Fiscal Monitoring Special Report in Response to February 2021 Action Letter from the Accrediting Commission of Community and Junior Colleges

Submitted by:
Santa Rosa Junior College
1501 Mendocino Ave.
Santa Rosa, CA 95401

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

April 13 2021

Certification of the Special Report

To:

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

From:

Dr. Frank Chong
Santa Rosa Junior College

We certify this report accurately reflects the nature and substance of this institution.

Signatures:

Frank Chong (Apr 14, 2021 07:13 PDT) 04/14/2021

Dr. Frank Chong **(Date)**
Superintendent/President

Dorothy Battenfeld
Dorothy Battenfeld (Apr 14, 2021 14:32 PDT) 04/14/2021

Dorothy Battenfeld **(Date)**
President, Sonoma County Junior College District Board of Trustees

Katharyn Jolley (Apr 14, 2021 19:49 PDT) 04/14/2021

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L Jane Saldana-Talley 04/14/2021

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Sarah Hopkins **(Date)**
Interim Vice President, Human Resources

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Debbie Weatherly **(Date)**
President, Classified Senate

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REPORT PREPARATION

This section describes the process of report preparation and identifies those who were involved in its preparation.

This Special Report is provided in response to the concerns raised by the Accrediting Commission for Community and Junior Colleges (Commission) in its February 1, 2021 letter to Santa Rosa Junior College.

It is informed by discussions over the past several years during President's Cabinet Meetings, multiple meetings with departments and constituency groups, including the Budget Advisory Committee and Institutional Planning Council, Board of Trustees Listening Session, and College-wide forums.

The Santa Rosa Junior College Executive Team is responsible for the authorship of this special report. Members of the team are listed as follows:

Special Report Team Members	Title
Dr. Frank Chong	Superintendent/President
Kate Jolley	Vice President, Finance and Administrative Services
Dr. L. Jane Saldana-Talley	Vice President, Academic Affairs/Assistant Superintendent
Dr. Pedro Avila	Vice President, Student Services/Assistant Superintendent
Sarah Hopkins	Interim Vice President, Human Resources
Erin Bricker	Director, District & Community Relations

The Santa Rosa Junior College Response to the February 2021 Commission Letter

The following Special Report is in response to the Commission acting at its January 2021 meeting to require the Sonoma County Junior College District / Santa Rosa Junior College (College) to submit a Fiscal Monitoring Special Report addressing the ongoing fiscal conditions signaling financial instability.

The five identified deficiencies cited in the letter from the Commission that are addressed in the following Special Report are as follows:

- Ongoing declining enrollment
- Low fund balance reserves, excluding other financing sources
- Operating deficit, excluding other financing sources
- Negative operating revenue ratio, excluding other financing sources
- Other Post-Employment Benefits (OPEB) 0% funded

This Special Report and supporting evidence will provide an update on the College's integrated financial plan and describe the progress that has been made and is planned to resolve the identified deficiencies

<u>Background</u>

In 2018, the Santa Rosa Junior College was in a tumultuous time. It was at impasse with its faculty union, had employee relations issues, was teetering on the edge of the required level of reserves, and was relying on transfers to balance its budget. The College was also experiencing declining enrollment, which was exacerbated by the Tubbs and subsequent wildfires in the county. In response to those ongoing financial concerns and declining enrollment, and after significant analyses and input, the College created and began the implementation of a long range financial plan to align its size with the number of students it currently serves. As a result of the wildfires, the College received a California Community College Chancellor's Office emergency conditions waiver to hold its full time equivalent students (FTES) funding at the pre-Tubbs fire 2017/18 P2 levels plus cost of living increases. The College has received an extension of that waiver through 2021/22, with the possibility to have additional extensions upon request. In addition, the hold harmless under the Student Centered Funding Formula (SCFF) will protect the funding level through 2023/24 at approximately $600 thousand less than the fire emergency conditions waiver. Finally, with the three-year smoothing of credit FTES in the Student Centered Funding Formula (SCFF), the College will not see a full loss of FTES revenue until, at the earliest, 2026/27. This provides the financial cushion to make the necessary changes in a thoughtful manner and sufficient time for dialogue, program assessments, and implementation of changes.

