ACCJC March 2015 Response - Recommendation 8

Draft as of September 29, 2014

<u>Recommendation 8:</u> In order to meet the Standard, the team recommends the College (1) develop a financial strategy that will result in balanced budgets that have ongoing revenues to meet or exceed its ongoing expenditures without the use of reserves;
(2) maintain the minimum prudent reserve level;
(3) and address funding for its long-term financial commitments and its retiree health benefits costs. (Standards III.D.1.a, III.D.3.a, III.D.4, IV.B.1.c, IV.B.2.d)

Financial Strategy Permanent Budget Reductions

IV.B.1.c: The governing board acts in a manner consistent with its policies and bylaws. The board regularly evaluates it policies and practices and revises them as necessary.
IV.B.2.d: The president effectively controls budget and expenditures.

Imperial Valley College is fully aware that effective management of budgets requires difficult decisions. To be successful in the future, the College must continue to structure its financial strategy so that the temporary, one-time measures used in the past such as furloughs, salary freezes, and retirement incentives will not be repeated in the future as the sole means to address ongoing budget concerns. The findings from the ACCJC visiting team and Financial Review Panel responses both indicate the need for Imperial Valley College to address "Issues related to the collective bargaining contract with classified employees"- insisting that action be taken to resolve this issue in this follow-up report [Evidence: ACCJC letter and Financial Review Panel letter]. Such action has occurred.. The College has moved forward with the fact-finding process with the College's Classified employees, which are part of the California School Employees Association. The result of the fact-finding process was a revised salary schedule that is financially sustainable [Evidence: Board Meeting Minutes where they voted to impose the Last, Best, and Final]. *Put data from **ALL** revised salary schedules table that shows the savings.*

The College Board of Trustees held a financial workshops on ___ and ___ to discuss budget blah blah.......Agenda for these dates indicate the topic was blah blah blah [Evidence: workshop powerpoints and minutes for all fiscal workshops and discussions since January 2014]

President Karla Sigmond reached out to the campus community in a letter dated Friday September 5, 2014 to express how proud she is of the accomplishments of the administration, faculty, and staff; and that the difficult financial decisions made by the Board this year were not made lightly. She acknowledged, "This College is larger than any one group or individual and we all must take actions that benefit the long term needs of the college" and that "We simply do not have any choice but to adjust our expenses to fit our available income". [Evidence: LETTER] Trustee Sigmond recognizes that as the governing board, the College Board of Trustees is responsible for the financial stability of the institution. In closing, she encouraged the campus community to pull together and leave behind any animosity that has developed from these significant, permanent reductions that were necessary to solidify the College's financial veracity; instead focusing "on providing a positive educational environment for our students, staff, and the public".

The Superientendent/President held town hall meetings immediately after the most recent ACCJC visit, which included financial....... The

CEO also discussed the status of the ACCCJ accreditation and specifics related to financial status blah...... {evidence: agendas] This proves that both the President and the Board of Trustees are committed to maintaining the financial stability of the institution.

FCMAT

In the report of the external evaluation team dated May 6, 2014, the visiting team acknowledged that Imperial Valley College "is clearly taking steps towards compliance…It has implemented some of the 72 recommendations from the 2012 FCMAT report" [Evidence: May 6, 2014 Letter]. The College continues to **make significant** **progress**?analyzing and implementing the applicable recommendations revealed in the 2012 FCMAT report. Of the 72 recommendations, 70 have detailed action plans. These action plans identify the party responsible, map out the steps needed to fulfill this recommendation, and provide a projected timeline for full implementation of the recommendation in question. Of the 70 action plans developed, ___ have been fully implemented, and ___ have been partially implemented. The continued involvement of the President's Strategic Transition Action Response Team or START Task Force will ensure that each plan is following the suggested timeline. The President/Superintendent himself attends these meetings and continues to provide the Task Force the needed direction to prioritize and fulfill these action plan requirements. [Evidence: September START Minutes **and highlight KEY financial FCMAT recommendations action plans that have been completed. – balanced**

budget, minimum reserve, long-term planning for increased reserve strength and OPEB. And related policies and Board resolutions]

Linking Institutional Goals with Resource Allocation

I.B.3. The institution assess progress towards achieving its stated goals and makes decisions regarding the improvement of institutional effectiveness in an ongoing and systematic cycle of evaluation, integrated planning, resource allocation, implementation, and re-evaluation. Evaluation is based on analyses of both quantitative and qualitative data.
III.D.1.a: Financial planning is integrated with and supports all institutional planning.
III.D.4: Financial resource planning is integrated with institutional planning. The institution systematically assesses the effective use of financial resources and uses the results of the evaluation as a basis for improvement of the institution

The complete implementation of Strategic Planning Online (SPOL) combined with the College's in-depth Enrollment Management Plan allows for adequate distribution of resources to support the development, maintenance, and enhancement of the College's numerous programs and services [Evidence: Memo providing direction on how to enter program review in SPOL][Evidence: Enrollment Management Plan. SPOL allows for additional funding requests to appear in the enhanced column during the Program Review Process [Evidence: Screen Shot of SPOL Enhanced Column]. As these requests are reviewed and prioritized, potential funding sources are identified such as general funds, categorical funds, or specific grant funds.

