classified Salary	27,276,438	27,276,438	26,658,552	29,131,772	28,751,398	29,182,668	30,641,802	31,101,429
Fringe Benefits	41,944,230	47,944,230	46,298,290	47,030,588	47,963,580	48,922,852	49,901,309	50,899,335
Bad Debts	1,050,000	1,050,000	850,000	850,000	1,150,000	1,130,000	1,000,000	1,000,000
Books Supplies, SVcs	19,121,578	21,001,078	11,437,607	21,319,082	20,913,469	21,166,567	21,432,320	21,763,544
Equipment Outlay	274,071	274,071	377,406	273,267	243,344	243,344	243,344	243,344
Other Outgo	6,309,000	8,309,000	8,056,355	6,198,805	5,444,323	5,280,209	5,153,789	4,995,823
Parity Pay	-	-	-	1,118,539	1,118,539	1,118,539	1,118,539	1,118,539
Cola 3.29%	-	-	-	3,080,000	3,080,000	3,080,000	3,080,000	3,080,000
Contingency Reserves	-	-	-	-	-	-	-	-
<b>Total Expenses:</b>	<b>142,466,038</b>	<b>153,551,507</b>	<b>142,857,702</b>	<b>155,988,657</b>	<b>155,180,086</b>	<b>157,337,345</b>	<b>160,492,466</b>	<b>162,842,198</b>
<b>Beginning Fund Balance:</b>	<b>15,830,544</b>	<b>13,894,554</b>	<b>13,894,554</b>	<b>18,737,530</b>	<b>15,774,837</b>	<b>15,430,252</b>	<b>14,968,012</b>	<b>12,092,120</b>
Net Increase (Decrease)	3,457,612	(421,888)	4,007,976	(2,962,693)	(344,584)	(462,241)	(2,875,892)	(4,772,532)
Audit Adjustment	-	-	835,000	-	-	-	-	-
<b>Ending Fund Balance:</b>	<b>\$ 19,288,156</b>	<b>\$ 13,472,666</b>	<b>\$ 18,737,530</b>	<b>\$ 15,774,837</b>	<b>\$ 15,430,252</b>	<b>\$ 14,968,012</b>	<b>\$ 12,092,120</b>	<b>\$ 7,319,588</b>
Fund Balance %	13.54%	8.77%	13.12%	10.11%	9.94%	9.51%	7.53%	4.49%

Scenario 4: With Cola Only

Latest Update	Adopted Budget Fiscal Year 2018-2019	Amended Budget Fiscal Year 2018-2019	Unaudited Actual Fiscal Year 2018-2019	Tentative Budget Fiscal Year 2019-2020	Projections Fiscal Year 2020-2021	Projections Fiscal Year 2021-2022	Projections Fiscal Year 2022-2023	Projections Fiscal Year 2023-2024
<b>Revenues:</b>								
Federal Revenue								
State Revenue	\$ 65,486,282	\$ 72,692,251	\$ 64,006,532	\$ 68,077,817	\$ 69,928,198	\$ 70,221,758	\$ 69,164,805	\$ 67,765,520
Local Revenue	70,787,368	70,787,368	73,457,731	75,298,147	75,257,304	77,003,346	78,801,769	80,654,146
Interfund Transfer In	9,650,000	9,650,000	9,401,415	9,650,000	9,650,000	9,650,000	9,650,000	9,650,000
Other Revenues	-	-	-	-	-	-	-	-
<b>Total Revenues:</b>	<b>145,923,650</b>	<b>153,129,619</b>	<b>146,865,678</b>	<b>153,025,964</b>	<b>154,835,502</b>	<b>156,875,104</b>	<b>157,616,574</b>	<b>158,069,666</b>
<b>Expenditures:</b>								
Full Time Academic	25,151,587	25,985,115	22,008,148	26,494,736	27,377,699	27,788,364	28,205,189	28,628,267
Academic Administration	5,424,834	5,424,834	5,455,284	5,545,939	5,466,986	5,548,991	5,632,226	5,716,709
Other Faculty	4,236,677	4,236,677	4,690,528	4,862,479	5,435,005	5,516,530	5,599,278	5,683,267
Part Time Academic	11,677,623	12,050,064	17,025,532	10,083,450	8,235,744	8,359,280	8,484,670	8,611,940
Classified Salary	27,276,438	27,276,438	26,658,552	29,131,772	28,751,398	29,182,668	30,641,802	31,101,429
Fringe Benefits	41,944,230	47,944,230	46,298,290	47,030,588	47,963,580	48,922,852	49,901,309	50,899,335
Bad Debts	1,050,000	1,050,000	850,000	850,000	1,150,000	1,130,000	1,000,000	1,000,000
Books Supplies, SVcs	19,121,578	21,001,078	11,437,607	21,319,082	20,913,469	21,166,567	21,432,320	21,763,544
Equipment Outlay	274,071	274,071	377,406	273,267	243,344	243,344	243,344	243,344
Other Outgo	6,309,000	8,309,000	8,056,355	6,198,805	5,444,323	5,280,209	5,153,789	4,995,823
Parity Pay	-	-	-	-	-	-	-	-
Cola 3.29%	-	-	-	3,080,000	3,080,000	3,080,000	3,080,000	3,080,000
Contingency Reserves	-	-	-	-	-	-	-	-
<b>Total Expenses:</b>	<b>142,466,038</b>	<b>153,551,507</b>	<b>142,857,702</b>	<b>154,870,118</b>	<b>154,061,547</b>	<b>156,218,805</b>	<b>159,373,927</b>	<b>161,723,658</b>
<b>Beginning Fund Balance:</b>	<b>15,830,544</b>	<b>13,894,554</b>	<b>13,894,554</b>	<b>18,737,530</b>	<b>16,893,376</b>	<b>17,667,331</b>	<b>18,323,630</b>	<b>16,566,277</b>
Net Increase (Decrease)	3,457,612	(421,888)	4,007,976	(1,844,154)	773,955	656,299	(1,757,353)	(3,653,993)
Audit Adjustment	-	-	835,000	-	-	-	-	-
<b>Ending Fund Balance:</b>	<b>\$ 19,288,156</b>	<b>\$ 13,472,666</b>	<b>\$ 18,737,530</b>	<b>\$ 16,893,376</b>	<b>\$ 17,667,331</b>	<b>\$ 18,323,630</b>	<b>\$ 16,566,277</b>	<b>\$ 12,912,284</b>
Fund Balance %	13.54%	8.77%	13.12%	10.91%	11.47%	11.73%	10.39%	7.98%