The structure of the Long Range Plan to Fiscal Stability (LRP) was presented to the Board of Trustees on November 20, 2018 and received full support. The LRP includes reductions in fiscal years 2018/19 through 2022/23.

The overarching plan principles include:

- Non-instructional staffing reductions - Multiyear reductions in non-instructional staffing to align with average staffing ratios of other single college districts in the state. This will be achieved through a variety of ways, including:
    - Eliminating or consolidating non-critical vacant positions.
    - Offering a Supplemental Employee Retirement Program/Early Retirement Incentive (ERI) through Keenan and Associates and followed by a strategic district-wide reorganization to ensure College needs are met and replacing only the most critical classified and management positions.
    - Eliminating redundancies, streamlining areas, and relying on the use of technology as a means to improve efficiencies.
- Instructional staffing reductions - A 9% reduction to the schedule of classes for spring, summer, and fall 2019 and not replacing full time faculty significantly beyond the number required by the faculty obligation number. The College also negotiated a productivity workgroup with its faculty union to discuss various ways to increase productivity while not impeding pedagogy.
- Expenditure reductions - A survey administered to the college community in spring 2018 provided a number of suggestions to reduce expenditures. Those that appeared promising were implemented in fall 2018 and continued through fall 2019. An additional survey was conducted in spring 2019 with results implemented beginning in fall 2019. The College has also expanded its sustainability efforts to achieve savings to the utility and other operating budgets.
- Revenue enhancements – The College continues to analyze and strategize with the college community on the various components of the SCFF and develop opportunities to enhance revenues and ensure student completion.
- Program assessments - The College continues to implement its annual program review/ discontinuance policy/procedures for instructional and non-instructional programs to ensure offered programs align with its priorities and goals. As programs are discontinued, program operating budgets can be eliminated.
- Informative Transparency – The College is committed to ensuring the college community understands its fiscal issues and has an opportunity to contribute to the solutions.

The LRP details presented include:

- 2018/19 – A $2.8 million reduction to the schedule of classes through a 9% decrease to spring 2019 and cancellation of low enrolled sections and $5.3 million in non-instructional areas, including staffing and operating budgets;
- 2019/20 - A $1 million reduction to the schedule of classes (9% to summer and fall of 2019), $3 million in reductions to operating budgets, savings of $660 thousand to align the number of full time faculty with the faculty obligation number, and $3.13 million in reductions in non-instructional staffing;
- 2020/21 – An additional $500 thousand reduction to the schedule of classes to fine-tune offerings and increase productivity, an additional $500 thousand in operating budget reductions as programs are eliminated, and $3.13 million in reductions to non-instructional staffing;
- 2021/22 - An additional $500 thousand in reductions to operating accounts as the solar and other cost saving projects come online and the College continues to streamline or eliminate programs and an additional $2.53 million in reductions to non-instructional staffing; and
- 2022/23 – A final $1.59 million in reductions to non-instructional staffing.

LRP Implementation Progress

The College has made significant progress since implementing the LRP, including:

- The College developed, and after consultation with various constituent groups, at the May 14, 2019 meeting, the Board of Trustees adopted the Guiding Principles to guide the College reorganization process.
- In 2019, the College successfully offered an ERI. A total of 98 employees chose to retire and the majority of those positions remain unfilled or were eliminated.
- Schedule reductions of 9% for spring 2019, summer and fall of 2019 have been completed. The College is currently implementing the final $500 thousand for the 2020/21 schedule of classes. This eliminated $4.3 million from the unrestricted general fund.
- At the January 14, 2020 meeting of the Board of Trustees, the long range plan was again presented and the elimination of 8 administrative and 33 classified positions was approved.
- At the April 13, 2021 meeting of the Board of Trustees, the elimination of 11 administrative and 45 classified positions was approved.

