

Santa Rosa Junior College

Follow-Up Report



Submitted by:

Santa Rosa Junior College

1501 Mendocino Avenue
Santa Rosa, CA 95401-4395

Submitted to:

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

February 15, 2017

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Certification of Follow-Up Report

Date: February 15, 2017

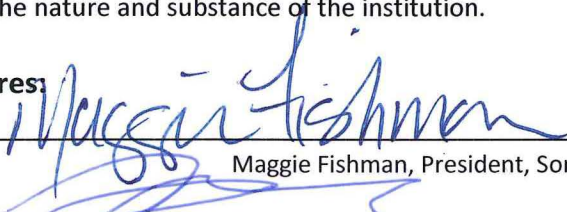
To: Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges

From: Dr. Frank Chong, President
Santa Rosa Junior College
1501 Mendocino Avenue, Santa Rosa, CA 95401-4395

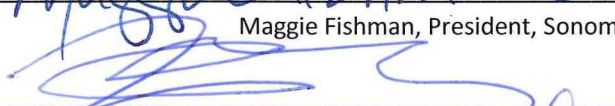
This Follow-Up Report is submitted to fulfill the requirements from the July 8, 2016 Action Letter to the College President.

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

Signatures:



Maggie Fishman, President, Sonoma County Junior College District Board of Trustees



Frank Chong, Superintendent/President, Sonoma County Junior College District, Santa Rosa Junior College



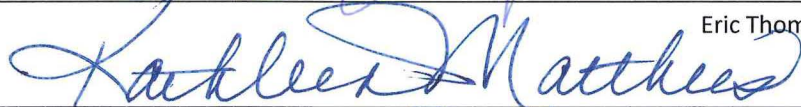
Mary Kay Rudolph, Accreditation Liaison Officer, Senior Vice President of Academic Affairs




Wanda Burzycki, Self-Evaluation Co-Chair, Faculty, College Skills Department



Eric Thompson, President, Academic Senate




Kathy Matthies, President, Classified Senate



Karen Frindell Teuscher, President, All Faculty Association



Sandy Sigala, Chapter President, SEIU Local 1021



Sabrina Rawson, Student Trustee, Sonoma County Junior College District Board of Trustees



Jordan Panama Carbajal, President, Associated Students

Statement of Follow-Up Report Preparation

In the spring of 2015, SRJC was visited by a team from the Accreditation Commission for Community and Junior Colleges (ACCJC). As a result of that visit, the President of Santa Rosa Junior College received an Action Letter from the Commission on June 29, 2015. The letter stated that, after reviewing the College's Institutional Self Evaluation Report and the Report of the External Evaluation Team, the Commission took action at its June meeting to reaffirm accreditation for Santa Rosa Junior College. The letter also provided three recommendations that the District needed to address *"in order to maintain compliance with accreditation standards"*. (Note: recommendations #1 & #2 were "recommendations to increase effectiveness") The Commission required the College to submit a Follow-Up Report by March 15, 2016, with no subsequent visit by Commission representative.

Specifically, the three compliance recommendations were:

Recommendation 3: In order to meet the Standards, the team recommends that the College assure comprehensive, reliable, and equitable student support services for all students, regardless of location or means of delivery. (Standards II.B.1, II.B.3.a, II.C.1, II.C.1.c, Eligibility Requirements 14, 16)

Recommendation 4: In order to meet the Standard, the team recommends that all faculty have as a component of their evaluation effectiveness in producing student learning outcomes. (Standard III.A.1.c)

Recommendation 5: In order to meet the Standards, the team recommends that the College develop and implement a plan to assure ongoing financial stability and a contingency plan to meet financial emergencies and unforeseen occurrences. (Standards III.D.1.b, III.D.1.c, III.D.3.a, IV.B.2.d, Eligibility Requirement 17)