Align Institutional Effectiveness with Financial Resources

Scenario 5: With Full Parity Only

Latest Update	Adopted Budget Fiscal Year 2018-2019	Amended Budget Fiscal Year 2018-2019	Unaudited Actual Fiscal Year 2018-2019	Tentative Budget Fiscal Year 2019-2020	Projections Fiscal Year 2020-2021	Projections Fiscal Year 2021-2022	Projections Fiscal Year 2022-2023	Projections Fiscal Year 2023-2024
<b>Revenues:</b>								
Federal Revenue								
State Revenue	\$ 65,486,282	\$ 72,692,251	\$ 64,006,532	\$ 68,077,817	\$ 69,928,198	\$ 70,221,758	\$ 69,164,805	\$ 67,765,520
Local Revenue	70,787,368	70,787,368	73,457,731	75,298,147	75,257,304	77,003,346	78,801,769	80,654,146
Interfund Transfer In	9,650,000	9,650,000	9,401,415	9,650,000	9,650,000	9,650,000	9,650,000	9,650,000
Other Revenues								
<b>Total Revenues:</b>	<b>145,923,650</b>	<b>153,129,619</b>	<b>146,865,678</b>	<b>153,025,964</b>	<b>154,835,502</b>	<b>156,875,104</b>	<b>157,616,574</b>	<b>158,069,666</b>
<b>Expenditures:</b>								
Full Time Academic	25,151,587	25,985,115	22,008,148	26,494,736	27,377,699	27,788,364	28,205,189	28,628,267
Academic Administration	5,424,834	5,424,834	5,455,284	5,545,939	5,466,986	5,548,991	5,632,226	5,716,709
Other Faculty	4,236,677	4,236,677	4,690,528	4,862,479	5,435,005	5,516,530	5,599,278	5,683,267
Part Time Academic	11,677,623	12,050,064	17,025,532	10,083,450	8,235,744	8,359,280	8,484,670	8,611,940
Classified Salary	27,276,438	27,276,438	26,658,552	29,131,772	28,751,398	29,182,668	30,641,802	31,101,429
Fringe Benefits	41,944,230	47,944,230	46,298,290	47,030,588	47,963,580	48,922,852	49,901,309	50,899,335
Bad Debts	1,050,000	1,050,000	850,000	850,000	1,150,000	1,130,000	1,000,000	1,000,000
Books Supplies, SVcs	19,121,578	21,001,078	11,437,607	21,319,082	20,913,469	21,166,567	21,432,320	21,763,544
Equipment Outlay	274,071	274,071	377,406	273,267	243,344	243,344	243,344	243,344
Other Outgo	6,309,000	8,309,000	8,056,355	6,198,805	5,444,323	5,280,209	5,153,789	4,995,823
Parity Pay				2,083,444	2,083,444	2,083,444	2,083,444	2,083,444
Cola 3.29%								
Contingency Reserves								
<b>Total Expendes:</b>	<b>142,466,038</b>	<b>153,551,507</b>	<b>142,857,702</b>	<b>153,873,562</b>	<b>153,064,991</b>	<b>155,222,249</b>	<b>158,377,371</b>	<b>160,727,102</b>
Beginning Fund Balance:	15,830,544	13,894,554	13,894,554	18,737,530	17,889,932	19,660,443	21,313,298	20,552,501
Net Increase (Decrease)	3,457,612	(421,888)	4,007,976	(847,598)	1,770,511	1,652,855	(760,797)	(2,657,437)
Audit Adjustment			835,000					
<b>Ending Fund Balance:</b>	<b>\$ 19,288,156</b>	<b>\$ 13,472,666</b>	<b>\$ 18,737,530</b>	<b>\$ 17,889,932</b>	<b>\$ 19,660,443</b>	<b>\$ 21,313,298</b>	<b>\$ 20,552,501</b>	<b>\$ 17,895,064</b>
Fund Balance %	13.54%	8.77%	13.12%	11.63%	12.84%	13.73%	12.98%	11.13%

Strengths and Weaknesses

Strengths: Devoted Faculty and Staff  
Robust Guided Pathway Plans  
Updated Enrollment Management Plans

Weaknesses: Declining Credit FTES  
Low Operating Revenue

Committed Actions:<sup>13</sup> Increasing Revenues – PCCD is working 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.

<sup>13</sup> 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.



**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.** Efforts to achieve annual FTES targets to be evaluated three times per academic year for fall, spring and summer to assess effectiveness of enrollment management strategies.

*December 2019 Update-* Of the 75 FCMAT Recommendations, 9 are related to [Enrollment Management and the SCFF](#). PCCD is working diligently on reversing the enrollment decline and finding ways to maximize the SCFF. Examples include but are not limited to the following; (1) On October 11th and 25th [CBT provided a training](#) to all Department Chairs district-wide. The training covered FTES calculations, the 50% law, Peralta’s high swirl rate and the need to build schedules collaboratively and with data to meet student needs; (2) District Institutional Research developed a Scheduling Dashboard that will aid district-wide schedule considerations and assist in ensuring students have courses to enroll in at the time and day that fits their lives and SEPs. IR along with CBT provided a demonstration to VPs, Deans and Department Chairs; (3) At the November 2019 District SEM meeting, administration reviewed enrollment, supplemental and student success data and compared it with the goals stated in each college plan; (4) An analysis of [local degrees and PCCD ADT's](#) by college were compared to state approved ADT’s to assess the need for faculty in related disciplines to update curriculum and create additional ADTs and (5) PCCD updated [AP 4120](#) Program Discontinuance/Consolidation and will begin annual cycles of assessing program viability spring semester 2020.

Responsible Lead: VCAA, VC of Finance and Administration, College Presidents, College Vice Presidents

**Analysis**

**Establishing FTES Target.** On an annual basis, the Districtwide FTES and FTEF 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 includes 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 participatory 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. During the 2017/8 academic year the decision was made to establish a target that was more realistic i.e. closer to the actuals. This decision was the result of conversations with the Presidents, Vice Presidents of Instruction and Finance as a means of addressing the challenges in reaching targets that were too high and unrealistic in achieving. For example, the 2017/8 target was 20,000 Resident FTES when the actuals were roughly 17,000. The gap made it difficult for instructional administration to plan, build a sound schedule and make decisions about cutting low enrolled courses.

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 and continue to monitor enrollment on an ongoing and scheduled basis. At some of the districtwide and college meetings held throughout the year, a review of FTES data and respective budgets occurred. Examples of meetings include [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 participatory governance, PCCD adjusted the number of course sections offered districtwide from 2,222 down 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](#), established in October 2018 in accordance with the PCCD participatory 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.

*December, 2019 Update*-This Committed Action will occur each spring semester to allow for use of the annual P2 for analysis.

PCCD has a draft districtwide Enrollment Management Plan that was developed based upon a thorough [Enrollment Trend Analysis](#) and an [Environmental Scan](#). Out of these effort, the [District Enrollment Management Committee](#) (EM) met monthly during the 2017/8 academic year and published its meeting [agenda and minutes](#) online.





While the District Enrollment Management Committee (EM) was effective in producing a vetted draft plan, the committee had difficulty finding purpose in an ongoing manner and thus the decision was made to integrate this committee into the DAASSC committee. The agreed upon idea was to have regular updates and data driven discussions on enrollment and status of achievement towards targets. The colleges formed committees or utilized existing committees to write or update their individual up-to-date Plans. Each Plan has been approved by their respective participatory governance committees (March-April, 2019): [COA Enrollment Management Plan](#), [Berkeley City College Enrollment Management Plan](#), [Merritt College Enrollment Management Plan](#) and [Laney College Enrollment Management Plan](#). These were then used as the bases of the [District Strategic Enrollment Management Plan](#) so that this plan was integrated from the colleges up.

Responsible Leads: Responsible Leads: VCAA, VCSS, VPIs, VPSS, College Presidents

## Analysis

**Updating and Upgrading Enrollment Management Plans.** 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 draft 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, 2019-2024.** The draft [District Strategic Enrollment Plan \(SEM\)](#) was developed, vetted, and discussed during districtwide participatory governance committee meetings in 2017/2018 and updated in April 2019. It is currently in draft form and will be reviewed by the participatory governance process beginning in fall, 2019. The original planning process was led by [RP Group](#) consultants, based on an [environmental scan](#) and PCCD [student data](#). The District SEM Plan includes measurable goals and strategies to address enrollment trends. In the SEM Plan, all areas of enrollment management are addressed including marketing, student centered scheduling, best practices in student services, the relationship between facilities and the student experience, technology enhancements to meet student needs and includes discussions on maximizing international student enrollment and key community and employer partnerships. Several aspects of the SEM 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), and Special Admit (35% increase from 138.80 FTES in fall 2016 to 187.70 FTES in fall 2018). Career Development and College Preparation (CDCP) Noncredit Certificates grew 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](#) was approved through participatory governance in spring 2018. The budget request within the DE Plan will be discussed through the APU process and has thus not been approved. The PCCD Noncredit Plan is currently being vetted with an anticipated approval in spring 2019. PCCD has recently updated the District SEM Plan to address recently passed legislation and other state initiatives, such as the SCFF, 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.** Through participatory process, all four PCCD Colleges have updated their Enrollment Management Plans that are designed to address new state legislation and initiatives. These Plans are student centered, and college and program focused.

