

Standard IIID: Financial Resources¹

IIID: Financial resources are sufficient to support student learning programs and services and to improve institutional effectiveness. The distribution of resources supports the development, maintenance, and enhancement of programs and services. The institution plans and manages its financial affairs with integrity and in a manner that ensures financial stability. The level of financial resources provides a reasonable expectation of both short-term and long-term financial solvency.

The operating budget for Pasadena City College for 2012-2013, the year with the most recent audit report, was \$111,399,095 ([IIID-1: 2012-2013 Adopted Budget](#)). This included \$2.8 million in lottery income, \$7.7 million in student enrollment fees, and \$8.6 million in non-resident tuition.

The College's overall proposed budget for fiscal year 2014-2015 is \$262,182,852. The Unrestricted General Fund portion of the budget is \$148,128,989 ([IIID-2: 2014-15 Adopted Budget Summary](#), [IIID-3: 2014-15 Adopted Budget](#)). Figure 1 illustrates the College's total appropriations for 2014-2015.

Fund	Title	Total Appropriations
FUND 01	Unrestricted General Fund	\$148,128,989
FUND 03	Restricted General Fund	\$20,031,117
FUND 29	Capital Service Fund	\$4,855,529
FUND 33	Child Development Fund	\$1,335,629
FUND 41	Capital Outlay Fund- COP Parking Structure	\$6,314,883
FUND 42	Building Fund-Measure P	\$17,424,875
FUND 43	Scheduled Maintenance Fund	\$4,338,090
FUND 59	Identity Services-Live Scan	\$421,012
FUND 61	Worker's Compensation Self-Insurance Fund	\$1,913,238
FUND 62	Property & Liability Self-Insurance Fund	\$1,321,027

FUND 63	Dental Coverage Self-Insurance Fund	\$3,661,936
FUND 64	Supplemental Health Insurance/ Other Post-Employment Benefits Self-Insurance Fund	\$16,851,800
FUND 74	Student Financial Aid Fund	\$35,584,727
		\$262,182,852

<>Please note that the FY 13-14 financial information is subject to audit. Information will be updated upon Board approval of the FY 13/14 audit report.

Figure 1 2013-2014 Summary of Total Appropriations

IIID.1: The institution’s mission and goals are the foundations for financial planning.

IIID.1a: Financial Planning is integrated with and supports all institutional planning.

Descriptive Summary

Pasadena City College’s mission statement serves as the guiding principle for all aspects of the College including financial planning ([IIID-4: College Mission and Core Values from Catalog](#)).

The mission of Pasadena City College (PCC) reads:

The mission of Pasadena City College is to provide a high-quality, academically robust learning environment that encourages, supports and facilitates student learning and success. The College provides an academically rigorous and comprehensive curriculum for students pursuing educational and career goals as well as learning opportunities designed for individual development. The College is committed to providing access to higher education for members of the diverse communities within the District service area and to offering courses, programs, and other activities to enhance the economic conditions and the quality of life in these communities.

At Pasadena City College we serve our students by:

- Providing courses and programs, in a variety of instructional modalities, which reflect academic excellence and professional integrity;
- Fostering a dynamic and creative learning environment that is technologically, intellectually and culturally stimulating;
- Challenging our students to participate fully in the learning process and encouraging them to be responsible for their own academic success;

- Respecting them as individuals who may require diverse and flexible learning opportunities;
- Supporting organizational practices that facilitate student progress towards their goals; and
- Encouraging and supporting continuous learning and professional development in those who serve our students: faculty, staff, managers, and administrators.

In addition to the mission, PCC has developed Institutional Core Values that are included immediately following the mission statement:

As an institution committed to successful student learning in an environment of intellectual freedom, Pasadena City College is guided by the following essential, enduring and shared values:

A Passion for Learning

We recognize that each one of us will always be a member of the community of learners.

A Commitment to Integrity

We recognize that ethical behavior is a personal, institutional and societal responsibility.

An Appreciation for Diversity

We recognize that a diverse community of learners enriches our educational environment.

A Respect for Collegiality

We recognize that it takes the talents, skills and efforts of the entire campus community, as well as the participation of the broader community, to support our students in their pursuit of learning.

A Recognition of Our Heritage of Excellence

We recognize that we draw upon the college's rich tradition of excellence and innovation in upholding the highest standard of quality for the services we provide to our students and community.

The Mission serves as the impetus for all planning and decision-making on campus and drives the components of PCC's planning process including the Master Plans (Educational, Facilities, and Technology), Board Goals for the College, and the tri-tiered planning levels (Area, Unit, and Department). Financial planning supports institutional planning because it is integral to each of these components. *Board Policy 2100: Planning Process* states that "the College shall implement a comprehensive, integrated planning process which expresses the College's philosophy and mission" and that "the priorities and recommendations developed in the planning process shall guide college decision-making and resource allocation" ([IA-13: Board Policy 2100 Planning Process](#)). To meet these mandates, the Educational Master Plan (EMP), the core planning document for the College, identifies twelve specific mission critical priorities ([IA-2 Educational](#)

Master Plan). These mission critical priorities, developed based on qualitative and quantitative data gathered in the EMP's Environmental Scan are:

- A. Student Success, Equity, and Access
- B. Professional Development
- C. Technology
- D. Pathways: K-12, 2-Year, 4-Year, and Community Connections
- E. Student Support Services
- F. Institutional Effectiveness
- G. Enrollment Management
- H. Sustainability
- I. Revenue Enhancement Strategies
- J. Life-Long Learning
- K. Curriculum Responsive to Market Needs
- L. Facilities and Resource Management

The EMP identifies multiple strategies for each Mission Critical Priority and these strategies are used as the basis for financial planning for each academic year. For example, the EMP Summary lists several strategies to address professional development ([i-43: EMP Executive Summary](#)):

B1: Create and sustain a culture of ongoing professional learning and collegiality at all levels of the institution
<ul style="list-style-type: none"> • B1.1: Provide all faculty, staff, and administrators with the skills, knowledge and training to work effectively with underprepared students
<ul style="list-style-type: none"> • B1.2: Offer a well-defined and extensive professional mentoring program to enhance cross-discipline and interdisciplinary learning
<ul style="list-style-type: none"> • B1.3: Support and reward effective teaching approaches, including success in using hybrid formats and alternative methods of instruction
<ul style="list-style-type: none"> • B1.4: Support a culture of innovation by rewarding new approaches and improvements in all areas of the college (facilities, administration, academics, and student services)
B2: Create centers of excellence and innovation hubs that are cross-functional and cross-divisional
<ul style="list-style-type: none"> • B2.1: Provide professional development opportunities for faculty, staff, and administrators to learn effective and innovative practices
<ul style="list-style-type: none"> • B2.2: Develop consistent professional learning opportunities to enable employees to learn new technology as it becomes available

The relationship between these strategies and financial planning can be seen in the College's

commitment to fund professional development opportunities during the adoption of the 2013-2014 budget. Figure 1 shows the identification of funding for professional development during a Business and College Services presentation made to the Board of Trustees on September 4, 2013 ([IIID-5: Board Presentation 2013-2014 Budget September 4, 2013](#)).

ADDITIONAL ITEMS TO BE FUNDED 2013/2014 BUDGET

11. Self Insurance Funds

- Workers Compensation
- Property Liability

12. Professional Development

- Summer Faculty Development Institute
- LancerPoint Faculty Training
- Human Resources Compliance Training
- Management Association Support

13. District Match

- Scheduled Maintenance
- Instructional Equipment

14. Emergency Preparedness/ School Safety

15. Branding Study

16. LancerPoint Maintenance Agreement

17. LancerPoint Lease Interest

09/04/2013

Note: \$4Million to be withheld pending receipt of 12/13 RDA Funds and increased 13/14 Categorical Funding. All funds to be received by Jan./Feb. 2014

6

Figure 2 2013-14 Budget Board Presentation

More specifically, the College has financially supported LancerPoint training campus-wide. LancerPoint is PCC's new Administrative Information System that was introduced in Spring 2012. The Academy of Professional Learning (APL), lead faculty training on how to use the LancerPoint system with in-person workshops, drop-in trainings, an online FAQ, e-mail support, and online how-to videos. The in-person workshops are offered multiple times each week with 30 different workshops scheduled in the first 2 months of the Fall 2014 semester ([IIIC-19: LancerPoint Workshops Fall 2014](#), [IIIC-20: LancerPoint Training Videos Website](#)). Students are provided with online videos, a web-based FAQ, e-mail and phone support and a walk-in helpdesk. These services are cyclical and ongoing as new students and faculty join the PCC community. The adoption and professional learning support of LancerPoint is also an illustration of how finances are used to support the goals of the Technology Master Plan ([IIID-6: Technology Action Plan Presentation](#)).