Although not all enhanced requests were or can be funded by the district, but this process affords each program the opportunity to review their goals and request funds that would be needed to achieve those goals; thus connecting planning to budget requests. This process also illuminates how enhanced budget requests obligate the College to generate new revenue, increase cost efficiencies, and tie the budget to the institutional goals and mission.

[Evidence: Program Review Cycle diagram, EMPC grid indicating prioritization from shared governance committees through president's cabinet]

The College is excited to have completed a full cycle under the newly adopted Enrollment Management Plan AP 3260, including the evaluation of the effectiveness of the Plan to achieve the College's enrollment and FTES targets with the development of the Enrollment Management Rubric. [Evidence: RUBRIC TEMPLATE]

Below is an excerpt from the stated rubric, reflecting benchmark one:

Imperial Valley College
Enrollment Management Plan Rubric

Benchmark 1: The school has an active enrollment management task force (EMTF) that assists the administration with development and implementation of the enrollment management plan (EMP).

Enrollment Management Core Team - Membership

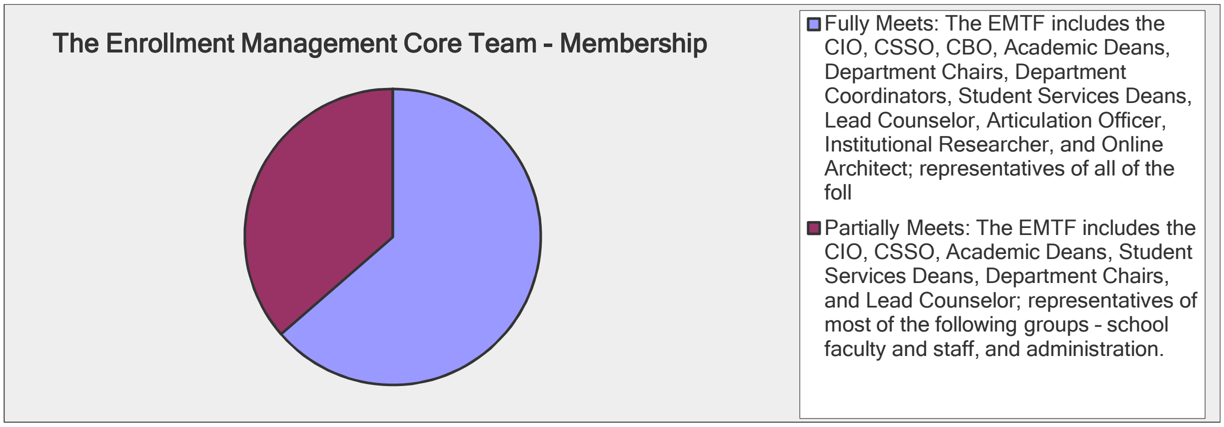
Fully Meets	The EMTF includes the CIO, CSSO, CBO, Academic Deans, Department Chairs, Department Coordinators, Student Services Deans, Lead Counselor, Articulation Officer, Institutional Researcher, and Online Architect; representatives of all of the following groups – school faculty and staff, and administration.
Partially Meets	The EMTF includes the CIO, CSSO, Academic Deans, Student Services Deans, Department Chairs, and Lead Counselor; representatives of ***most*** of the following groups – school faculty and staff, and administration.
Does Not Meet	The EMTF only includes the President/Superintendent and Vice President of Academic Services and a few of the persons/groups listed above – or – the school does not have an EMTF.

This rubric was distributed to all members of the Enrollment Management Task Force in May 2014, to ensure broad participation and feedback was collected from the College's key constituencies. [Evidence: MINUTES OF EMTF APPROVING **RUBRIC AND AP 3260**] The results of this evaluation will be used to continue to improve the College's enrollment management processes by ensuring the College's mission and goals are the foundation for financial planning.

(NEED EMTF MEETING IN **FALL 14** TO REVIEW RUBRIC SO WE CAN CITE IT).