Proactive outreach activities include broadly marketing academic and CTE programs and support services to local community agencies and groups, middle and high schools, mental health and literacy facilities, adult education schools, worship locations, community events, etc. Ads are being placed on BART and AC Transit buses, and broadcasted through radio stations. In-reach events include conducting financial aid workshops, assisting students in completing their education plans (SEPs), increasing both numbers and service hours of tutoring services online as well as in person, and streamlining operations and aligning service hours across all essential intake support services areas.

It is noteworthy that increasing the use of Open Education Resources (OER), “Zero Textbook Cost” or “Minimum Textbook Cost” will significantly eliminate barriers to student success.

In addition, PCCD is working to offer course scheduling based upon student demand (e.g., day/evening/weekend, short-term, summer, winter/spring intersession, online/hybrid and in-person, CTE, transfer) that are tailored for traditional college students, concurrent high school students, returning adults, and out-of-state and international students. This means that the four colleges aim to effectively deliver their courses/programs and support services to the diverse student bodies locally, nationally, and internationally. Needless to say, the Guided Pathways will provide students with clear roadmaps so that PCCD students can reach their goals in a timely fashion.

The four colleges are also developing or enhancing their full-service Career Centers with the capacity to not only provide on-site advising, but also follow-up services for job applications and employment placements. The Center staff may include job developers who maintain close contacts with local labor markets and employers.

In spite of the recent decline in resident enrollment, these strategies may have assisted PCCD in recruiting and retaining more international students. The increased revenue from the international student tuition, \$2.4 Million or 34% between 16/17 and 18/19, may serve as a solid evidence.

**Data: Access, Training and Quality.** The Office of Institutional Research (IR) developed a highly effective self-service BI (Business Intelligence) data tool that provides information on several aspects of enrollment (district, college and subject level), student demographics, faculty data and more. The initial idea was to give access to college administration and some faculty leads. However, the licenses for this tool are costly and charged on a per user rate and thus are not available to everyone. Although not as readily used, all staff, however, do have access to the PeopleSoft query manager for their day-to-day operational reporting needs. Due to the high demand for BI access, district IT made the decision to purchase



Align Institutional Effectiveness with Financial Resources

Power BI which was much more affordable and thus allows for greater access. Currently, 381 staff (including faculty Department Chairs) have Power BI access.

Although an increase to access has occurred, challenges still exist in that not all faculty and staff have access. As a result, the IR staff began building data dashboards that are accessible to anyone (including the public), maintain compliance with FERPA, and consist of the most commonly requested data such as enrollment, retention and success. These dashboards are located on the [IR Website](#).

IR is continuing to publish additional dashboards to make more data accessible. However, what has been evident for many years is the need for faculty and staff training on how to analyze and interpret data. Without this, the IR Office will continue to receive concerns about accuracy when the majority of time accuracy is not the issue. It is proper analysis. This being said, there are data quality issues in some areas, especially in Student Services. The majority of the special and grant funded programs report directly to the State and the District Office does not receive this data. This is a critical loss of information because special programs tend to have higher rates of retention, persistence and success. Without the availability of the data districtwide, an opportunity for discussion on PCCD best practices is lost. This is especially critical in lieu of the SCFF where success metrics impact apportionment. Data quality issues also exist in IT related processes that impact data. For example, there is a need for data validation capability at each point of entry so that when a user enters invalid date, they are prompted to re-enter the correct data.

Last, but central is the issue of staffing and capacity. The District IR Office has been without a direct supervisor for over three years and has been assigned to different areas several times. In addition, currently only two of the four colleges have campus researchers, which puts strain on the district IR staff who fill in the gap.

**Committed Action: Establishing a Student Success Infrastructure Plan to comply with the Student Centered Funding Formula as announced by the State Chancellor’s Office.**

<p>PCCD Strategic Goals:</p> <ul style="list-style-type: none"><li>○ Advance Student Access, Equity, and Success</li><li>○ Engage and Leverage Partners</li><li>○ Build Programs of Distinction</li><li>○ Strengthen Accountability, Innovation and Collaboration</li><li>○ Develop and Manage Resources to Advance Our Mission</li></ul>
<p><b>Action: Staff Development.</b> To master PCCD’s Efficacy for Success - the Student Success Infrastructure - with a thorough understanding of the SCFF, all involved PCCD staff and Board members will participate in the <a href="#">Webinar Series</a> offered by CCCCO Division of Finance, in addition to other districtwide or college trainings. All involved PCCD members will also become familiar with the <a href="#">California Community Colleges Vision for Success</a>. Diving into <a href="#">SCFF Data Dive-Deep</a> will assist PCCD members in comprehending how the fund allocations</p>



are calculated and actions the District can take to maintain or earn more revenues in future years.

*December 2019 Update-* Institutional Research has validated data and is working on a data dashboard to be completed January 2020 that will allow faculty, staff and administration to track and analyze PCCD SCFF metrics. The objective is to support data driven decisions for implementing means of maximizing SCFF revenue.

**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](#) levels, when appropriate, into program review/APU, so that all involved offices and services can assess their progress toward achieving these outcome goals annually.

*December 2019 Update-*A new enhanced online [Program Review/APU](#) platform incorporates state and district level data on enrollment, retention, persistence and success that can be disaggregated by race, gender and special populations for department/college analysis.

**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.

*December 2019 Update-* During the August [District FLEX](#) activities, Department Chairs and faculty met district wide to discuss; Guided Pathways, scheduling, dual enrollment, curriculum and [more](#).

**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. Milestones and accomplishments will be published on the College and/or District Homepages. 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 ACCJC 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.

**Action: Improving Access, Training, Staffing and Accuracy of Data.** Filling vacant college and District positions in IR is key to the addressing the ongoing needs for quality research, analysis and data driven decision making. This includes updating business and IT related processes that impact data quality, working with subject experts to verify data accuracy, providing ongoing data analysis training, adding additional dashboards, investing in



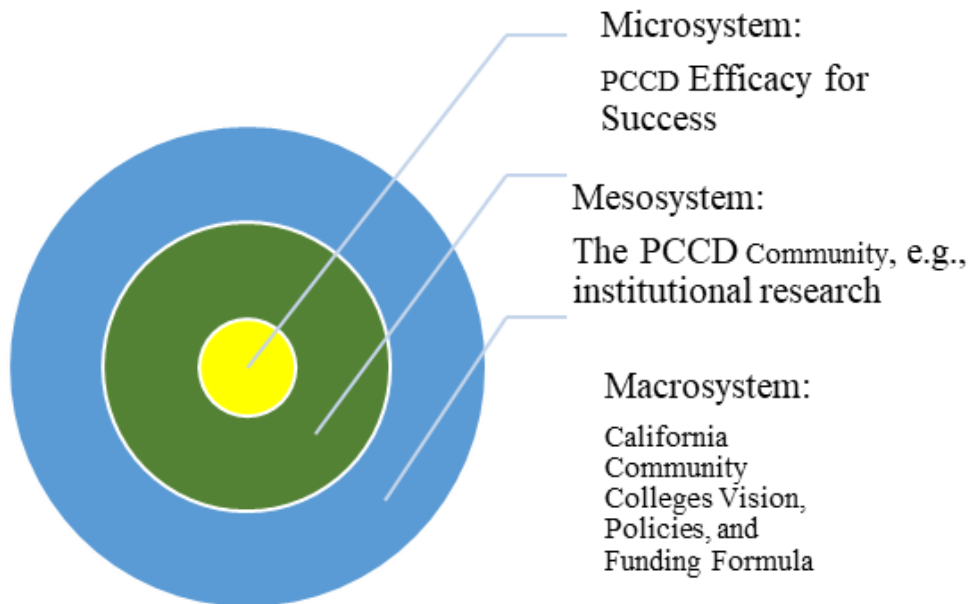
infrastructure and more. Upon hiring a District lead in this unit, PCCD will produce an IR Plan to assist in short and long range planning.