- The planned reductions for 2018/19, 2019/20 and 2020/21 in non-instructional staffing and operating budgets were achieved, eliminating $11.1 million from the unrestricted general fund budget. This included:
    - <u>2018/19</u>
        - Operating budget reductions of $1.7 million
        - Non-instructional staffing reductions of $1.6 million
    - <u>2019/20</u>
        - Non-instructional staffing reductions of $6.5 million
    - <u>2020/21</u>
        - Operating budget reductions of $500 thousand
        - Non-instructional staffing reductions of $810 thousand
- The College restored the $2 million transfer to the retiree benefits fund for the other post-employment benefits (OPEB) its retirees receive.
- In 2017/18, there were one-time transfers of nearly $5 million to remain at the necessary fund balance. In 2019/20, there were no budgeted or processed one-time transfers into the general fund.

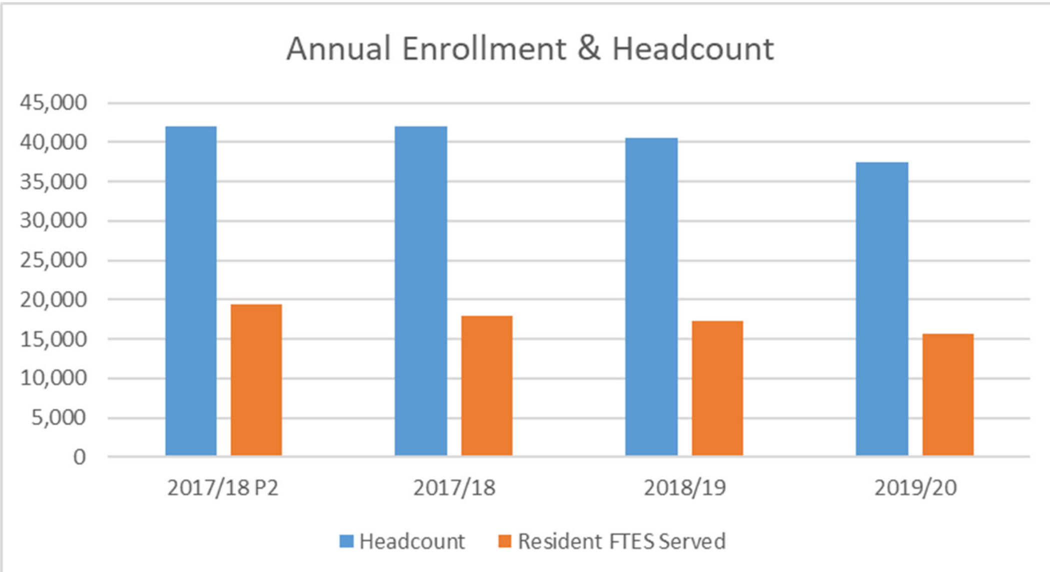
As anticipated after the ERI, there was a need to make an adjustment in the LRP to adapt to current conditions affecting the College. The loss of revenue under COVID-19 has created a major unanticipated strain on the budget. At the September 2020 meeting, the Board of Trustees approved a 2020/21 budget that included a modification to the long range plan. This modification extends the plan by one year to 2023/24 and realigns the reduction amounts to non-instructional staffing across the remaining years.

The remaining portion of the LRP now currently includes:

- <u>2021/22</u> - An additional $500 thousand in reductions to operating budgets as additional solar and other cost saving projects come online and the College continues to streamline and eliminate programs, and an additional $2.8 million in reductions to non-instructional staffing;
- <u>2022/23</u> – An additional $2.1 million in reductions to non-instructional staffing; and
- <u>2023/24</u> – A final $1.1 million in reductions to non-instructional staffing.

Ongoing Declining Enrollment

The College has experienced declining enrollment, which was exacerbated by the Tubbs firestorm that swept the county in October 2017 and the impacts of COVID-19. The population in Sonoma County has dropped from 502,469 in 2017 to 485,722 in 2021. This creates an ongoing impact on the student headcount and FTES at the College.