[Evidence: EMTF Meeting Minutes from Fall meeting discussing results and next steps]

Below is an excerpt from the rubric results, reflecting the analysis of benchmark one:



These evaluations provide documentation that the Enrollment Management **Plan** AND **(AP 3260)** has been successfully implemented and that it assures systematic review of the planning and decision-making processes. [Evidence: Results of Rubric Assessment done in May] The College understands that collaboration is crucial to sustainable quality improvement, and that financial resource planning must be integrated with institutional planning to provide a reasonable expectation of the College's short-term and long-term financial projections. The College has established a notable and integrated planning and data infrastructure that moves it to the level of sustainability with respect to program review and enrollment management planning.

Financial Forecasting and Enrollment Management

A multi-year budget projection has allowed the College to determine the impact existing budget transactions may have on the College's overall operating budget while affording sufficient time to develop and initiate a plan to address any untoward impact. [Evidence: Multi-Year Projection Board in September snapshot and minutes] Since the College has chosen to project a conservative 1% growth factor, after the 14-15 FY, the expense side of the budget will need to be well-controlled so that a balanced budget continues to be attainable. In the future, the College fiscal planning must consider the ongoing cost increases in its financial projections (including step/column increases, benefit cost increases, infrastructure/utility expenses, and health benefits for both retirees and active employees). Projecting overly optimistic estimates of state economics coupled with overly aggressive estimates of enrollment can expose the College to an unhealthy level of risk. Consequently, the College has instead chosen to complete financial forecasting with realistic budget assumptions and a conservative approach to projecting FTES revenue; including growth. The present forecasting process provides the means for the College to express its goals and priorities, and to ensure internal consistency. This process allowed the College to realize not only full restoration, but 1% growth in the 13-14 FY. With the reinstatement of the Winter Intersession in 2015, the College is confident that growth will continue to be achieved in both 2015-16 and 2016-17, as reflected in IVC's three-year forecast [Evidence: Three-Year Forecast- Board minutes from September 2014].

The State of California continues to signal a healthy financial outlook that solidifies the College's position to project growth conservatively. The Governor's 2014-15 Budget Summary reflects an increase of 11.4% in state funding for California Community Colleges, with continued growth projected "significantly over the next several years as Proposition 98 resources continue to rebound" [Evidence: 14-15 Budget Summary, 2014, p.43]. The College has planned for 2.75% growth in the 14-15 FY, with the option to claim additional apportionment due to the recent announcement from the Chancellor's Office to restore Colleges to 11-12 FTES figures.

[Evidence: Three-Year Forecast, Revenues Highlighted]

The availability and use of data in the planning processes at the College has increased substantially. Additional data sources have been developed to inform the College's budget allocation, planning, and decision making processes [EVIDENCE of sources]. The Academic Services Office and the Business Services Office, in a joint effort, regularly review updated enrollment projections to determine if adjustments to future semester course scheduling and instructional salary accounts are warranted. Below is the Academic Services FTES Projection document as of August 6, 2014, prior to the start of the Fall 2014 semester, and as of census day September 2, 2014. These projections allow the College to closely manage its enrollment and plan accordingly.

Academic Services FTES Projection as of August 6, 2014

Fall 2014			
DIV	FTES	Proj. Fill Rate:	95.00%
ALLS	983.30		
EWD	713.97		
H&S	1260.29		
SSVC	31.46		
Total	**2989.02**		

Winter 2015			
DIV	FTES	Proj. Fill Rate:	95.00%
ALLS	109.51		
EWD	92.84		
H&S	217.24		
Total	**419.58**		

Spring 2015			
DIV	FTES	Proj. Fill Rate:	95.00%
ALLS	1016.85		
EWD	729.23		
H&S	1242.75		
SSVC	10.94		
Total	**2999.77**		

Summer 2015			
DIV	FTES	Proj. Fill Rate:	95.00%
ALLS	135.63		
EWD	83.74		
H&S	216.52		
Total	**435.89**		

Assumptions:
1. 95% average fill rate for all terms
2. Summer 2014 carryover is ~38.27 (416.12 - 377.85) based on 5-year budget proj. 13-14 target of 6625 and actual FTES.
3. All courses scheduled will be fully staffed. Presently ENGL, ESL, and PSY have several unstaffed courses in Spring 15.