*December 2019 Update-* This Committed Action is incomplete. Two of the colleges (Merritt College and College of Alameda) and the District AVC of IR have not been hired.

Responsible Leads: VCAA, VCSS, VC of Finance and Administration, College Presidents, VPIs, VPSSs.

### Analysis

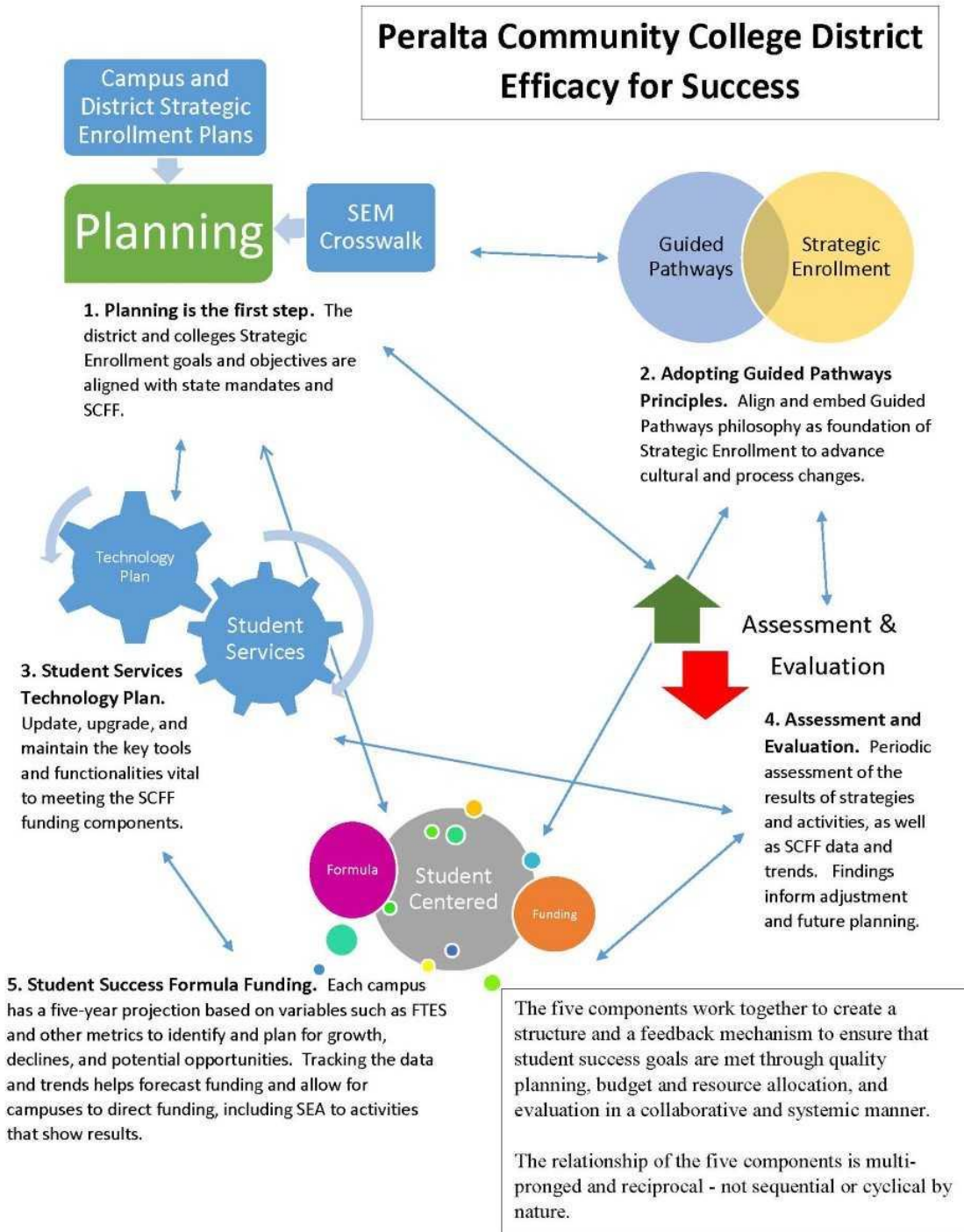
**The Ecological System of the PCCD Student Success Infrastructure.**<sup>14</sup> The Microsystem, PCCD Efficacy for Success – the District’s Student Success Infrastructure – is in the center of its surrounding ecological system with the PCCD community being the Mesosystem interacting with the Macrosystem: California Community Colleges Vision, Policies, and SCFF.



<sup>14</sup> PCCD reviewed the Ecological Systems Theory developed by Bronfenbrenner & Morris, and adopted a simplified model to address its Student Success Infrastructure Plan.



## PCCD Efficacy for Success<sup>15</sup>







## Align Institutional Effectiveness with Financial Resources

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. Student Services Integrated Action Plan** Student success is a priority at Peralta Community College District. The District and each campus' Education Master, Strategic Enrollment, Distance Education, and other 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 (SEA) and SCFF. In addition, these alignments demonstrate the interconnectedness of state initiatives and new funding methodology, through PCCD Success Outcome Metric<sup>16</sup>, 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 learning support, and
- the number of courses that meet guidelines for quality, consistency, and accessibility.

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

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<sup>15</sup> The District applied Albert Bandura's Self Efficacy Theory to address its Efficacy for Success.

<sup>16</sup> 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 Base, 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 participatory governance committee meetings.



**2. Guided Pathways Alignment.** The main purpose of the Guided Pathways<sup>17</sup> 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 “Clarify the Path”, “Enter the Path”, “Stay on the Path”, and “Ensure Learning”.

FCMAT recommended fully implementing all Guided Pathways principles. PCCD is in the process of implementing these principles and is current in all reports/plans submitted to the State. All four PCCD colleges are in a five-year adoption plan of Guided Pathways and have annual work plans in place on the campuses; [Guided Pathways Year One \(BCC\)](#), [Guided Pathways Year One \(COA\)](#), [Guided Pathways Year One \(Laney\)](#), [Guided Pathways Year One \(Merritt\)](#) The colleges have taken an integrated, system-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 to 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 focused on student success. In addition, it highlights how Guided Pathways work should underpin enrollment planning in the student success paradigm shift and lead to meeting enrollment goals and other metrics. Below is 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.