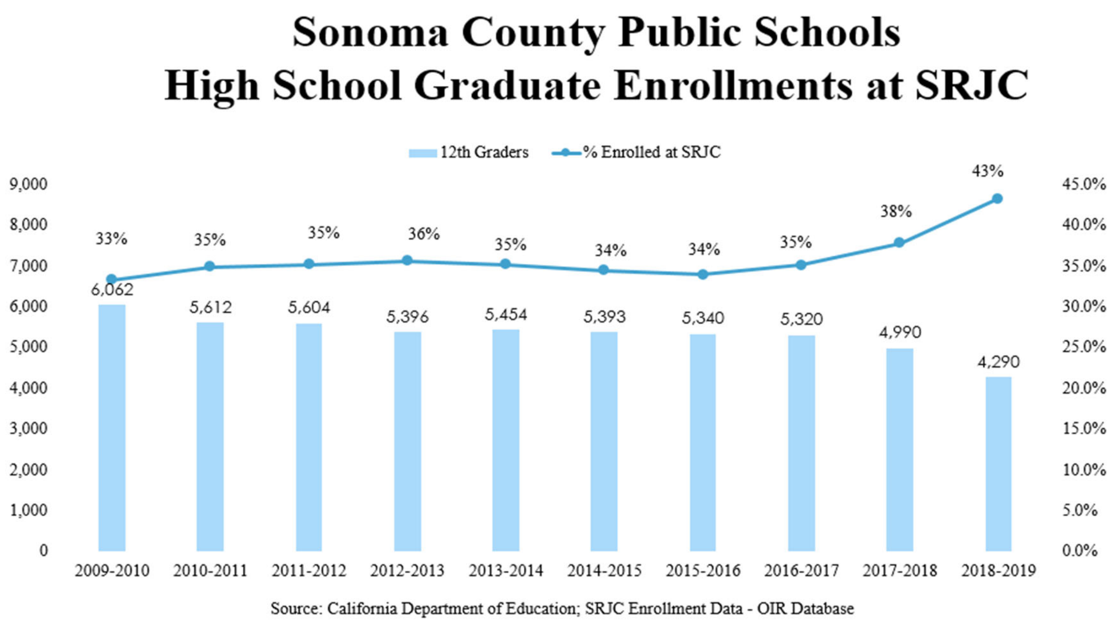


While enrollment has been declining, the foundation of the LRP is to align the structure of the College with its smaller student population. The LRP modeling is based on resident FTES of 17,500. While the 15,746 reported FTES in 2019/20 is lower than anticipated, at the 2019/20 P1 320 report prior to COVID-19, the College reported 17,033 resident FTES so the hill to climb is smaller than it appears.

To address this, the College is developing a strategic enrollment management plan and focusing its efforts on a variety of outreach and retention efforts to stem the enrollment decline, including student support, curricular redesign, grant initiatives, and communities of practice.

Outreach

In 2017-2018, the College reorganized its student outreach efforts by creating a centralized Outreach team to aggressively focus on increasing high school graduate enrollment yield rates, adult population enrollments, and high school dual enrollments. As shown in the graph below, the number of high school graduates in the area declined by 19% during the past three years due to families moving out of the area because of wildfires and increased cost of living. In that same period, the outstanding SRJC student outreach efforts have successfully helped stabilize enrollments at SRJC by increasing local high school graduate enrollment yield rates from 35% to 43% (8% increase).