On March 15, 2016, SRJC submitted a "Follow-Up" Report to the Accreditation Commission, responding to each of the Commission's recommendations. In a letter dated July 8, 2016, the District's President was notified that the District had resolved the deficiencies that lead to recommendations 3 and 4, but stated the following with regards to recommendation 5:

"During its review, the Commission noted that the College has operated in deficit spending and with reduced reserves. There are structural operating losses and reduced enrollments which may place the district at financial risk. Therefore, the Commission determined that Standard III.D.1.b from Recommendation 5 is not yet met and took action to require Santa Rosa Junior College to submit a Follow-Up Report by March 1, 2017 (the end of the College's two-year rule period) demonstrating the College has resolved this last remaining deficiency and meets the Standard."

The President promptly directed the Senior Vice President of Academic Affairs/Accreditation Liaison Officer (ALO) to notify the College community by email ([Doc 1](#)), and post the Action Letter on the College website ([Doc 2](#)).

Upon the return of the District's the Senior Vice President of Finance and Administrative Services from a two-month medical leave, the Action Letter was discussed at the next subsequent meeting of the President's Cabinet, with further discussion taking place at the Annual Cabinet Retreat ([Doc 3](#) and [Doc 4](#)).

As recommendation 5, and the Commission's concerns, were fiscally-related, the responsibility for crafting a response to the Commission's recommendation was assigned to the Senior Vice President of Finance and Administrative Services, working in conjunction with the Budget Advisory Committee (BAC), a SRJC constituent governance committee.

With input and suggestions from various departmental leads, a first draft of the District's response was presented to BAC on November 22, 2016 ([Doc 5](#) and [Doc 6](#)). The response was subsequently reviewed by the District's Institutional Planning Council, which is the multi-constituent group where the integration of educational planning and budget matters takes place ([Doc 7](#) and [Doc 8](#)).

The final formatted draft was submitted to the Superintendent/President and the Board of Trustees for review and approval in February 2017. The Accreditation Liaison Officer compiled and edited the final document. It was approved by the Board of Trustees as a complete response for submission to the Accrediting Commission.

Recommendation Response Team Members

Recommendation	Administrative Lead	Committee* or Contributors
Recommendation 5	Doug Roberts (Senior VP Finance and Administration Services)	Budget Advisory Committee https://bussharepoint.santarosa.edu/committees/budget-advisory/SitePages/Committee%20Home%20Page.aspx

**Names and positions of individual committee members can be found at the committee website link listed.*

Response to Commission Action Letter

In regard to recommendation 5, in its July 29, 2015 letter to the Santa Rosa Junior College (SRJC), the Commission originally identified four standards and one eligibility requirement that SRJC needed to address. In its July 8, 2016 Action Letter, which was in response to SRJC’s March 15, 2016 Follow Up Report to the Commission, the Commission identified Standard III.D.1.b as the remaining standard to be met, stating:

- “During its review, the Commission noted that the College has operated in deficit spending and with reduced reserves. There are structural operating losses and reduced enrollments which may place the district at financial risk. Therefore, the Commission determined that Standard III.D.1.b was not yet met...” ([Doc 1](#)).

Standard III.D.1.b:

The standard requires that:

Institutional planning reflects realistic assessments of financial resource availability, development of financial resources, partnerships, and expenditure requirements.

In regard to “planning that reflects realistic assessments,” it should be noted that the District’s Unrestricted General Fund *actual* revenues and expenditures (as recorded in the CCFS 311 Report) are fairly close to what the District budgeted ([Doc 9](#), [Doc 10](#), and [Doc 11](#)).