Financial planning is integrated with institutional planning through program review. The Institutional Effectiveness Committee makes broad recommendations to the College based on improvement items identified in program and unit reviews ([i-55: IEC Broad Recommendations 2012-2013](#)). The College has allocated necessary financial resources to implement these

recommendations ([i-86: IEC Recommendations 2013 Tracking](#)). In addition, the Budget & Resource Allocation Committee (BRAC) meets monthly so that it may fulfill its charge to “advise on matters relating to institutional-wide budget and resource allocation.” Managers that oversee budgets work with all unit/department members in both the program review and planning processes and allocate the resources they administer in response to program review findings and to fulfill planning goals.

The integration of institutional planning and the distribution of financial resources supports the College’s high-quality programs and services. For example since 2011-2012, the Board of Trustees has consistently provided funds for innovation through the Student Access and Success Initiative (SASI) grants program. This program has allowed campus members the opportunity to access funds to design and implement innovations that will enhance institutional effectiveness. Programs that have benefitted from this funding include the First Year Experience, Design Technology Pathway, Contextual Learning Modules, and Distance Education ([IB-43: SASI RFP Innovation Awards, IB-68: SASI Innovation Winners 2011-2012](#)).

The use of Measure P funds is an additional example of how PCC’s financial planning supports institutional planning. Measure P, a construction bond passed by the district’s voters in 2002, illustrates the College’s financial support of planning. All stakeholders participated in the drafting and development of both of the major planning documents, the Educational Master Plan (EMP) and the District Facilities Master Plan (FMP) ([IA-2: Educational Master Plan, IIIB-20: District Master Plan 2010](#)). All stakeholders have also been given opportunities to participate in the development of the Centennial Facilities Master Plan. The EMP and FMP, along with the Measure P oversight committee, guide the College’s decision-making and resource allocation to assure that facilities are maintained and built to support current and future programs. The College, in conjunction with the Citizen’s Oversight Committee, was able to utilize the Measure P funding to complete several projects that contribute to institutional effectiveness. These improvements include:

- The new Campus Center opened in Fall 2009 and consists of several major components:
 - A new cafeteria, student lounge, and Student Association offices
 - A new 20,000 square foot bookstore
 - A new home for Police and Safety Service
- The two-story Industrial Technologies Building with office space and 15 new laboratories and classrooms
- The PCC Center for the Arts opened in Fall 2013. The building’s dedication ceremony also served as the Pasadena governor’s State of the City address. The state-of-the art Center is 87,000 square feet with 14 classrooms and 3 performance spaces including the Westerbeck Recital Hall, the Boone Family Art Gallery, and the Center for the Arts Theatre. The art spaces include several graphic design classrooms, photography and film studios.

- New 5-level parking structure (Lot 5)
- Elevator upgrade for C, E, and R buildings
- Restroom upgrade for C, R, and V buildings
- V Building classroom upgrade and expansion ([IIID-7: Measure P Projects Handout](#))

In addition to supporting the College’s Master Plans, financial planning supports the Board of Trustee’s Annual Goals for the College. Annual Board Goals for the College are used as a compass to ensure mission critical fiscal structure is in place to support student learning and success. For example, Board Goal Number One for the 2013-2014 academic year is related to College budget and fiscal policy ([IB-55: 2013-2014 Annual Goals for the College](#)). It states:

2013-2014 Board Goals for the College	
1.	COLLEGE BUDGET AND FISCAL POLICY
A.	Maintain a balanced budget while maintaining current reserves of approximately two months operating expense
B.	Ongoing expenditures will not be funded with “one-time” money drawn from non-operating funds
C.	Continue the progress away from a “roll-over” year-to-year budget and toward a budget that links planning priorities to budget allocations
D.	Continue efforts at structural budget reform to reduce the percentage of employee compensation of total operating expenses, currently at 90%

Self-Evaluation

The College’s mission and goals are the driving force behind all planning, including financial planning. Since the last comprehensive self evaluation, PCC has reviewed its mission to ensure that we are meeting the needs of our community. This updated mission is now used as the foundation for the development of the adopted budget for each academic year. Moreover, financial planning supports all levels of institutional planning and is used to support programs and services and improve overall institutional effectiveness.

Pasadena City College meets Standards IIID.1 and IIID.1a.

Actionable Improvement Plan

To improve institutional effectiveness, the College will continue efforts at structural reform to reduce the percentage of employee compensation of total operating costs.

IIID.1b: Institutional planning reflects realistic assessment of financial resource availability, development of financial resources, partnerships, and expenditure requirements.

Descriptive Summary

The sound financial position of the College is a result of realistic assessment of financial resource availability and the procurement of funding sources. This approach has allowed the College to maintain a strong financial position through one of the most severe funding crises in recent years. PCC has managed to weather the past few years' financial uncertainty through the following approaches to budget issues:

- Budget prudently based on reasonable expectations of possible mid-year cuts in available revenue
- Maintain sufficient maneuverability to respond to a crisis
- Control enrollment to preserve the quality and integrity of what is offered
- Manage cash flow prudently and creatively to ensure the district's ability to meet its obligations

PCC receives funding from several sources and assessment of these funds is ongoing. The primary source of the College's unrestricted general fund money is provided by the State of California. Based on Full-Time Equivalent Student (FTES) attendance, the apportionment funding from the State has been inconsistent during the fiscal crisis. To maintain fiscal responsibility and support student success, the College has traditionally limited enrollment to approximately two percent over the maximum amount the State will fund to capture additional funding. General fund revenue received by the College is derived from State-calculated allocation and growth revenue. An annual plus or minus adjustment to the revenue may occur based on changes to the amount of FTES. In Fiscal Year 2013-14, the District exceeded its FTES goal, thereby generating approximately \$2,900,000 in additional revenue ([IIID-8: 2014-2015 Tentative Budget Presentation June 25, 2014](#)).

Categorical funds, which are restricted, are additional sources of revenue. Capital outlay funds (categorical) provided by the State when available, serve as an additional resource in the development of capital improvement plans.

Institutional planning also includes the acquisition of funds through external sources. The Grants Office assists the District in obtaining revenues by writing grant proposals to both government and private sources. Working with the Pasadena City College Foundation, the Grants Office has substantially increased the number of grants received from private foundations and corporate giving programs. In the last four years, the PCC Foundation has raised over \$7 million in private donations for student scholarships and has been awarded over \$26 million in external grants. This

has allowed the Foundation to offer over \$300,000 in scholarship funds ([IIID-9: Foundation Scholarships Screenshot](#)). Each year, the Foundation also helps to support several ongoing programs. These programs currently include:

The Artist-in-Residence program (AIR)	Brings internationally renowned artists annually to the campus for exhibits and lectures (IIID-10: Artist in Residence Screenshot)
Community Education Center (CEC) Transfer Day	Sponsors activities for students working toward their GED
African-American Student Recruitment	Helping to ensure that everyone has an opportunity to build a better life
Foundation Academic Excellence and Innovation Grants	Awarded for creative and unique projects of direct benefit to the College's instructional programs (IIID-11: Foundation Academic Excellence & Innovation Grants Screenshot)

During the economic downturn, California voters passed two taxes: The Educational Protection Act (EPA) and an additional .25% tax to support continued state funding of education. These two additional sources of revenue and the increase in property taxes within the College's service area Fiscal Year 2013-2014, has allowed PCC to restore its previous loss in funding to pre-recession levels and grow both its headcount, FTES, and funding levels.