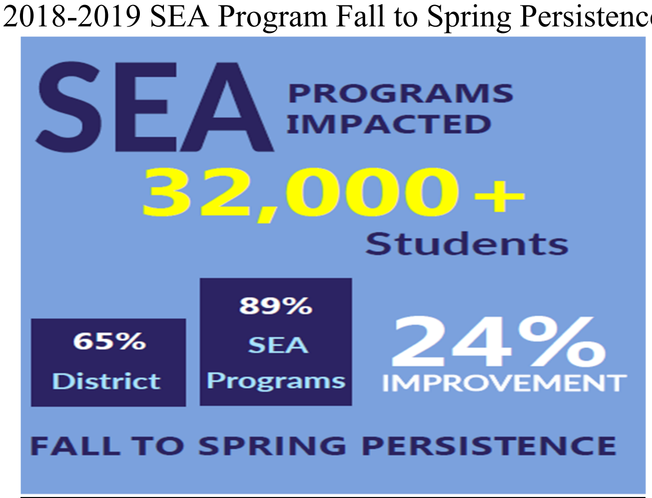


<u>Enrollment and Retention</u>

Student Equity and Achievement

The Student Equity and Achievement Program (SEA) provides an array of instructional and support services to boost retention. These efforts include various matriculation services, Counseling and Education Planning, Welcome Centers, Peer Assisted Learning Specialists (PALS), Learning Communities, Intercultural Centers, and strengthened mental health services. Some of these programs support all SRJC students while others are targeted towards traditionally underserved student populations. The SEA Program also provides direct student support in the forms of food, transportation, books, and technologies to address basic needs. These programs, individually and collectively, have increased student retention significantly. The latest evaluation indicated that students served by SEA Program have a persistence rate (fall to spring) of 89%, far greater than the district average of 65%.

2018-2019 SEA Program Fall to Spring Persistence



Innovation Award

With the intent to scale up proven successful practices found as a result of the Petaluma Student Success Team peer coaching program, Santa Rosa Junior College was granted a $1.6 million Innovation Award from the California Community College Foundation Office in 2018. The Petaluma Student Success Team's work was proof of concept that peer relationships connecting students with matriculation steps and college resources and interventions guided by retention themes throughout the student's journey achieved the desired results of retention and persistence. The Innovation Award allowed SRJC to bring the program to scale across the District. To do so, three separate programs worked in partnership to scale retention focused high touch, and high tech support. Joining the work of the Petaluma Student Success Team, the Santa Rosa Campus formed a First-Year Peer Coach team housed within the Welcome and Connect Center, and Student Success Coaches serving second year and continuing students from local equity groups were housed in the Intercultural Center. The expansion of the teams was first introduced during Fall 2019 Professional Development Activities Day. Resulting data showed that the mirrored efforts put forth by the expanding teams provided similar results at scale.

Welcome & Connect Center

The Welcome and Connect Center first opened in June 2019. The concept was to provide a single space for new or reentering students to receive peer support with college onboarding processes and navigate campus resources and technology. Located adjacent to Admissions and Records and Student Financial Services, the peer staff were highly trained in navigating processes with nearby support if higher-level expertise was needed. As the Center also housed the retention focused First Year Peer Coaching Team it quickly became a high traffic area throughout the entire year. It was largely welcomed and served as a place for both faculty and student services professionals to refer students who needed extra support. In addition to serving all first-year students and walk-ins with onboarding and retention support, the Welcome & Connect Center also served reengagement and transition to remote initiatives. The team accomplished large-scale communication and triage for both students who stopped out in 2019, and then again for all students who needed technology support and assistance when COVID interrupted the Spring 2020 term.

AB 705

In accordance with State legislation AB 705, English, math, and ESL curricular pathways have been fully redesigned to allow all students to begin coursework at transfer-levels of instruction and persist through a streamlined course sequence with embedded learning support structures. Specifically, English, ESL, and Math departments have implemented the following changes.

- Revamped the curriculum for first-semester composition, English 1A, to serve the needs of a broader range of student skill levels and cultural assets (funds of knowledge).
- Developed and implemented a co-requisite support course for composition students.

- Re-envisioned and adapted concurrent support components (English Writing Center and embedded tutoring) to optimally support the new student profile taking transfer-level English coursework.
- Developed a transfer-level ESL writing course, ESL 10, which bears the same transferability as first semester writing composition course, ENGL 1A.
- Created and implemented co-requisite support courses for Statistics and now Pre-Calculus to assist students at multiple preparation levels.
- Created two pathways to accommodate students' different educational goals: a more algebra-based Business and STEM pathway (B-STEM) and a statistics-focused pathway for liberal arts, non-STEM major pathway. The liberal arts pathway included the creation of an introductory statistic preparation course.
- Eliminated virtually all developmental math courses and revamped college-level algebra courses

Communities of Practice

Faculty across various instructional departments engage in robust, cross-disciplinary, inquiry and action planning through well-coordinated, thematic discussions, referred to as Communities of Practice. Through these discussions, faculty explore themes such as active learning, representative reading lists, culturally-responsive pedagogies, and other classroom strategies designed to enhance teaching and learning. Recent Communities of Practice, involving over a hundred faculty members, have been entitled as follows:

- Creating Black Equity in the Classroom: Pedagogy, Policy, Practice
- Teaching, Assessing, and Engaging Multilingual Students Across Disciplines
- UMOJA Supported Class
- BIPOC Synergy
- Tutorial Center Community of Practice
- Math, Engineering, Physics
- Online Design and Engagement

Title V HSI Lanzamiento Initiative

The 5-year, $2.82 million award from the US Department of Education for the Title V HSI *Lanzamiento* initiative began October 1, 2020. The *Lanzamiento* initiative is comprised of four key strategies:

- Implement a comprehensive and aligned SRJC pre-matriculation and onboarding initiative, through dual enrollment, Welcome and Connect Center programming, and bilingual financial aid outreach. Culturally responsive mental health services and college navigation orientation.
- Institute enhanced curricular pathways and instructional approaches including HSI-designated, cross disciplinary course sections and academic pathways. Provide Districtwide professional development activities for all employee groups that are geared toward serving the target population.

- Establish embedded and aligned learning support resources, including integrated tutoring, peer coaching, and library resources with course specific information competency workshops.
- Develop and implement a comprehensive transfer and completion initiative, designed to facilitate the student's journey from entering college through transfer completion. Integrating frequent and relevant workshops and transfer focused programs into the student trajectory at SRJC.

Marketing

To improve support for the College's enrollment and retention efforts, the Public Relations department has revamped its marketing plan to better integrate both "inreach" and outreach campaigns across the college, utilizing not only its General Fund annual allocation, but also categorical and grant funds where possible. Examples include:

- Collaboration with the SRJC Intercultural Center on an inreach campaign entitled "You Belong," aimed at fostering belonging and a sense of community among a diverse student population
- Use of the 2017 Institutional Effectiveness Partnership Initiative (IEPI) Partnership Resource Team (PRT) funds to expand the College's marketing efforts into previously untested platforms as well as a greater number of Spanish language media outlets, resulting in analytics that reflect increased reach to underserved populations.
- Utilization of Student Equity funding to provide translations for a greater number of communications to our Spanish speaking community
- Integration of Strong Workforce Funds to expand the annual general enrollment campaign to include a greater emphasis on Career Education

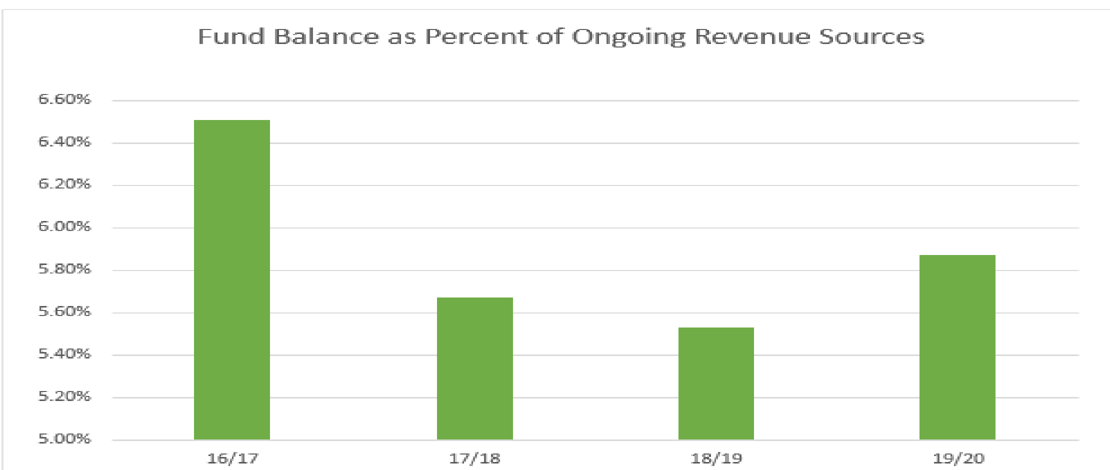
Strategic Enrollment Management Plan

The College recently participated in a second Institutional Effectiveness Partnership Initiative (IEPI) Partnership Resource Teams (PRT) visit with one of the requested focus areas on strategic enrollment management. The IEPI will award the college $150 thousand to support enrollment management efforts. These efforts include three goals: 1) provide enrollment management training to all leaders of the college involved in enrollment management, 2) develop and implement an enrollment management plan that will help align efforts across the organization and the district's enrollment goals, and 3) Improve technology and systems to better support enrollment management efforts. The outcomes related to strategic enrollment management will also help align the schedule of classes with students' needs.