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<sup>17</sup>BCC Guided Pathways Work Plan <https://www.berkeleycitycollege.edu/wp/prm/files/2018/03/2018-19-Work-Plan-Items-1-2-and-10.pdf>

BCC Guided Pathways PowerPoint [www.berkeleycitycollege.edu/.../BCC-Guided-Pathways-Spring-2018-3-8-18-FINAL.pptx](http://www.berkeleycitycollege.edu/.../BCC-Guided-Pathways-Spring-2018-3-8-18-FINAL.pptx)

BCC Guided Pathways Self Assessment Tool  
[https://www.berkeleycitycollege.edu/wp/prm/files/2018/03/BerkeleyCityCollege\\_Self-Assessment\\_CCCGuidedPathways\\_DRAFTNov28-2.pdf](https://www.berkeleycitycollege.edu/wp/prm/files/2018/03/BerkeleyCityCollege_Self-Assessment_CCCGuidedPathways_DRAFTNov28-2.pdf)

COA Guided Pathway Homepage <https://alameda.peralta.edu/institutional-effectiveness/guided-pathways/>

Laney Guided Pathways Homepage <https://laney.edu/foundation-skills/laney-college-first-year-pathways-programs/>

Merritt Guided Pathways <http://www.merritt.edu/wp/guidedpathways/>





## Align Institutional Effectiveness with Financial Resources

- Approach – Both Guided Pathways and Strategic Enrollment Plans take the holistic approach in 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.** The District has been plagued with years of inadequate Information Technology (IT) infrastructure and services because it did not fully implement the full functionalities of People Soft. This has hampered our processes in all areas making it difficult to implement new procedures to serve the Peralta community better. In spite of these challenges efforts are underway to improve the student experience and make processes efficient in collaboration with IT services.

Serving as the backbone supporting PCCD Success Efficacy, the District’s Student Affairs, in collaboration with IT and campus staff, 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.

### 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 have the goal of increasing students completing the application process, receiving financial aid, and improve compliance.
- Transcripts - Assess current transcript issues between third party collaborator and PeopleSoft. 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:



## Align Institutional Effectiveness with Financial Resources

- 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 on-boarding experience for applicants and students. In addition, campuses can create checklists 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. Instructional faculty, 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 instructors, counselors, 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. Program Review/APU serves as the foundation for assessment and improvement for PCCD's Efficacy for Success. PCCD aims to assess accomplishment of its Mission through program review and evaluation of goals and objectives, student learning outcomes, and student achievement. The semester and annual reviews track goals, adjust strategies and projections, align resources, communicate progress districtwide, 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.

**5. Student Centered Funding Formula (SCFF) and Five-Year Projection.** The State Chancellor's Office uses SCFF 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. FCMAT identified [areas for recommended improvement](#) to maximize the new funding formula. This includes analyzing supplemental and success data, assessing all course outlines of record for completion and accuracy, evaluating outreach efforts for Financial Aid and more.

**Other Plans and Programs.** The Colleges have many other categorical or grant funded programs that also contribute to equity and student success. For example, the four colleges have



Align Institutional Effectiveness with Financial Resources

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 SEA by the State Chancellor’s Office and SSSP has been discontinued. It is important to note that the SEA Program changes have 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, and low-income, special admit, AB 540 students on transfer and/or career pathways.

Timelines and Milestone

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 and Campus 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 and Campus 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 and Campus 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.
SCFF Data Assessment	Fall and Spring Semester	On-going	SCFF Metric and Target	PCCD and Campus 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.
Budget Review and Recommendations	Fall and Spring Semester	On-going	Budget analysis based on data and trends	PCCD and Campus 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.
Five-Year Plan Assessment and Annual Report	Development/Update complete by 6/30 annually.	On-going	Target met/unmet, SCFF annual revenue, PCCD Success Outcome Metric, SCFF annual revenue, SCFF Metric and Target, Budget analysis based on data and trends, Recommendations	PCCD and Campus 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.



## Align Institutional Effectiveness with Financial Resources



## Chapter 5

### Obligated Expenditures – 2017/18 Baseline, General Restricted and Unrestricted Funds

**Challenges.** PCCD has extensive financial obligations that exacerbate expenditures. This includes the need to effectively manage the Other Post Employment Benefits' (OPEB) critical unfunded liability that places financial stress on PCCD. The District is currently working with its OPEB bond financial advisors to review short-term and long-term options to mitigate financial burden. In addition, rising salary and benefits and lack of commitment to reduce budget spending continue to compound the liability problem. As the District works closely with FCMAT and CBT to adopt and implement recommendations toward fiscal efficiencies, OPEB obligations will be re-evaluated. Of the 75 FCMAT Recommendations identified, 9 critical areas of concern and recommendations related to OPEB that address liability and restructuring.

The 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 to assure financial stability by clearly identifying resource requirements. These include sources of corresponding revenues, planning, and allocating resources for payment of liabilities and future obligations, which include Other Post-Employment Benefits (OPEB), compensated absences, and other employee related commitments. The [actuarial plan](#) is current and prepared as required by appropriate accounting and actuarial standards. PCCD prepares and publishes its financial documents, including the budget, with credibility and accuracy reflecting the appropriate allocation and the use of financial resources to support student learning programs and services.

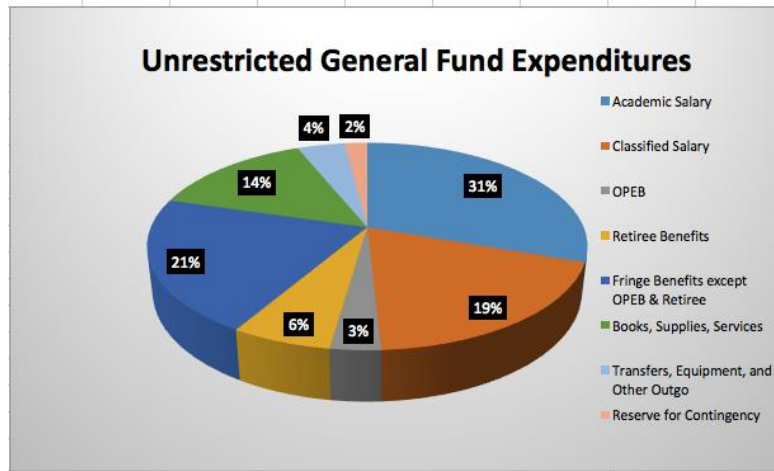
#### Unrestricted General Fund Expenditures

Illustrated in Chart 5 below, in 2018/19, academic salary represented 31% 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 19% of all unrestricted general fund expenditures. Expenditures for OPEB represented 3%, while fringe benefits less OPEB represented 21% of the expenditures and Retiree Benefits another 6% of expenditures. This means salaries and fringe benefits accounted for 80% of PCCD's general fund expenditures. The remaining expenditures included 14% for books, supplies, and services; and 4% for equipment and capital outlays, debt service, and other transfers. The remaining 2% are contingency funds.



Chart 5

PCCD 2018/19 Unrestricted General Fund Expenditures (\$154,870,118)



Source: PCCD 2019-20 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 commits 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. To ensure payments are made to these employees, when necessary, the fund managers may only reallocate discretionary funds to cover Net Decreases in salary/fringe benefits or cover Net Decreases among various discretionary funds. No salary/fringe benefit budget is allowed to be reallocated to cover discretionary deficits without permission.

**Full-time Faculty Obligated Number (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 annually increase its full-time faculty number 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 66:35 to 51:49. 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.

*December 2019 Update-* Efforts to increase the FON are reflected in the fall 2019 number. PCCD reported a 64.21%, an increase for fall, 2018 where the FON was 51.49%. Although an improvement, PCCD recognizes that efforts must continue to reach the 75:25 goal.



**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 with the 50% law to the State. According to [PCCD Annual Financial Report 2018](#), 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 for 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 healthcare 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 taking 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 its 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 the aim is to improve finalizing payments in a timely fashion as this has been an ongoing problem for PCCD.