Evaluation

Despite the funding reductions from the State, PCC has maintained a strong financial position by continually adhering to generally accepted accounting principles and practices. Throughout the economic downturn the College was able to meet and exceed its mission critical priorities of student access and success. PCC continues to maintain and enhance its quality instruction and services while also directing resources to support innovative programs and services that align with the goals of the Educational Master Plan and with State mandates such as the Student Success Act. While the award of numerous grants has benefitted the College, coordination among existing and potential grants would increase efficiency in the use of resources.

Actionable Improvement Plan

To improve institutional effectiveness, the College will determine how to more effectively coordinate and support grant development and resources.

IIID.1c: When making short-range financial plans, the institution considers its long-range financial priorities to assure financial stability. The institution clearly identifies, plans, and allocates resources for payment of liabilities and future obligations.

Descriptive Summary

To help ensure overall financial stability of the College, the Board of Trustees has adopted budget development policies to guide short and long range budget planning and to effectively communicate the financial position of the College to all constituent groups and the public. As a result, in Fiscal Year 2014-2015, the budget will be balanced with current year expenditures covered by current year revenues. This process is supported by Board policies and procedures. *Board Policy 2310: Regular Meetings of the Board* mandates that “a public hearing on the budget will be held on or before September 15” ([IIID-12: Board Policy 2310: Regular Meetings of the Board](#)). *Board Policy 2200: Board Duties and Responsibilities* identifies that the Board of Trustees will:

- Adopt an annual budget for the District
- Consider reports of business transactions and of the financial condition of the District
- Approve and monitor the expenditures of all District funds
- Provide for the establishment of accepted accounting methods, including a system of property control and inventory ([IIID-13: Board Policy 2200: Board Duties and Responsibilities](#))

In the development of the adopted budget, all current and long-term obligations are identified and resources allocated according to college-wide priorities. The College budgets a reserve in excess of the State recommended five percent of annual unrestricted expenditures as a stop-loss measure against budget inconsistencies.

PCC makes long range plans to meet liabilities and future obligations. For example, the College ensures that its contractual obligation regarding the provision of health benefits for retirees is continually funded and secure. While all eligible employees receive health and welfare benefits, the District also provides, to qualified retirees, “Other Post-Employment Benefits” (OPEB). At PCC, District employees with at least 14 years of service who retire and are 65 years of age receive \$1440 annually for life to fund supplemental health care insurance should they choose to do so. To fund this benefit, the District secures the services of an actuary to determine the amount of funds needed to be held in reserve to fund this long-term obligation. The actuarial projection is done every two years. Currently, the District has just under \$16 million of obligations. This amount has satisfied the actuarial reported need for the past two years. Another study is currently being completed to determine needs for the next two year period and the 2014-2015 proposed budget addresses anticipated increase to this liability ([IIID-14: BRAC Minutes January 23,](#)

2014). PCC, like most institutions, has provided these benefits on a “pay-as-you-go” basis as a line item in the annual expenditure budget. Currently, the College spends \$1.4 million annually. For Fiscal Year 2014-15 the District has supplemented the Other Post Employment Benefit line item in the budget with an additional \$2,912,630 million to ensure long term fiscal health and stability ([IIID-8: 2014-2015 Tentative Budget Presentation June 25, 2014](#)). The College’s Other Post Employment Benefit obligation is estimated at \$22 million. A restricted reserve has been identified in the College’s self-insurance fund (Fund 64) for retiree health benefits. Since 2006, the Board adopted has a Standardized Contribution Plan that incorporates annual contributions to Fund 64 to satisfy this obligation.

Self-Evaluation

Pasadena City College has a demonstrated history of financial stability and effectively plans to ensure that it can meet all financial obligations.

Pasadena City College meets Standard IIID.1.c.

Actionable Improvement Plan

None.

IIID.1d: The institution clearly defines and follows its guidelines and processes for financial planning and budget development, with all constituencies having appropriate opportunities to participate in the development of institutional plans and budgets.

Descriptive Summary

Board Policy 2100: Planning Process directs the College to follow an “integrated planning process which expresses the College’s philosophy and mission” ([IA-13: Board Policy 2100 Planning Process](#)). The procedural principals are set forth under administrative procedure 2100.10 and include the following requirement: “The priorities and recommendations developed in the planning process shall guide college decision-making and resource allocation.” The College has approached this directive in multiple ways. One example is the Accountability Reporting for the Community Colleges (ARCC) program which ties resources to measurable planning goals. The 2012 Final Report ([IIID-15: ARCC 2012 Final Report](#)) addresses the following initiatives:

- Student Progress and Completion Rates (SPAR)
- Student persistence rates
- Tracking the number of first time students who complete 30 units of credit work within

six years

- The Remedial Progress Rate for English, math and ESL students
- Career Technical Education (CTE) student progress.

The Project 90 Goals, the College's Signature Goals that were identified during the development of the Educational Master Plan (EMP), are another way that the College uses the planning process to guide decision-making and resource allocation. These Signature Goals are:

- Guaranteed Enrollment for In-District High School Students
- Premier Transfer California Community College
- Degree and Certificate Programs that Address Market-Place Needs
- Cutting-Edge Learning Environments (Pedagogy, Technology, and Facilities)
- Dedication to Lifelong Learning
- A Sustainable College Community

The Student Access and Success Initiative (SASI) grants program is an additional example of how College priorities have guided financial resource allocation. This program has allowed campus members the opportunity to access funds to design and implement innovations that will result in improvements to institutional effectiveness. Programs that have benefitted from this funding include:

- The First Year Experience
- Design Technology Pathway
- Contextual Learning Modules
- Distance Education ([IB-43: SASI RFP Innovation Awards, IB-68: SASI Innovation Winners 2011-2012](#))

The College is committed to making this process more effective. In Fiscal Year 2012-2013, the College purchased the LancerPoint software in order to integrate sixty-five ancillary automated systems. LancerPoint also provides the opportunity for the College to begin to implement a budget development system, which will be rolled out in Fiscal Year 2014-15 for the budget year of 2015-16. The planning process will move into an online environment that has allowed for the integration of goals and objectives from one planning level to the next. In preparation of the 2015-16 budget, the District will be utilizing the LancerPoint Budget Development component starting November 2014. Budget Managers will have the ability to electronically submit their budget through their area Assistant Superintendent for review, and approval, adjustment, and/or

denial. This will more effectively place the planning in the hands of the Schools and Departments that understand the Instructional, Student, or Operational need, and will more effectively link planning and resource allocation to the Educational Master Plan and Board Goals.

Business and College Services will work with the Offices of Academic Affairs and Strategic Planning to develop an improved process that links resource allocation to program planning and review to be effective the 2015-2016 budget cycle.

For Fiscal Year 2014-15, the College ensured district-wide participation by proposals being made to the Executive Management Team. The Executive Managers met with their management teams to adjust funding allocations to meet the needs of the District and ensuring continued student lead program support. The information was then prepared into various source documents and provided to the Budget and Resource Allocation Committee, the Boards Committee on Budget and Audit, and then presented to the Board of Trustees over the period of six months. Feedback, where feasible, was incorporated into the final budget and adopted by the Board of Trustees ([IIID-3: 2014-15 Adopted Budget](#)).

All constituencies having appropriate opportunities to participate in the development of institutional plans and budgets. This is facilitated by the shared governance structure:

Budget and Resource Allocation Committee (BRAC)

In 2011 BRAC was established as a Shared-Governance committee with the following composition:

1. Two co-chairs including the district Chief Financial Officer and member of the faculty appointed by the Academic Senate
2. Three more faculty representatives appointed by the Academic Senate
3. Two student representatives appointed by the Associated Student Council
4. Three classified committee representatives with one appointed by the Classified Senate, one appointed by the ISSU/CFT Classified Union President and one appointed by the CSEA Union President
5. Two management representatives appointed by the meet and confer Management Association

BRAC reviews budget decisions and initiatives before referring its findings to the College Council which serves as the central Shared-Governance body for the College. It, in turn, refers its decisions to the Board of Trustees for Adoption and Enactment.