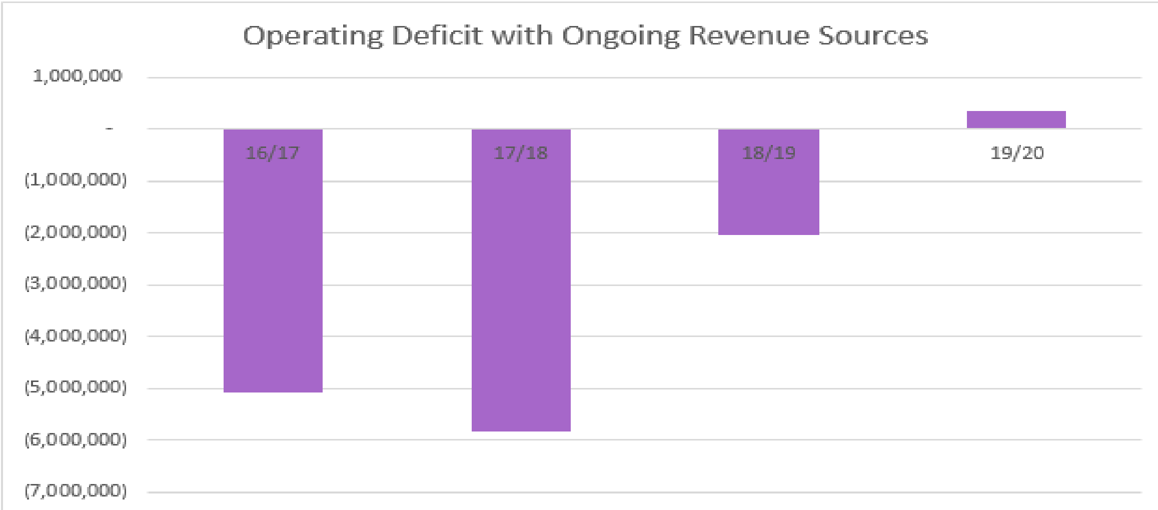
Low Fund Balance Reserves, Operating Deficit and Negative Operating Revenue Ratio, Excluding Other Financing Sources

In recent years, the College utilized transfers from other funds to maintain a 5% ending balance in its unrestricted general fund. In 2017/18, the College processed transfers of $5 million and a reduced $2.1 million in 2018/19. In 2019/20 and forward, this shortfall has been resolved through the implementation of the LRP and one time transfers have been eliminated. All remaining amounts in the category of other financing sources are sustainable and ongoing and should be included in any calculations and assessments. The ACCJC annual fiscal report now requests colleges to report whether other financing sources are a one time or sustainable source of funds.