**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. 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](#) and [Administrative Procedures](#) with respect to Debt Management. The District has continued to follow the 2014 audit recommendations and developed an action plan to fund OPEB liabilities,





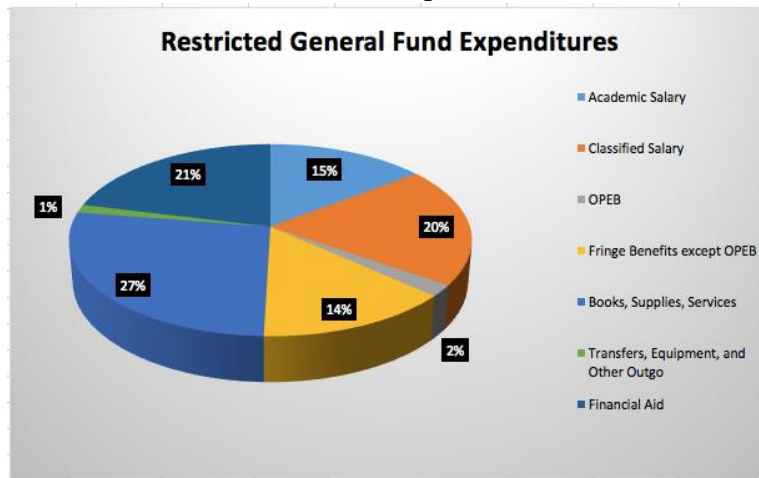
including associated debt service, and is confident that it has met ACCJC standards (III.D.1.c, III.D.3.c) and will continue to do so.

**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.

**General Fund Restricted Obligated Expenditures**

Table 6

2018/19 General Fund Restricted Expenditures (Total \$51,223,749)



Source: PCCD 2019-20 Adopted Budget

During 2018/19, PCCD’s total General Fund Restricted Expenditures was \$51,223,749. Salaries represented 35% of the expenditures with 20% of classified salaries and 15% of academic salaries. Transfer/Equipment and Other Outgo represented 1% of all General Fund Restricted Expenditures. Other expenditures comprised of 27% books/supplies/services, and 14% 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 in Chapter 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. As shown in the five-year budget forecast scenarios under consideration, critical decisions currently under consideration may impact the budget negatively and lead to potential deficit spending.



**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 to meet its financial commitments on its obligations.

**Weaknesses:** 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 prune 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 to eliminate the structural deficit.

**Committed Action. Developing a Board Policy to adopt sustainable fund balances and reserves**

<p>PCCD Strategic Goal:          Strengthen Accountability, Innovation and Collaboration          Develop and Manage Resources to Advance Our Mission</p>
<p><b>Committed Action: Board Policy.</b> PCCD approved <a href="#">Board Policy 6250</a> in order to adopt sustainable fund balances and reserves:</p> <p>“The budget shall be managed in accordance with Title 5 and the California Community Colleges Budget Accounting Manual. Budget revisions shall be made only in accordance with these policies and as provided by law.</p> <p>Peralta Community College District shall maintain a minimum 10% of unrestricted fund balance for every fiscal year. When the unrestricted ending fund balance falls below 10%, the Board shall develop a financial strategic plan to restore the reserves to 10%.</p> <p>When the unrestricted fund balance exceeds 10%, balances in excess may be set aside for reserves, investment in one-time expenditures, or appropriation to a major budget classification upon a resolution of the Board.”</p>



**Analysis**

This newly adopted Board Policy will replace the current [BP 6250](#) Together with [BP 6305 Debt](#), the implementation of this new BP will be guided by [AP 6250 Budget Management](#), [AP 6300 General Accounting](#) and [AP 6305 Debt Insurance and Management](#)

**Committed Actions: Establishing strategies to improve the management of the OPEB debt with a total projected liability of \$559 million as of 2050.**

<p>PCCD Strategic Goals:</p> <ul style="list-style-type: none"> <li>o Engage and Leverage Partners</li> <li>o Build Programs of Distinction</li> <li>o Strengthen Accountability, Innovation and Collaboration</li> <li>o Develop and Manage Resources to Advance Our Mission</li> </ul>
<p><b>Committed Action: Pre-2004 OPEB – Trust I, Revocable Trust.</b> 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 healthcare 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 years, 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.</p> <p><i>December, 2019 Update</i>-This item will be updated once the final internal audit has been received.</p>
<p><b>Committed Action Post-2004 OPEB – Trust II, Irrevocable Trust.</b> 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. The Retirement 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 roughly allocated \$6 million from OPEB Special Reserve Fund (69) to fund Trust II, and expects to 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.</p> <p><i>December, 2019 Update</i>-Due to limited cash flow PCCD was unable to fund Trust II at \$6 million but did fund the Trust at <a href="#">\$1 million</a>. However, there is still continued improvements in this area as noted by FCMAT. Of the 75 FCMAT Recommendations, 9 are related to the <a href="#">management of OPEB</a>.</p>
<p>Responsible Lead: Vice Chancellor of Finance and Administration</p>



## Analysis

**PCCD OPEB.** The District has established an employer-funded OPEB charge to finance its ongoing OPEB obligations, including healthcare benefits and debt services, 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. The Retirement Board of PCCD established an [OPEB investment policy](#) and contracted [Neuberger Berman](#) as its investment advisor, and Total Compensation Systems, Inc., to conduct [Actuarial Study of Retirees Health Liabilities](#). 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 healthcare benefits and debt services, fees and other obligations associated with the OPEB Bonds. OPEB charges funds from restricted accounts, which are then deposited to Fund 69 in order to make contributions 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 of this OPEB trust, PCCD established a [Retirement Board](#) in 2011 to serve as oversight of the investment process of OPEB. The Retirement Board meets one to two times a month and posts its [meeting agenda and minutes online](#).

**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 have the capacity to support the plan as developed, including the establishment of a new irrevocable trust fund 99.

## 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: Following [PCCD Board Policies and Administrative Procedures 6000 Business and Fiscal Affairs](#).** PCCD has up-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 several possible scenarios: the total reduction may spread over between one- and five-year periods. 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.

*December, 2019 Update- December, 2019 Update-*PCCD followed the reduction plan and reduced spending by \$1 million in the [2019/20 Adopted Budget](#).

**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-spending with corrective actions to be taken in a timely manner and in accordance with the prioritization process described below.

*December, 2019 Update-*Processes for establishing consistent reconciliation are incomplete but will serve as the priority for the new VC of Finance.

**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.

*December, 2019 Update-*The Decentralization/Centralization process began in earnest at the beginning of the fall semester. CBT is helping to guide the initial phases of this process. This includes providing an [overview of the process](#) and assisting in facilitating needed discussions to ensure input is obtained by impacted units and the participatory process. The PCCD Board of Trustees approved the District unit timeline and Chancellor's Office reorganization at the [September 10, 2019 meeting](#). The timeline indicates a completion of the District Office reorganization by December 10, 2019 and college reorganization by May, 2019.

**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, and 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.

*December, 2019 Update-* PCCD entered the Program Review/APU process in September. Recommendations to the Chancellor will occur in March, 2020.

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 participatory governance process to develop a plan that protects students and their educational experience. Recommendations for 2018/19 reductions were made by 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 degrees/certificates.
- Meeting Student Demand for Classes and Services. The four PCCD Colleges offer programs and courses in quality and in quantity to meet the student 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 decreasing the use of part-time faculty without jeopardizing instructional and student support services.
- Districtwide 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.





Align Institutional Effectiveness with Financial Resources

- **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.

Reduction scenarios were arrived through the participatory governance process. The chart below indicates the original reduction agreements and a current update. The reduction approach included 1) allocating an additional 2% to the reserves, 2) adding the 18/19 vacant position budget to the 19/20 budget, 3) reducing \$8 million in 19/20, and 4) reducing \$2.1 million in 23/24. Through this reduction approach, PCCD will have a positive budget balance between 2019/20 and 2022/23.