Planning and Priorities (P&P)

A standing committee of the College Coordinating Council, P&P has the following composition:

1. Two co-chairs including the College's Accreditation Liaison Officer and the Faculty Accreditation Self-Evaluation Coordinator
2. Five faculty members (Four appointed by the Academic Senate and the Chair of the Curriculum & Instruction Committee)
3. Four student representatives
4. Five classified representatives appointed by the Classified Senate
5. Six management representatives appointed by the Management Association

The Planning and Priorities Committee guides the annual strategic planning and accreditation activities.

Institutional Effectiveness Committee (IEC)

1. One management and one faculty co-chair
2. Eleven faculty members representing each of the Schools within the College, appointed by the Academic Senate
3. Four classified representatives appointed by the Classified Senate
4. Four management representatives appointed by the Management Association
5. One student representative appointed by the Associated Student Council
6. One ex-officio representative, the Dean of Counseling Services

The charge of the IEC is to promote evidence based program review and to provide a forum for investigating and making determinations regarding program effectiveness. The IEC developed a rubric which can be used across the curriculum to demonstrate a program's measurable effectiveness ([IIID-16: IEC Rubric for Program Review](#)). The rubric sets forth both the criteria and the standards that all PACCD program offerings are expected to meet. The IEC also makes broad recommendations regarding resource allocation to the College.

The College has historically used a planning handbook and supplemental guide to explain the process and procedures of all planning, including financial planning ([IIID-17: Planning Handbook](#), [IIID-18: Planning Guide](#)). These documents need to be updated to reflect the improvements in the integrated planning model and the change in software used to house evaluation, planning, and budgeting items.

Self-Evaluation

Pasadena City College clearly defines its procedures for planning and budget development in accordance with Board approved policy. Additionally, campus constituencies have multiple opportunities for participating in the process.

Pasadena City College meets this Standard.

Actionable Improvement Plan

To improve institutional effectiveness, the College will update its Planning Handbook and supplemental planning guide.

IIID.2: To assure the financial integrity of the institution and responsible use of its financial resources, the internal control structure has appropriate control mechanisms and widely disseminates dependable and timely information for sound financial decision making.

IIID.2a: Financial documents, including the budget and independent audit, have a high degree of credibility and accuracy, and reflect appropriate allocation and use of financial resources to support student learning programs and services.

Descriptive Summary

All financial documents have a high degree of credibility because Pasadena City College follows all accepted accounting practices and reports those practices to the public. In accordance with California Education Code §70901 and §59011, the College follows the standardized Budget and Accounting Manual reporting requirements mandated for California Community Colleges. A required annual audit is performed by an independent Certified Public Accounting firm on all financial records of the College, including all District funds, student financial aid, the bookstore, the Pasadena City College Foundation, Associated Students, trust funds, Measure P funds, and other reports required by California. The College contracted with Vavrinek, Trine, Day (VTD) for the 2009-2010, 2010-2011, and 2011-2012 audits and with Vicenti, Lloyd, Stutzman, LLP (VLS) for the 2012-2013 audit. VLS is also contracted to perform the College's 2013-2014 audit.

Audits routinely indicate that the College's financial management practices are in conformity with accounting principles governing community college districts and that findings or recommendations are promptly implemented. The 2012-2013 annual external audit noted that "the financial statements listed in the aforementioned table of contents present fairly, in all material respects, the financial position of the Pasadena Area Community College District as of June 30, 2013, and the results of its operations, changes in net position and cash flows for the

fiscal year then ended in accordance with accounting principles generally accepted in the United States of America” ([IIID-19: PACCD Annual Financial Report 2012-2013](#)).

Since the last self-evaluation, the College has made progress in increasing the availability of financial documents. LancerPoint, the new administrative software, creates segregation of duties and notifies area administrators of funds, prior to the submission of various requests. Area administrators, deans, cost center and budget managers, and designated staff members have online access to the financial system. This look-up capability allows them to view their expenditure and revenue accounts in real-time, providing managers with better control of their financial resources to operate within their budget. Although the LancerPoint system does not fully interface with the Purchasing and Contracts Administration Office, the Office of Financial Aid, and the Student Account system, the roll-out and integration phase of the Human Resources module is still in progress.

The Assistant Superintendent and Senior Vice President of Business and College Services reports to the campus community on budget updates, the budget process, and allocation of funds through the shared governance Budget and Resource Allocation Committee. The most recent presentation to the Board of Trustees on the Fiscal Year 2014-15 Tentative Budget revealed that approximately 87 percent of the College’s unrestricted expenditures for fiscal year 2013-14 are allocated to employee compensation (salaries and benefits) ([IIID-8: 2014-2015 Tentative Budget Presentation June 25, 2014](#)).

Categorical funds are available to support programs and services that promote student learning. These are prioritized based on the Educational Master Plan and the program review process is a mechanism used by the College to ensure that funding allocation is supporting student learning programs and services. The College continues to access grant funds to support programs such as Pathways, TRIO Programs (Upward Bound, Math/Science Upward Bound, and Student Support Services); a National Science Foundation grant to increase the number of students majoring in science, technology, engineering, and mathematics; Foster Care Programs; the Mathematics, Engineering and Science Achievement Program (MESA); CalWORKs; as well as several other grant opportunities to support student learning.

Evaluation

External audits and internal control structures ensure that the College’s financial documents are accurate and credible. To increase effectiveness, training for employees at all levels on the financial module of the newly integrated system has been implemented but ongoing training is still needed. Until the College’s workforce is comfortable with the newly implemented fiscal system, printed financial reports from Fiscal Services will continue to be distributed to administrators and managers on a quarterly basis (if not more often), with an indication of line items within each cost center that may require closer review and action. The College has procedures to oversee its financial affairs and complies with electronic reporting requirements of Federal and State agencies. All of these procedures and safeguards help the College to ensure that funding allocation is serving student learning programs and services.

Actionable Improvement Plan

None.

IIID.2b: Institutional responses to external audit findings are comprehensive, timely, and communicated appropriately.

Descriptive Summary

As required by California Education Code §84040, an annual financial audit is conducted by third party auditors, Vicenti, Lloyd, Stutzman, LLP (VLS). The report and any findings are presented to the Board of Trustees during an open session meeting usually in December or January of each year. Copies of the report are available in the Fiscal Services office and on the Fiscal Services website. The Assistant Superintendent and Senior Vice President of Business and College Services provides the Board with regular updates with regard to any changes to the current year budget. The College, with the newly integrated system, will be projecting budgets for a minimum of three fiscal years out to ensure the most appropriate planning and to effectively anticipate future year needs.

Each department has access to their automated budget and is responsible for monitoring expenditures and the accuracy of the data. Executive managers, deans, and other appropriate staff are accountable to ensure expenditures in their area remain within budget. Budget managers also have the capability to transfer funds to meet student learning objectives and to ensure needs are met related to unanticipated expenses.

Finally, the College completes, certifies, and submits the quarterly and annual Community College Financial Statement (CCFS) 311 reports to the California Community Colleges Chancellor's Office (CCCCO), which provides trustees and others whom are interested in a regular opportunity to monitor the ongoing financial condition of the College.

The audit findings are comprehensive. Figure 3 lists the information contained in the 2012-2013 annual audit report.