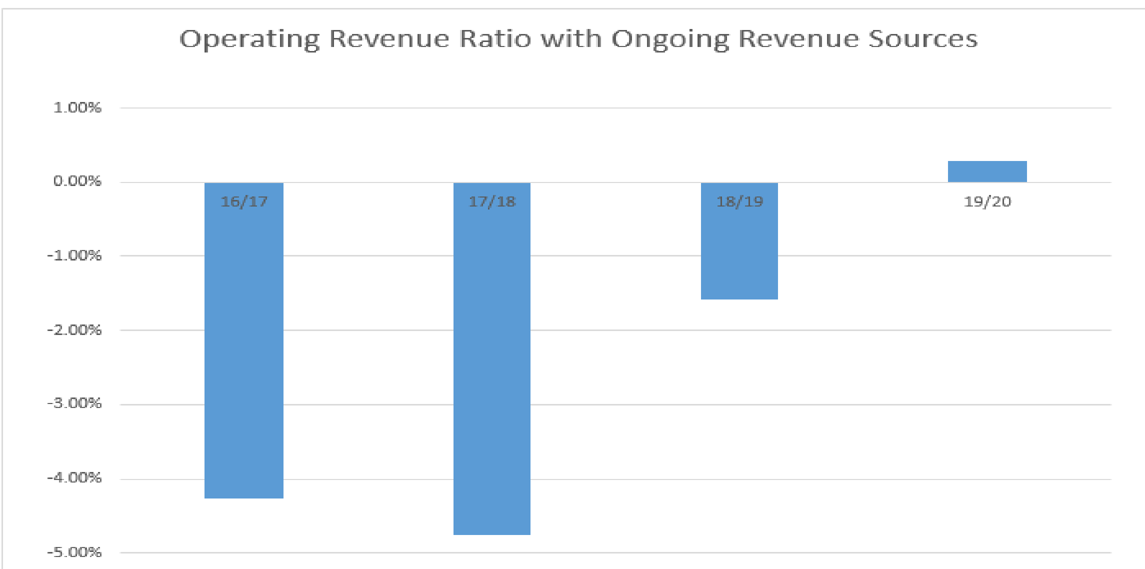
The College maintains a fund balance above 5% each year. The graph below shows the ending fund balance as a percentage of ongoing unrestricted general fund revenues from 2016/17 through 2019/20, which saw an operating surplus to bring the fund balance to 5.9%. The College anticipates a significant increase to the ending 2020/21 fund balance from additional salary savings from frozen positions in addition to savings related to COVID-19 from federal backfill of lost revenue that had not been anticipated when the adopted budget was created as well as not being onsite expending resources.



The graph below shows that in 2016/17, 2017/18 and 2018/19, the College had operating deficits when looking at unrestricted general fund ongoing revenue sources. In 2019/20, the College achieved an operating surplus and added $359 thousand to the Unrestricted General Fund ending fund balance. The 2020/21 adopted budget included a deficit of $396 thousand due to lost revenue from COVID-19; however, the College currently anticipates a significant operating surplus to increase the fund balance in 2020/21, as well as a budgeted operating surplus in 2021/22.



In 2016/17, 2017/18 and 2018/19, the College had negative Operating Revenue Ratios when including unrestricted general fund ongoing revenue sources. This was corrected in 2019/20 with the implementation of the LRP and the College realized a net operating revenue ratio of 0.3%. This is anticipated to increase in 2020/21 and forward.



Long range budget modeling under the LRP projects increases to the unrestricted general fund ending balance until the fire waiver and SCFF hold harmless expire. It is anticipated that there will be a few years of minor deficits starting in 2026/27 while the general fund budget continues to stabilize until it levels out and the College will achieve ongoing balanced budgets.

<u>Other Post-Employment Benefits (OPEB) 0% Funded</u>

While it is overall more prudent to create an irrevocable trust for the College's OPEB, there is no requirement in GASB 75 to do so. Under the College's current financial circumstances, it is more prudent to remain with the pay as you go method until it is more financially stable. The pay as you go method is an acceptable funding mechanism under GASB 75 and the College has not failed to meet its OPEB responsibilities or any other obligation. It is anticipated that eventually an irrevocable trust will be created; however, this will not occur until after the LRP has been fully implemented and a sufficient fund balance has been created and is sustained.

Appendix A – Evidence

SFR-1. Long Range Plan Presentation to the Board of Trustees
SFR-2. January 2020 Board Agenda Item Eliminating Positions
SFR-3. 2020/21 Adopted Budget
SFR-4. 2020-21 Adopted Budget Board Presentation with Updated Long Range Plan
SFR-5. April 2021 Board Item Eliminating Positions
SFR-6. IEPI/PRT Innovation and Effectiveness Grant Agreement
SFR-7. 2019/20 Audit Report
SFR-8. 2019/20 311 Annual Report
SFR-9. 2019/20 ACCJC Annual Fiscal Report