2018-19 Five-Year Integrated Plan	December 2019 Update
Allocating an additional 2% to the reserves	A contingency of \$3,080,000 has been set aside for the Chancellor and Board for potential salary increase or other needed areas
Adding the 18/19 vacant position budget to the 19/20 budget	Completed as reflected in the 2019/20 Annual Budget
Reducing \$8 million in 19/20	Not feasible
Reducing \$2.1 million in 23/24	Confirmed

**Timeline and Milestone**

Timelines and Milestone - Reduce Unnecessary Operational Expenditures
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### Align Institutional Effectiveness with Financial Resources

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

**Challenges.** PCCD recently approved [Board Policy 6250](#) End Fund Balance Reserves which increases reserves from 5% to 10%. FCMAT identified 4 areas of concern and recommendations for improving internal controls. The delineation of functions will guide planned district and college restructuring that will assist in efficiency and budget needed reductions. Needed restructuring will begin at the District in fall 2019, and then at the colleges. FCMAT cited reorganization and comparative staffing as current concerns for PCCD. Excessive administrative turnover is high in Peralta and adds to instability and questions of fiscal viability and confidence in leadership. As such, multiple planning strategies are being put in place to support retention and growth of 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 disseminates dependable and timely information for sound financial decision making. PCCD's financial management and administration is guided by [BP 6250](#), [BP 6300](#), and [BP 6305](#), and follows Board approved administrative procedures, including [AP 6250](#), [AP 6300](#), and [AP 6305](#). Accordingly, the District publishes its financial documents, including the budget, that reflect appropriate allocation and use of financial resources to support student learning programs and services.

Although in previous Chapters, this Plan offers detailed information regarding the Unrestricted General Fund, PCCD manages all of its Restricted Funds by following [BP and AP 6000 Business and Fiscal Affairs](#). Detailed information about PCCD's 2018/19 Restricted Funds 3 – 89 is presented in the [PCCD 2018/19 Adopted Budget](#), pp 20-126.

PCCD strives to regularly evaluate its financial and internal control systems, and uses the results for improvement. At both the district and college levels, PCCD practices 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](#). However, FCMAT identified 4 areas of concern and recommendations for improving [internal controls](#). These include; communication of accountability measures, timely payment to vendors, and regular reconciliation of accounts payable. PCCD is working on these recommendations has assigned responsibility for them as follows:



## Align Institutional Effectiveness with Financial Resources

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](#) are posted online. The [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 auditors’ 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 of 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 recent years, the District has experienced a budget Net Decrease in the Unrestricted General Fund where expenditures exceeded total revenues. This may suggest that PCCD needs to ensure its internal control structure has appropriate mechanisms. Furthermore, it needs to regularly evaluate its financial management practices and use the results of that evaluation 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 for the General Unrestricted Fund. 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

Weaknesses:              Audit Deficiencies  
                                  High Executive-Level Turnover  
                                  Declining Fund Balances

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



## Align Institutional Effectiveness with Financial Resources

- Developing and implementing a plan to retain executive level administrators so that they may exercise their leaderships with few disruptions,  
*December 2019 Update-* Chancellor Stanback Stroud has identified strategies for retaining executive level administration and strengthening the current leadership for PCCD as follows;
  1. Minimize stress related to role confusion. Create efficient administrative organizational structure and clarify the scope of responsibilities for executive level staff,
  2. Hire sufficient personnel to carry out the necessary functions of the respective executive offices,
  3. Retain communication and decision-making protocols to increase executive level efficiency and minimize redundancies,
  4. Minimize the anti-district/anti-administration culture often displayed in college and district wide communications, presentations, and committee meetings,
  5. Establish administrative standards of excellence to manage expectations and improve inter-constituent trust and relationships,
  6. Create award and recognition for executive leadership. (Chancellors excellence and leadership award),
  7. Collaborate with leadership team to identify and implement job enrichment strategies,
  8. Provide leadership development and support resources such as executive coaching and mentorship,
  9. Build an understanding of executive leadership expectations and alignment focusing on leadership development, effectiveness, and collaboration within the Executive team,
  10. Facilitate more effective collaboration in support of key strategic initiatives including resource development and
  11. Build trust, collaboration and leadership capabilities amongst the Executive team with coaching and professional development.
- Addressing all audit findings, and  
*December 2019 Update-* PCCD has not received the final 2018/19 audit to date. Once received, an assessment will be added to the next update of this plan. However, FCMAT stated a need for a new audit firm and the hiring of the vacant Internal Auditor position, “The annual independent audit report contains numerous new and ongoing findings. While this issue was not addressed above, the audit firm has served the district for more than 17 years, which far exceeds the prudent length of time for a firm to be engaged by the same client. The district should immediately seek another audit firm to examine financial statements, internal operations, and major transactions and provide advice. The new firm must validate recommendations from the previous three years to ensure they are



Align Institutional Effectiveness with Financial Resources

fully implemented and address the internal control findings highlighted in the report. The internal auditor position has been left vacant for months. Given the number of outstanding financial and operational issues identified at the district, leaving this position unfilled brings considerable political and financial risk. An internal auditor typically works directly with the external auditors by identifying and resolving organizational business problems before they damage the district’s reputation. In this role, they examine any and all business functions including financial statements, compliance with board procedures, expense reports, inventories, and conduct risk assessments. Every effort should be made to fill this position as soon as possible.” (23) At the September 28 Board of Trustees meeting, approved the reorganization chart of the Office of the Chancellor which includes the Internal Auditor position. The hiring of another firm has yet to be discussed.

- 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.

*December 2019 Update-* FCMAT recommended that PCCD, “Review cash management procedures across the district to ensure appropriate internal controls and oversight exist.” (38) PCCD is transitioning to a new VC of Finance and other key positions in the Finance Office are vacant. Once filled efforts to address this Committed Action and the related FCMAT recommendations in this area will continue.

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

<p>PCCD Strategic Goals:</p> <ul style="list-style-type: none"> <li>Strengthen Accountability, Innovation and Collaboration</li> <li>Develop and Manage Resources to Advance Our Mission</li> </ul>
<p>Strategies:</p> <ol style="list-style-type: none"> <li>1. Establish a Meet and Confer process for management.</li> <li>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 they are in line with actual work performed or expected.</li> <li>3. Institute and define professional development opportunities for management.</li> <li>4. Consult with an outside, third party agency to establish a Leadership Academy for managers.</li> <li>5. Cease the overuse of Interim appointments.</li> <li>6. Establish organized coaching and training sessions between managers and their direct reports.</li> <li>7. Review the current management evaluation process and consider disallowing managers to choose their own evaluators.</li> </ol>

**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 to change career pathways, external promotional opportunities, and undisclosed personal reasons. Nevertheless, the frequent 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.

**Chancellor’s Retention Plan.** Implementing the 10 actions in Chancellors Executive Leadership Retention Plan as stated above.

**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](#) on the topics of Board stewardship and strengthening leadership through the lens of equity.

**Contract Extensions for Administrators.** Several 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 its 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.

**Committed Action: Addressing all 2017/18 Audit Findings by Developing and Implementing Action Plans to Address Audit Findings during the Year Ending in June 2018.**

PCCD Strategic Goals:
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<ul style="list-style-type: none"> <li>○ Build Programs of Distinction</li> <li>○ Strengthen Accountability, Innovation and Collaboration</li> <li>○ Develop and Manage Resources to Advance Our Mission</li> </ul>
<p><b>Committed Actions: Details of the <a href="#">2017/18 Audit Finding Corrective Action Plan</a> have been placed online.</b></p> <p><i>December 2019 Update-</i> PCCD has not received the final 2018/19 audit to date. Once received an assessment will be added to the next update of this plan.</p>
<p>Responsible Leads: VC of Finance and Administration, VCAA, VPSS, Director of Fiscal Services</p>

**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 findings 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](#), 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 PBC and the Chancellor’s Cabinet. District financial information, including annual audit reports, is published regularly, and copies of these documents are made public online. They can be found at the webpage for [District Offices/Business Services](#).