Term	Total Projected FTES	
Summer 14	38.27	*Carryover only - not final
Fall 14	2989.02	
Winter 15	419.58	
Spring 15	2999.77	
Summer 15	435.89	
Total:	**6882.53**	

Targets according to 5-Year Budget			
FY 13-14	6625	1%	growth
FY 14-15	6806	2.75%	

Diff between target and projected for 14-15: **76.53**

Which is an additional growth or carryover (over 2.75%) of: **1.2%**

Completed by Chronister, M., Academic Systems Specialist

Academic Services FTES Projection as of September 15, 2014

Fall 2014		
DIV	FTES	Act. Fill Rate: 96.00%
ALLS	983.30	
EWD	713.97	
H&S	1260.29	
SSVC	31.46	
Total	**3060.11**	

Assumptions:

1. 90% fill rate for Winter 15, 93% fill rate for Spring 15, and 95% fill rate for Summer 15.

2. Summer 2014 carryover is ~80.66 based on 13-14 target of 6625 and actual FTES.

3. All courses scheduled will be fully staffed. Presently ENGL, ESL, and PSY have several unstaffed courses in Spring 15.

Winter 2015		
DIV	FTES	Proj. Fill Rate: 90.00%
ALLS	103.74	
EWD	87.96	
H&S	205.80	
Total	**397.50**	

Term	Total Projected FTES	
Summer 14	80.66	*Carryover only - not final
Fall 14	3060.11	
Winter 15	397.50	
Spring 15	2938.85	
Summer 15	435.89	
Total:	**6913.01**	

Spring 2015		
DIV	FTES	Proj. Fill Rate: 93.00%
ALLS	995.44	
EWD	716.11	
H&S	1216.58	
SSVC	10.71	
Total	**2938.85**	

Targets according to 5-Year Budget			
FY 13-14	6625	1%	growth
FY 14-15	6806	2.75%	

Summer 2015		
DIV	FTES	Proj. Fill Rate: 95.00%
ALLS	135.63	
EWD	83.74	
H&S	216.52	
Total	**435.89**	

Diff between target and projected for 14-15:	**107.01**
Which is an additional growth or carryover (over 2.75%) of:	**1.6%**

Completed by Chronister, M., Academic Systems Specialist

The College's projection of FTES revenue will be viewed as a trend based on certain criteria and assumptions rather than as a prediction of exact numbers. The College believes that its projection is reasonable based on its review of all available relevant data.…. all this proves that the College can accurately predict revenue (YES) and expenses on the instruction side, (YES) And given that these costs represent % of the budget, then we have a stable financial strategy.

How DO WE address expenses that are not related to enrollment and classroom instruction, ie. Classified, counselors, managers, admin. -- ??? Salary scale changes, any measures taken in fixed costs? Looking at service levels such as reducing lawn maintenance? [evidence: Argos reports for data, dashboards, what Alex does with salaries & schedules other data ?????]

Balanced Budget

III.D.3.a: The institution has sufficient cash flow and reserves to maintain stability, strategies for appropriate risk management, and develops contingency plans to meet financial emergencies and unforeseen occurrences.

For 2013-14, Imperial Valley College can certify that it did not use reserves to balance the budget [2013-14 Final Budget]. Ongoing revenues were used to meet ongoing expenditures as required. The College understands that reserves are in place to be used for one-time transactions if necessary, and remains compliant with this requirement. The general fund reserve remained above the Board designated 5% minimum. For 2014-15, the College has adopted a balanced budget that refrains from using its general fund reserves; requiring that ongoing revenues continue to meet ongoing expenditures [Evidence: 2014-15 Final Adopted Budget]. The three-year budget projection depicts that the College's reserves will continue to be at 5% or greater now and in the years to come. [Evidence: three-year projection]

Long-Term Financial Commitments and Retiree Health Benefit Costs (OPEB)

The Budget and Fiscal Planning Committee voted to recommend that 30% of the favorable variance at the close of the FY (between budget and actual) be dedicated to start paying down this liability [Evidence: BFP March 26, 2014 MINUTES]. Unfortunately, there was not a favorable variance in the 2013-14 year; however, the College still understood the importance of allocating funding to this liability. Both the Superintendent/President and the Board of Trustees endorsed the decision to allocate $20,000 of the College's reserve as a good-faith effort, to reflect that funding this liability has indeed become a priority, regardless whether a positive variance exists at the end of the fiscal year **(Evidence: ????).** Although the College feels this is a noteworthy accomplishment, it understands that this practice alone will not adequately fund the liability at a sufficient pace to keep up with the College's projected future liability as revealed in the College's Actuary Study conducted by Total Compensations Systems Inc. [Evidence: Actuary Study] Because of this, the College is in the initial planning stages of pursuing additional long-term funding options. Investment bankers Backstrom McCarley Berry & Co., LLP have been contracted to provide professional financial guidance on how to develop a sound, long-term plan that would allow for the College to maximize returns on its investments–with minimal risk–as a means to grow the OPEB fund and lower the College's liability [Evidence: Scope of Services/Contract with MBC LLP_Board November meeting]. The preliminary timeline to roll out this long-term plan is reflected below:

[DEVELOP AND INSERT TIMELINE FOR OPEB BOND and IRREVOCABLE TRUST]_[Evidence: Budget and Fiscal Planning Committee Minutes discussing this timeline]

The College is vetting each option's impact on financial efficiency and probable implementation timelines to both the shared governance committees and the board of trustees. The College understands that strategic, in-depth planning is imperative to financial stability in achieving both its short-term and long-term goals. Therefore, decisions related to long-term commitments will not be made in haste. The College will continue to utilize the pay-as-you-go method coupled with the positive variance contributions as outlined above to fund this liability in the short-term, while a long-term, sufficient and sound funding method is researched, developed, and finalized. Ultimately, the College's goal is to address the debt associated with the OPEB liability and have it funded within a reasonable time. The College understands that this plan as stated will have the added benefit of relieving pressure on the General Fund budget in the future.

Subsidizing Categorical Programs

The Financial Reviewer Panel shared in their letter to the College dated February 2014 that it was concerned about the use of unrestricted general fund monies to make up for short-falls in the Child Development Center Fund, as well as other categorical programs, stating that "the college paid or subsidized the programs by augmenting them with funds to pay all costs incurred…taking a priority status that has not been discussed" [Evidence: Financial Reviewer Panel Letter]. Since this disclosure, the College's Board of Trustees has requested a detailed analysis be conducted and presented pertaining to the programs in question to ensure proper allocation of resources occurs. A Board Retreat was held on August 6, 2014, which included a presentation of the new funding structure for the Disabled Students Programs and Services [Evidence: August 6th Board Retreat Minutes & October Board minutes]. This new funding model reflects less demand of unrestricted general fund monies while still maintaining these valuable services at the levels needed to serve this population. The Board expressed overwhelming support and praise to the Dean of Counseling for his effort in addressing this concern without reducing the services offered, supporting the augmented funding model. Similarly, at the **October 15, 2014** board meeting, the CBO made a presentation of the number of indirect benefits the College receives as a result of the College's investment of unrestricted general fund dollars **AND NOTED A TASK FORCE HAS BEEN CREATED TO CONTINUE EXPLORING OPTIONS IN THIS AREA.** The Board of Trustees determined that the benefits gained from the Child Development Center outweigh the cost of the subsidies included in the general fund budget. The Board of Trustees provided direction to the Superintendent/President and the Chief Financial Officer to continue to fund the Child Development Center at the present funding levels, acknowledging that further action may be taken in the future in the event of a budget shortfall. [Evidence: October 15 Board Minutes]

The College continues to analyze all of its programs, including those that receive categorical and/or special program funding, to ensure that they are run efficiently and effectively; resisting increasing unrestricted general fund allocation without first discussing: 1) the connection the program or service has with the College's mission, 2) the priority the program or service has compared to other enhanced financial requests, and 3) the financial impact this program or service would have on existing and future budgets. With support from the Superintendent/President, the Budget and Fiscal Planning Committee took on this charge at its September 24, 2015 meeting, as it started to identify criteria to adequately, fairly, and objectively evaluate the financial efficiency of each program and service on campus**.** **The BFP committee with the assistance of the Institutional Researcher have initiated a review of coding to facilitate more equiatable comparisons with other colleges....blah blah.** **subsequently, the BFP committee developed policy/guidelines to ensure thorough analysis of each categorical program and discussion involves each of these factors and the final financial impact on the district.** [complete the policy by DEC] [Budget and Fiscal Planning Committee September 24, 2015 Minutes & NEW POLICY]. The Committee acknowledged that this would be a sensitive long-term, project that would need to be well-planned and carefully executed, but is important to certify that the College continues to make efficient use of its limited financial resources.

Conclusion

The External Evaluation Team Report of April 2014 recommended "that the College accelerate its efforts and, if necessary, take drastic steps to come into full compliance in the next year" [Evidence: External Evaluation Team Report]. Imperial Valley College believes that the steps explained in this response are indeed substantial and effective, allowing the College to meet both the Standards set by the Accrediting Commission for Community and Junior Colleges (ACCJC) and the goals the College has set for itself. The processes described above confirm that the Commission's recommendation to develop a financial strategy that results in balanced budgets, maintain minimum prudent reserve levels, and address long-term financial commitments including other post-employment benefits cost, has been fully addressed by the College