AUDIT REPORT
June 30, 2013

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	
MANAGEMENT’S DISCUSSION AND ANALYSIS	i-vii
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position.....	1
Statement of Revenues, Expenses and Changes in Net Position	2
Statement of Cash Flows.....	3-4
Statement of Fiduciary Net Position	5
Statement of Changes in Fiduciary Net Position	6
NOTES TO FINANCIAL STATEMENTS	7-39
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Postemployment Healthcare Benefits Funding Progress	40
Notes to Required Supplementary Information	41
SUPPLEMENTARY INFORMATION:	
History and Organization	42
Schedule of Expenditures of Federal Awards	43-44
Schedule of State Financial Assistance - Grants	45
Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance	46
Reconciliation of Annual Financial and Budget Report With Audited Fund Statements	47
Reconciliation of 50 Percent Law Calculation.....	48-49
Proposition 30 Education Protection Account Expenditure Report.....	50
Notes to Supplementary Information	51
OTHER INDEPENDENT AUDITOR’S REPORTS:	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	52-53
Independent Auditor’s Report on Compliance for Each Major Federal Program; and Report on Internal Control Over Compliance Required by OMB Circular A-133	54-56
Independent Auditor’s Report on State Compliance	57-59
FINDINGS AND RECOMMENDATIONS:	
Schedule of Findings and Questioned Costs – Summary of Auditor Results.....	60
Schedule of Findings and Questioned Costs Related to Financial Statements	61-63
Schedule of Findings and Questioned Costs Related to Federal Awards	64
Schedule of Findings and Questioned Costs Related to State Awards	65-66
Status of Prior Year Findings and Questioned Costs	67-73

Figure 3 2012-2013 Annual Audit Report Contents

Self-Evaluation

Managers are kept informed by having access to the automated system with real-time actual budget and expenditure information, receiving the entire District budget, and by attending monthly management meetings and Budget and Resource Allocation Committee meetings. The District's budget is also posted on its website to ensure accessibility to the public. The same is true for the financial audits; they are available for viewing in the Fiscal Services Department and on the Fiscal Services website ([IIID-20: Business and College Services Screenshots](#)).

The Senior Vice President/Assistant Superintendent of Business and College Services will continue to hold regular meetings, open to the campus community, to explain the budget process at both the State and the College level, ensuring a clear understanding of how the District is impacted by funding decisions from the State.

Pasadena City College meets this Standard IIID.2b.

Actionable Improvement Plan

None.

IIID.2c: Appropriate financial information is provided throughout the institution, in a timely manner.

Descriptive Summary

The College distributes a variety of financial information to constituent groups. Its proposed annual budget is presented during two separate public business meetings of the Board of Trustees, and, at a minimum, during two Board Budget and Audit Committee meetings. A very detailed presentation to the Board of Trustees and public occurs in September of each year prior to the adoption of the budget for the new fiscal year. A hard copy of the printed adopted budget is available to the public, and electronic access is provided to each department cost center manager and appropriate staff, including but not limited to the leadership of each governance group, and the collective bargaining units.

Since the last self-evaluation, the College has developed a website for College and Business Services and makes financial information including the adopted budget and audit reports available to the public ([IIID-20: Business and College Services Screenshots](#)).

The College maintains a reserve of \$12,050,000 and the Board of Trustees must approve access to these funds. This reserve has always exceeded the 5% unrestricted funds reserve recommended by the state of California. In addition, PCC maintained a \$6,847,581 reserve in 2013-2014

and \$6,934,695 in 2014-2015 for operating contingencies. These additional funds are available for unanticipated expenses related to infrastructure and other unforeseen costs. These levels of financial reserves ensure that the College will maintain both short and long-term solvency.

Self-Evaluation

Pasadena City College meets this Standard.

Actionable Improvement Plan

None.

IIID.2d: All financial resources, including short and long term debt instruments (such as bonds and Certificates of Participation), auxiliary activities, fund-raising efforts, and grants, are used with integrity in a manner consistent with the intended purpose of the funding source.

Descriptive Summary

The College ensures its financial stability by managing its financial affairs with integrity. PCC's continued adherence to generally accepted accounting principles and practices has allowed the College to successfully navigate funding reductions from the State. Throughout the economic downturn PCC was able to meet and exceed its mission critical priorities of student access and success. The effective management of Measure P, a \$150 million construction bond issue passed by the district's voters in 2002, illustrates the high level of integrity when managing fiscal resources.

In fiscal year 2013-2014, the College refinanced the outstanding portion of the bond. The sound financial reputation of Pasadena City College led to a successful offering with all bonds selling within 90 minutes and the successful event allowed PCC to return over \$1.6 million to the district's taxpayers ([IIID-21: Measure P Bond Update April 23, 2014](#)).

As part of the refinancing efforts, Pasadena City College's credit was reviewed by the S&P and Moody's credit reporting agencies ([IIID-22: Moody's Credit Rating March 2014](#)). Both agencies gave the College an outstanding evaluation rating of AA+, the highest rating for California Community College and the agency commended Pasadena City College on several aspects of its fiscal management expertise and integrity:

- “The rating incorporates the district's large assessed valuation that continued to grow through the recession and in 2014 recorded its highest growth rate in five years. The

rating also considers the district's solid fiscal position and modest debt burden. The bonds are secured by the district's unlimited property tax pledge”

- “The district's assessed valuation was resilient during the recession in that it never contracted though it did undergo significantly slowed growth. As the economy has improved, the district's assessed value has grown at increasingly faster rates and we anticipate that the district's tax base will continue to grow soundly”
- “Management at Pasadena Area CCD has been able match reductions in revenues to expenditure cuts to maintain positive general fund operations.
- “The district's direct and overall debt burdens of 0.2% and 2.4% respectively are modest for a California community college district”

Additional information regarding the integrity of Measure P can be found on the College's website. This information includes planning items, meeting agendas and minutes, and audit reports. The Office of Financial Aid administers the allocation of student financial aid. The Fiscal Services Office manages District accounts and most externally funded programs. Grant-funded programs from government sources are also monitored by various other offices and departments, including the Offices of Academic and Student Affairs, the School of Career Technical Education, the Child Development Center, and the Community Education Center. Grant-funded programs from private sources are managed collaboratively by the Grants Office and the Pasadena City College Foundation. The Business Services Office, Fiscal Services Department, and the Purchasing and Contracts Administration Department control the development and implementation of contractual obligations.

The Board of Trustees oversees institutional investments and three of the four auxiliary organizations (Foundation, Associated Students, and Trust and Agency accounts), with direct supervision of these areas by District employees. Independent annual audits occur for each entity and are available on the respective websites.

Financial services for the Associated Students and the Flea Market are provided by the Student Business Services Office. Student Business Services also maintains financial operations for the bookstore, Trust and Agency accounts, and additional sub-accounts for student and staff organizations.

Evaluation

External audit and credit rating findings assure the public that all College financial resources are managed with integrity and in a manner that is consistent with the intended purpose of that source.

Pasadena City College meets Standard IIID.2d.

Actionable Improvement Plan

None.

IIID.2e. The institution's internal control systems are evaluated and assessed for validity and effectiveness and the results of this assessment are used for improvement.

Descriptive Summary

PCC has an annual external audit that analyzes internal control procedures. The Board Budget and Audit Committee, annually reviews the audit and its findings and implements corrective actions plans to ensure corrective measures are taken. Periodically various internal controls are identified that should be strengthened and the system is reviewed and improvements are implemented. The Board Budget and Audit Committee consists of three Board members, President/Superintendent, Senior Vice President/Assistant Superintendent of Business and College Services, Executive Director of Business Services, and the Director of the Fiscal Services Department.

The District reviews its financial management processes periodically. During Fiscal Year 2013-14, the budget development process was revised. The Executive Director of Business Services and the Supervisor of Budget, Forecasting, and Analysis provided budget spreadsheets to executive managers (cost center/budget managers) throughout the District and, where needed, a three year historical projection to ensure funding allocations were budgeted where appropriate. Group meetings with the executive managers, area managers, and one-on-one meetings were held to provide the necessary information needed to make the appropriate budget decisions by departments. These meetings provided better communication and understanding by area managers on how to budget and meet their Fiscal Year 2014-15 needs.

The Executive Director of Business Services, Director of Fiscal Services, the Controller, and the Budget Supervisor review the annual audit report and current fiscal operations on an ongoing basis in order to make recommendations for improvement and provide greater educational understanding to District offices.