**Committed Action: Adopting a Restructuring Plan to Improve Efficiencies and Accountability at both the District and College Levels.**

PCCD Strategic Goals:
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## Align Institutional Effectiveness with Financial Resources

- 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

**Action: Participation in the Restructuring Plan Development Process.** Participatory governance Committees, along with many PCCD faculty, staff and administration, will be asked to respond to surveys, discussions and/or engaged in other collaborative activities throughout the process. Upon invitation, PCCD members should answer the invitation and offer fair, professional, factual, and objective opinions, and provide constructive recommendations.

*December 2019 Update-* Of the 75 FCMAT Recommendations, 5 involved a need for critical improvements to PCCD's restructuring and [comparative staffing](#) issues. Implementing these recommendations in ongoing and responsibility for completion has been assigned. As of October, 2019, 2 are complete, 2 incomplete and 1 is in-progress. The Decentralization/Centralization process began in earnest at the beginning of the fall semester. CBT is helping to guide the initial phases of this process. This includes providing an [overview of the process](#) and assisting in facilitating needed discussions to ensure input is obtained by impacted units and the participatory process. The PCCD Board of Trustees approved the District unit timeline and Chancellor's Office reorganization at the [September 10, 2019 meeting](#). The timeline indicates a completion of the District Office reorganization by December 10, 2019 and college reorganization by May, 2019.

**Action: Coordinate with Statewide Experts.** Through a two-way communication process that involves the Board of Trustees, administration, faculty and staff leadership, and the statewide 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 analysis, and participatory governance participation, thus reflect comprehensive ideas from multiple angles on Improving Efficiency and Accountability.

*December 2019 Update-* CBT is currently working with PCCD staff on Phase II of the [Fiscal Improvement Plan Services](#) contracted work. [Phase II](#) involves training on enrollment management, coordinating discussions and action on restructuring and supporting the development of a comprehensive approach to professional development.

**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 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.



*December 2019 Update-* Of the 75 FCMAT Recommendations, 5 involved a need for critical improvements to PCCD's restructuring and [comparative staffing](#) issues. Implementing these recommendations in ongoing and responsibility for completion has been assigned. As of October, 2019, 2 are complete, 2 incomplete and 1 is in-progress.

**Action: Program Discontinuance and Consolidation.** The District and its four colleges will implement [AP 4021](#) beginning in fall 2019. PCCD will then annually 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.

*December 2019 Update-* District Office developed a manual and rubric based on AP 4021 that was approved by the District Academic Senate on October 15, 2019 and reviewed by Cabinet and Vice Presidents.

**Action: Districtwide 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.

*December 2019 Update-* In coordination with CBT, PCCD has begun an in-depth, collaborative process to restructure the district office. This began with meetings with: the college Presidents, District Cabinet and PGC. CBT presented an initial process that includes the approach and timeline (add link). The decision was made to begin the restructuring process by using data to discuss 2 district-service areas, Financial Aid and Admissions and Records. To aid the process, PCCD is collecting items to assist the analysis including; college 2019 CCSSE reports, models from similar districts across the state, group interviews with classified staff in the impacted areas and PBIM committee meeting decisions. The aim is to continue to follow the timeline and seek Board approval when complete.

## Analysis

As mentioned earlier in the Plan, without intervention, the District will experience negative forecasted budget balances in three of 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 deficit 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.

Delineation of Functions. 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. For example, in fall 2018, the District contracted BRJ and Associates to conduct an analysis of restructuring the Department of General Services and the Office of Finance and Administration. The Delineation of Functions serves as the basis of considerations for restructuring. The PCCD/College 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. At the completion of the Restructuring, PCCD’s Function Map will reflect all changes.

To understand the current situation and to choose appropriate solutions, two teams of experts are assisting the District 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 complementing 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 2019 Phase II September 2019 – May 2020
Service Scope and Objectives. <ol style="list-style-type: none"> <li>1. Prepare an analysis using FCMAT’s fiscal Health Risk Analysis (2019 version) and identify PCCD’s specific risk rating for fiscal insolvency.</li> <li>2. Provide training on financial health for the PCCD Board, the district administration, and others identified by PCCD Chancellor. The training will focus on managing finances in a community college district, including efforts to improve fiscal accountability and competency.</li> <li>3. Analyze the organization and staffing levels of the employees responsible for district finances in the District Office and make</li> </ol>	Service Scope and Objectives. <p style="text-align: center;">Phase I.</p> CBT conducts a districtwide assessment with four objectives: <p>Objective One: Perform fiscal review and improve fiscal stability and sustainability.</p> <p>Objective Two: Assess PCCD’s organizational efficiencies and accountability.</p> <p>Objective Three: evaluate PCCD’s enrollment management and identify strategies to improve student access and success.</p>



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<p>recommendations, which may include changes in the organization and staffing, to allow the district to function effectively and efficiently.</p> <ol style="list-style-type: none"> <li>4. Provide recommendations on best practices for communication between the district administration and the Board on issues related to the district's financial health.</li> <li>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.</li> <li>6. Evaluating spending patterns, including OPEB liabilities., and</li> <li>7. Project funding for PCCD under SCFF and make recommendations for actions PCCD can take to maximize funding.</li> </ol>	<p>Objective Four: analyze and identify factors contributing to PCCD's executive turnover, and recommend policies and procedures to increase the longevity of appointments.</p> <p style="text-align: center;">Phase II.</p> <p style="text-align: center;">Operationalize PCCD's Fiscal Improvement Plan</p> <p>Based 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:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Provide overall directions to the colleges for collective, proactive work toward student access, success, and enrollment growth.</li> <li>• Act collaboratively with common purpose and respond locally to each college's unique needs, with the end goal of student success and fiscal sustainability.</li> </ul>
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Timelines and Milestone

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



## Conclusion

PCCD's Five-Year Integrated Financial Plan is a "living document" and will be reviewed and updated as new information becomes available. 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.

While this Plan provides a general long-term financial direction for the District, detailed financial information will be reviewed on an annual basis to ensure that the most up-to-date information is included in the PCCD Annual Budget. This will make this Plan an ongoing, working document, which will make it more meaningful and relevant.

In addition, the District assures the effectiveness of its planning and resource allocation processes by systematically reviewing and modifying, as appropriate, all parts of the process cycle. PCCD has multiple mechanisms for assessing and modifying its ongoing integrated planning processes. The participatory governance structure remains the main vehicle for the assessment of student learning and evaluation of institutional effectiveness. Participatory governance committees, including the PBC/PGC, conduct regular reviews to effectively improve the District's financial conditions and meet its financial challenges. Annually, resources prioritization through Program Review/APU and Program Improvement Objectives/Resource Requests are submitted by the District Office and the four colleges; these requests are reviewed and discussed by appropriate governance committees. PBIM then forwards its recommendations to the Chancellor and to be approved by the Board.

The process evaluation is comprehensive and broadly participated in through participatory governance. In addition to structured opportunities for dialogue, other mechanisms exist to elicit and integrate input from key stakeholders on student learning and institutional effectiveness. Formal and informal avenues for communication and dialogue include participatory 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 welcome to attend and/or bring their concerns to the District's participatory governance committee meetings, which are widely publicized and open to all.

The challenges that the District faces in the long term involve balancing the various districtwide needs with limited resources. There will be unforeseen financial trends that will arise because of the challenges at the State and the volatility of the economy. It is difficult to anticipate revenue streams on a long-term basis. Through the development of this Five-Year Financial Plan, and the conservative methodology that the District utilizes before funds are spent on short-range needs,



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PCCD is confident that it can maintain a positive ending balance and sustain the integrity of the District's instructional programs and support services.