Self-Evaluation

External auditors routinely review the College's financial processes and have found them to be in compliance with standard accounting practices. The College strives to improve this process and understanding of the full complexity of the new LancerPoint system is still ongoing. Reports are being derived from the system and other reports are being developed to better enhance operations and understanding of the information stored in the database. Consultants are spearheading these needs and a trainer is being utilized to ensure a better understanding and application

of the LancerPoint system. These efforts will ensure greater internal control and system-wide understanding of financial management improvements.

Actionable Improvement Plan

None.

IIID.3: The institution has policies and procedures to ensure sound financial practices and financial stability.

IIID.3a: 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.

Descriptive Summary

Pasadena City College maintains sufficient cash flow and reserves to maintain stability and address unanticipated costs and emergencies. Pasadena City College's overall budget for fiscal year 2014-2015 is \$262,182,852. The Unrestricted General Fund portion of the budget is \$148,128,989 ([IIID-2: 2014-15 Adopted Budget Summary](#)).

The College maintains a reserve of \$12,050,000 and the Board of Trustees must approve access to these funds. This reserve has always exceeded the 5% unrestricted funds reserve recommended by the state of California. In addition, PCC maintained a \$6,847,581 reserve in 2013-2014 and \$6,934,695 in 2014-2015 for operating contingencies. These additional funds are available for unanticipated expenses related to infrastructure and other unforeseen costs. These levels of financial reserves ensure that the College will maintain both short and long-term solvency.

Self-Evaluation

Pasadena City College meets this Standard.

Actionable Improvement Plan

None.

IIID.3b: The institution practices effective oversight of finances, including management of financial aid, grants, externally funded programs, contractual relationships, auxiliary organizations or foundations, and institutional investments and assets.

Descriptive Summary

The College has effective oversight of finances because it adheres to financial regulations according to federal and state law. The College also has Board policies and procedures that ensure the review, adoption, and evaluation of all budgets ([IA-13: Board Policy 2100 Planning Process](#), [IIID-12: Board Policy 2310: Regular Meetings of the Board](#), [IIID-13: Board Policy 2200: Board Duties and Responsibilities](#)). These processes ensure that the Board has the required information to adopt the annual budget by September 15 and that annual audits are performed to ensure integrity and accuracy. All budgets are developed with multiple opportunities for input from campus constituencies, discussed and adopted according to California Title 5 requirements, and published in multiple ways.

All categorical funds, state and federal grants, financial aid, and other funding sources submit financial reports on quarterly, annual, or ad-hoc basis as required. The College also submits financial information to the Federal Government, Integrated Postsecondary Education Data System and ACCJC. The College is currently winding down its use of the Measure P bond. Since its approval in 2002, the College, in conjunction with the Citizens Oversight Committee, have had regular meetings and published all plans, reports and audits to the College community and district taxpayers.

The College is currently not fiscally independent, therefore it has additional oversight provided by the Los Angeles County of Education (LACOE). The Los Angeles County of Education currently disburses all our expenditures, including payroll, financial aid, student refunds, and vendor payments. In compliance with this oversight the District has to provide to LACOE board approved annual budget appropriations, documentation supporting various expenditures, including copies of signed purchase orders, copies of contracts, and board approved purchase orders and or contracts, bids, and various other documents. LACOE also oversees the College's bond redemption fund.

Evaluation

Pasadena City College meets this Standard.

Actionable Improvement Plan

None.

IIID.3c: The institution plans for and allocates appropriate resources for the payment of liabilities and future obligations, including Other Post-Employment Benefits (OPEB), compensated absences, and other employee related obligations.

Descriptive Summary

At PCC, District employees with at least 14 years of service who retire and are 65 years of age receive \$1440 annually for life to fund supplemental health care insurance should they choose to do so. To fund this benefit, the District secures the services of an actuary to determine the amount of funds needed to be held in reserve to fund this long-term obligation. The actuarial projection is done every two years. Currently, the District has just under \$16 million of obligations. This amount has satisfied the actuarial reported need for the past two years. Another study is currently being completed to determine needs for the next two year period and the 2014-2015 proposed budget addresses anticipated increased to this liability ([IIID-14: BRAC Minutes January 23, 2014](#)). PCC, like most institutions, has provided these benefits on a “pay-as-you-go” basis as a line item in the annual expenditure budget. Currently, PCC spends \$1.4 million annually. For Fiscal Year 2014-15 the District has supplemented the Other Post Employment Benefit line item in the budget with an additional \$2,912,630 million to ensure long term fiscal health and stability ([IIID-8: 2014-2015 Tentative Budget Presentation June 25, 2014](#)). The College’s Other Post Employment Benefit obligation is estimated at \$22 million. A restricted reserve has been identified in the College’s self-insurance fund (Fund 64) for retiree health benefits. Since 2006, the Board adopted has a Standardized Contribution Plan that incorporates annual contributions to Fund 64 to satisfy this obligation.

Evaluation

Pasadena City College meets Standard IIID.3c.

Actionable Improvement Plan

None.

IIID.3d: The actuarial plan to determine Other Post-Employment Benefits (OPEB) is prepared, as required by appropriate accounting standards.

Descriptive Summary

The California Community Colleges Chancellor's Office, in accordance with Education Code §70901 and §59011, outlines the standards for reporting long-term liabilities:

“If the district uses the accrual basis of accounting for post-employment benefits, categorical programs may be charged for the cost of providing future benefit to employees who are working in categorically funded programs if the allocation is consistent across all categorical programs. An actuarial study is to be conducted every two to three years to determine the present value of the district's total future post-employment benefit cost for all eligible district employees and the related cost associated with an individual employee. The amount of the funded liability may be set aside in an Internal Service Fund or may be set aside in an irrevocable trust.”

Pasadena City College has an actuary prepare a projection every two years ([IIID-23: Actuarial Review of Workers Compensation Program](#), [IIID-24: Actuarial Study Liabilities January 2012](#), [IIID-25: Actuarial Study Liabilities February 2014](#)).

Evaluation

The actuarial plans to determine OPEB is prepared according to appropriate accounting standards.

Pasadena City College meets Standard IIID.3d.

Actionable Improvement Plan

None.

IIID.3e: On an annual basis, the institution assesses and allocates resources for the repayment of any locally incurred debt instruments that can affect the financial condition of the institution.

Descriptive Summary

Board policies and procedures regarding budget development and allocation, integrated planning, and program review allow the College to assess and allocate resources for all needs

including locally incurred debt. For example, the proposed 2014-2015 budget identifies the need to fund locally incurred costs including Police and Safety Equipment and supplies and materials ([IIID-8: 2014-2015 Tentative Budget Presentation June 25, 2014](#)). Each year, these considerations are made before the adopted budget is approved by September 15. Funds that may be available for one-time use are also identified in the quarterly financial reports.

Self-Evaluation

The College assesses and allocates resources for one-time and locally incurred debt on an annual basis as part of the budget adoption process.

Actionable Improvement Plan

None.

IIID.3f: Institutions monitor and manage student loan default rates, revenue streams, and assets to ensure compliance with deferral requirements.

Descriptive Summary

To adhere to the requirements of the federal Department of Education, the College utilizes guidelines from the Cohort Default Rate guide to ensure that PCC's default rate does not increase about 25% for the two-year and 30% for the three-year rates ([IIID-26: Cohort Default Rate Guide](#)). For 2010, the most recent year published by the National Center for Education Statistics ([IIID-27: NCES Website](#)), PCC's default rate was 16.5%.

The College is proactive about monitoring and preventing student loan default. The first step in this process is to educate borrowers about the process of financial aid at PCC. The Office of Financial Aid distributes a flow chart to help start students on a successful path. Loan Counseling is also required during the application process. PCC's College 1, developed as part of the First Year Experience, also addresses financial management.

The College carefully monitors all active default accounts and uses multiple methods of communication and education to assist borrowers who may be in default status.

Self-Evaluation

The College's default rate are within the federal limits and the College is proactive in addressing and assisting borrowers who are in default. The College was recently recognized as one of the nation's best choices for Veterans by the *Military Times*. Default rates among loan recipients was one of the factors in the college ranking ([IIID-28: Veteran's Program Ranking Press Release](#)).

Pasadena City College meets Standard IIID.3f.

Actionable Improvement Plan

None.

IIID.3g: Contractual agreements with external entities are consistent with the mission and goals of the institution, governed by institutional policies, and contain appropriate provisions to maintain the integrity of the institution.

Descriptive Summary

Federal, state, and district policies and procedures are carefully followed when the College enters into contractual agreements with external agencies. All requests and bid announcements follow these guidelines, are reviewed and monitored by specialists in the Purchasing and Contracts Office, and receive approvals from appropriate offices and individuals. The mission of the Purchasing and Contracts Office includes balancing “administrative requirements with academic interests.” This ensures that all necessary contractual agreements not only serve the College’s fiscal needs, but also serves the mission and goals of the institution. The College complies with all state and federal purchasing guidelines for all contracts and final approval is made by the Board of Trustees. All requests, notices, and award announcements are available on the PCC website ([IIID-29: Purchasing and Contracts Screenshot](#)).

Evaluation

The College’s policies and procedures ensure that contractual agreements with external agencies support the mission and goals of the College and are managed with integrity.

Pasadena City College meets IIID.3g.

Actionable Improvement Plan

None.

IIID.3h: The institution regularly evaluates its financial management practices and the results of the evaluation are used to improve internal control structures.

Descriptive Summary

The College performs an external audit each year. These audit reports, which address the College's fiscal stability and financial management practices, are published and presented to the Board of Trustees. Each comprehensive audit includes a list of recommendations. The College creates an Audit Correction Action Plan to track and ensure that all findings are addressed in a timely manner and that the evaluations are used to improve the internal control structures ([IIID-30: Audit Corrective Action Plan](#)). The Board Budget and Audit Sub-Committee monitors this process by reviewing the finding of the annual audits and identifying needed actions and timelines for each item. For example, the Committee has noted each finding from the 2013-2014 audit, noted the auditor's recommendation, and detailed a management response and Corrective Action Plan (CAP) ([IIID-31: Budget and Audit Sub-Committee Minutes February 19, 2014](#)).

Evaluation

The College regularly evaluates its financial management practices and has a clear, documented process to use the results of these evaluations for improvement.
Pasadena City College meets IIID.3h.

Actionable Improvement Plan

None.

IIID.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 the basis for improvement of the institution.

Descriptive Summary

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 the basis for improvement in the institution.

The California Community College system has been faced with one of the worst economic crises in history. This led to the need to reduce budgets, course offerings, and services. Within this environment, effective use of fiscal resources and funding based on student need and

institutional planning becomes even more important. PCC provides multiple processes to integrate institutional and resource planning, including adjusted roll-over budgeting, the creation of special fund centers, and the development of institutional funding priorities through Program Review Broad Recommendations.

Historically, a majority of College funds are allocated through a roll-over budget process in which the previous year's budget is carried over each fiscal year. This type of budgeting can be effective in environments that have stable funding, and in which existing allocations are meeting the needs of students. PCC's budget fluctuates annually depending on whether the state includes workload reductions, enrollment growth funding and cost of living adjustments. In addition, programmatic needs vary depending on the students being served, the need to maintain programmatic currency, and meet economic and community changes. PCC uses Program Review and planning processes to determine the need for basic operational budget adjustments. The College has begun the transition from a rollover budget to an automated budget development system. LancerPoint Fiscal Module provides for an automated budget request system that is developed by budget managers and submitted through the Area Assistant Superintendents for review, approval, adjustment, and/or denial. This process will more effectively place the planning in the hands of the Schools and Departments that understand the Instructional, Student, or Operational need, and will more effectively link planning and resource allocation to the Education Master Plan and Board Goals.

Programs have two routes to make requests for additional resources: Program Reviews and Plans. The Program Review process requires each program to perform a comprehensive evaluation of quantitative and qualitative data to identify programmatic successes and needs. Included in this evaluation is an inventory of resources to determine whether they are sufficient to meet programmatic needs. ([IB-17: Dental Assisting Program Review](#)). Based on these evaluations, each department develops recommendations for improvement. These improvements often include the need for additional resources. The results of Program Review are integrated into the college planning processes ([IB-33: School of Humanities and Social Sciences 2012-2015 Unit Plan](#)).

Area plans are five year plans and are directly informed by the program review-based Broad Recommendations of the Institutional Effectiveness Committee, the College Mission, the EMP, and the Unit plans and reviews that comprise the Area ([IA-14: Academic Student Affairs 2012-2017 Area Plan](#), [IA-15: Business and College Services 2012-2017 Area Plan](#)). Unit plans occur every three years and utilize Area planning items as directives, while incorporating Department planning items from their associated departments ([IB-33: School of Humanities and Social Sciences 2012-2015 Unit Plan](#), [IB-34: Human Resources 2012-15 Unit Plan](#)). The creation of annual Department plans is optional ([IB-36: Art Gallery 2011-12 Department Plan](#), [IB-37: Teaching & Learning Center 2011-12 Department Plan](#)). Individual Units are afforded the discretion to decide if all of the Departments in the Unit collaborate on the Unit plan or each Department creates an individual plan. This system allows for flexibility in the planning process to accommodate the cultures of various Units across the campus.

Unit managers work closely with their unit members in the development of program/unit reviews enabling them to integrate specific program review recommendations from the departments they oversee into their Unit plans. Unit managers have discretion to move funds used by their departments to best meet the needs of all programs. Through this process, managers are able to incorporate the broader needs of the units and allocate funds in a manner best serving students and satisfying the Educational Master Plan ([IB-34: Human Resources 2012-15 Unit Plan](#)). In addition, the Unit Plans are used in the annual review of the roll-over budget. When funds need to be reduced, the College uses the Program Review and Planning documents to ensure that reductions have the least impact on student learning possible. In times of economic growth, the same process is used to advance student learning and satisfy the planning agendas.

PCC has several fund centers developed to meet institutional priorities. The College Capital Outlay Fund (Fund 41), is used for facilities and equipment upgrades ([IIID-32: Board Approval 2013-2014 Budget](#)). The Measure P Fund (Fund 42) are also used to support facilities and technological upgrades. The Scheduled Maintenance Fund (Fund 43) is used as part of a College deferred maintenance plan to ensure that all buildings and major equipment are maintained and that the College has allocated resources for the total cost of ownership of its existing facilities and infrastructure. These resources are allocated based on the planning agenda developed through Area, Unit and Departmental Plans and as a result of recommendations from Program Review. Annually, the College determines the amount of money available for use on these types of projects. A projects list is developed based on the requests from plans and Program Review and is prioritized based on the project's connection to the EMP, justifications provided in Program Review, the College's ability to meet the needs within given funds, the potential for outside funding, and whether there are existing health or safety issues ([IIIB-16: 2012 ADA Compliance Assessment](#)). The Superintendent/President brings together a team of managers to review the ranked requests and approves those which best fulfill the College EMP and student needs.

An example of this process is the approval of a project to satisfy recommendations from the Nursing Program Review ([IIID-33: Program Review Nursing](#)). The Nursing program has faced challenges from being relocated to an offsite center, resulting from the needed closure of the on-campus U building. The program noted a need for student simulation labs to meet Board of Registered Nurses Accreditation Standards and fulfill the programmatic commitment to maintaining an excellent learning environment for students. The request was approved through the above described process and the Superintendent/President additionally asked the PCC Foundation to investigate other possible funding opportunities to expand the project and fully meet the needs of the program and its students.

The Student Access and Success Initiative (SASI) funds is another funding center that PCC uses to allocate resources to achieve the Educational Master Plan. SASI was launched as a result of a request to the Board of Trustees from the President/Superintendent in the 2010-11 academic year for funds to spur innovation on campus. SASI provides a structure and process for individuals, cross-disciplinary groups, and campus departments to develop and implement new and innovative educational projects that will help the college achieve planning items from the Educational Master

Plan. The initial SASI Request for Proposal for Innovation Awards (up to \$100,000 awards) and Mini-Grant Application (up to \$15,000) make clear that successful proposals must be aligned with the EMP ([IB-43: SASI RFP Innovation Awards](#), [IB-68: SASI Innovation Winners 2011-2012](#)). The SASI program has been quite successful and has been continued in subsequent fiscal years. Each year, EMP alignment has been a key factor in the resource allocation process of these funds.

Examples of the success of the SASI funds include the dramatic expansion of the College First Year Program, Pathways. Initially funded through SASI and external grant funding, the program has been and continues to be highly successful. Preliminary evaluation findings from the initial pilot cohort of First Year Pathways students (2011-12) indicate that FYP students displayed positive outcomes compared to the comparison group. FYP students reported higher levels of engagement, with respect to their relationships with faculty and peers, and participation in campus activities than the comparison group. These evaluative results have been used to justify the institutionalization and expansion of the Pathways Program, which now serves nearly 2,000 entering students using ongoing operational funds. This is a clear examples that the SASI funds offer the ability to develop innovative practices linked to the EMP and the opportunity for sustainable evidence-based practice utilizing traditional operational funding sources.

The last way in which the College integrates its funding processes is through the use of Broad Recommendations. The College has a deep understanding of the power of the Program Review process. PCC believes that these processes not only provide venues for programmatic improvement, but also the opportunity to determine College wide needs. The IEC identifies trends across the various reviews and generates its Broad Recommendations to the College ([i-55: IEC Broad Recommendations 2012-2013](#)). The inaugural issue for academic year 2012-13 made recommendations for the Curriculum & Instruction Committee, the Office of Instruction, Program Coordination, Professional Development, the Budget & Resource Allocation Committee, Facilities and Technology, the Office of Institutional Effectiveness/Student Services, and Career Technology. Often these recommendations require additional resources. The following Broad Recommendations have results in additional resources being allocated and enhanced institutional effectiveness.

Broad Recommendation (Jan. 2013)	Resources allocated
Provide support for faculty writing program reviews, conducting assessment, implementing innovation in curriculum and pedagogy by hiring a dedicated position	Interim Associate Dean of General Education & Program Review & Interim Associate Dean of Teaching & Learning created in Fall 2013; funds allocated for faculty release-time to support assessment training
Create a web page with useful tools for faculty to use for Program Review, Assessment, General Education Outcomes	Faculty release-time allocated to support this recommendation
Need for assessment support	Faculty release-time allocated to support this recommendation
Regular professional learning workshops on SLO development, Assessment and program review (Academy of Professional Learning proposal; GE Colloquiums; Flex Day)	Faculty release-time allocated to support this recommendation
Budget for Smart Classrooms and regular maintenance (Smart 18)	\$1,820,000 approved for the first phase of Smart Classroom upgrades.
Hire CTE leader	CTE Dean hired in Fall 2013
Easier method to market programs to students (Instant Info)	Career Tech E-Brochure funded, allowing instantly generated brochures to be added to the PCC home pa

Evaluation

The College has a robust Program Review process that is integrated into every aspect of College Planning, including resource planning. Program Review recommendations lead to additional resources for programs and the Program Review process leads to the development of Broad Recommendations for over-arching campus needs. Additionally the College has dedicated funds to use for enhancing institutional effectiveness and satisfying planning agendas and Program Review recommendations. These funds allow for ongoing innovation and the evaluation of the funded efforts results in sustainable quality improvement and enhanced student learning. The College processes for program review and planning mandate detailed evaluation of data to determine student need to guide the allocation of resources.

The College meets this Standard

Through the evaluation process it became clear than many do not understand the budgeting process for general funds. While funds, such as SASI, have a dedicated and transparent process, the general budgeting process appears less connected to planning and lacks a detailed process for allocation of funds. Much of this concern is the result of limited funding. A majority of

the College general funds are dedicated to fixed costs, salaries and benefits. As such, budget reductions were often felt to be arbitrary. Special funding venues, such as SASI, were developed in part to address this concern and allow college-wide opportunities to develop detailed plans for advancing the College Mission and EMP priorities. However, it is clear that College would benefit from a more clearly defined process for allocating the general funds and for explaining how augmentations to the roll over budget are made.

Actionable Improvement Plan

To increase institutional effectiveness, the Associate Vice President, Strategic Planning and Innovation, will facilitate a process with shared governance leaders to further strengthen the links between evaluation, planning, and resource allocation.

Evidence List for Standard IIID

<u>2012 ADA Compliance Assessment</u>	IIIB-16
<u>2012-2013 Adopted Budget</u>	IIID-1
<u>2013-2014 Annual Goals for the College</u>	IB-55
<u>2014-15 Adopted Budget</u>	IIID-3
<u>2014-15 Adopted Budget Summary</u>	IIID-2
<u>2014-2015 Tentative Budget Presentation June 25, 2014</u>	IIID-8
<u>Academic Student Affairs 2012-2017 Area Plan</u>	IA-14
<u>Actuarial Review of Workers Compensation Program</u>	IIID-23
<u>Actuarial Study Liabilities February 2014</u>	IIID-25
<u>Actuarial Study Liabilities January 2012</u>	IIID-24
<u>ARCC 2012 Final Report</u>	IIID-15
<u>Art Gallery 2011-12 Department Plan</u>	IB-36
<u>Artist in Residence Screenshot</u>	IIID-10
<u>Audit Corrective Action Plan</u>	IIID-30
<u>Board Approval 2013-2014 Budget</u>	IIID-32
<u>Board Policy 2100 Planning Process</u>	IA-13
<u>Board Policy 2200: Board Duties and Responsibilities</u>	IIID-13
<u>Board Policy 2310: Regular Meetings of the Board</u>	IIID-12
<u>Board Presentation 2013-2014 Budget September 4, 2013</u>	IIID-5
<u>BRAC Minutes January 23, 2014</u>	IIID-14
<u>Budget and Audit Sub-Committee Minutes February 19, 2014</u>	IIID-31
<u>Business and College Services 2012-2017 Area Plan</u>	IA-15
<u>Business and College Services Screenshots</u>	IIID-20
<u>Cohort Default Rate Guide</u>	IIID-26
<u>College Mission and Core Values from Catalog</u>	IIID-4
<u>Dental Assisting Program Review</u>	IB-17
<u>District Master Plan 2010</u>	IIIB-20
<u>Educational Master Plan</u>	IA-2
<u>EMP Executive Summary</u>	i-43
<u>Foundation Academic Excellence & Innovation Grants Screenshot</u>	IIID-11
<u>Foundation Scholarships Screenshot</u>	IIID-9
<u>Human Resources 2012-15 Unit Plan</u>	IB-34
<u>IEC Broad Recommendations 2012-2013</u>	i-55
<u>IEC Recommendations 2013 Tracking</u>	i-86
<u>IEC Rubric for Program Review</u>	IIID-16
<u>LancerPoint Training Videos Website</u>	IIIC-20
<u>LancerPoint Workshops Fall 2014</u>	IIIC-19

<u>Measure P Bond Update April 23, 2014</u>	IIID-21
<u>Measure P Projects Handout</u>	IIID-7
<u>Moody's Credit Rating March 2014</u>	IIID-22
<u>NCES Website</u>	IIID-27
<u>PACCD Annual Financial Report 2012-2013</u>	IIID-19
<u>Planning Guide</u>	IIID-18
<u>Planning Handbook</u>	IIID-17
<u>Program Review Nursing</u>	IIID-33
<u>Purchasing and Contracts Screenshot</u>	IIID-29
<u>SASI Innovation Winners 2011-2012</u>	IB-68
<u>SASI RFP Innovation Awards</u>	IB-43
<u>School of Humanities and Social Sciences 2012-2015 Unit Plan</u>	IB-33
<u>Teaching & Learning Center 2011-12 Department Plan</u>	IB-37
<u>Technology Action Plan Presentation</u>	IIID-6
<u>Veteran's Program Ranking Press Release</u>	IIID-28