Chart #1

Comparison of SRJC's Budget vs. Actual Amounts (per the CCFS-311 Reports)

	2015-16 Budget	2015-16 Actual	2014-15 Budget	2014-15 Actual
Revenue *	122,496,009	125,214,997	105,368,619	105,141,266
Expenditures *	(115,678,459)	(117,878,183)	(108,894,799)	(109,026,394)
Other Outgo	(2,583,069)	(1,525,110)	(2,684,634)	(2,203,643)
Change to Fund Balance	4,234,481	5,811,704	(6,210,814)	(6,088,771)
Beginning Fund Balance	5,855,973	5,856,513	11,944,744	11,944,744
Ending Fund Balance	10,090,454	11,668,217	5,733,930	5,855,973

* GASB 68 requires that the District "recognize" the State's pension payments made on the District's behalf. 2015-16 was the first year of such recognition, and it increased revenues and expenditures by a like \$2.5 million. This reporting requirement was not included in the budget figures, as the amount was unknown at the time of the budget.

This would indicate a fairly realistic assessment of financial resources and expenditure requirements.

More to the issue of the Commission's concerns are the items noted in the verbiage accompanying the standard cited, which are:

- **Deficit Spending**
- **Reduced Reserves**
- **Structural Operating Losses**
- **Reduced Enrollments**

All of these issues may place the District at Financial risk.

Resolution of the Recommendation:

"Structural Operating Losses" are another way of saying "ongoing expenditures exceed ongoing revenues." Bringing ongoing expenditures *within* ongoing revenues solves the issue of "structural operating losses," as well as the issues of "deficit spending" and "reduced reserves."

Reduced enrollments affect ongoing revenues, but as long as ongoing expenditures are maintained within ongoing revenues, then the effect of reduced enrollments is mitigated. It should be noted that the District's "reduced enrollments" are factored into the District's budget assumptions and any calculated structural operating loss ([Doc 12](#)).

Actions taken to address recommendations:

Current Reserves and Deficit Spending

Per the District's 2016-17 Adopted Budget, the projected General Fund, ending fund balance is \$10.4 million, which is a \$4.6 million improvement over the ending fund balance of June 30, 2015 ([Doc 9](#) and [Doc 13](#)).

Per the District's 2016-17 Adopted Budget, expenditures in the Unrestricted General Fund exceed revenues by \$1.4 million ([Doc 13](#)). This is a huge improvement over the \$6.1 million deficit experienced in 2014-15 ([Doc 10](#)). When considering that 2016-17 revenues, in the Unrestricted General Fund, include \$1.8 million in "one-time" mandated cost funding ([Doc 12](#)), the District's structural operating loss is approximately \$3.2 million.

The District did not get into its structural operating loss, or "structural imbalance," overnight, and it will take the District a little more time to rebalance itself.

Using known amounts and conservative estimates, the District has a 3-Year plan to reduce certain ongoing expenditures, and increase certain ongoing revenues that will both eliminate the current structural imbalance, and maintain the Unrestricted General Fund, fund balance.

Thanks in large measure to proceeds available from the recent sale of the 2014 voter-approved Measure H General Obligation Bonds ([Doc 14](#)), and activities related to a change in the management of the college bookstore, and increasing non-resident students, the District will meet its fiscal objective of eliminating its structural operating loss.

A chart summarizing the actions being taken by the District is on the following page.

SRJC Plan to Reduce/Eliminate the "Structural Operating Loss" Identified as a Concern by ACCJC

Activity Description	Unrestricted General Fund (UGF) Structural Imbalance Reduction		
	2017-18	2018-19	2019-20
Use of Measure H Bond Funds to Build Photovoltaic Arrays and Other Sustainability Projects that Reduce the District's Utility Costs (Doc 15 – pg. 9 , Doc 16 , Doc 17 – pg. 12 & 13 , and Doc 18 – pg. 3)	1,100,000	1,500,000	1,900,000
Use of Measure H Bond Funds to Build Grey Water System for restrooms and irrigation - Reduce the District's sewer and water costs (Doc 19)	-	110,000	110,000
Use of Measure H Bond Funds to purchase (properties) such as the current Southwest Center site - Eliminate current facilities rental costs (Doc 15 – pg. 9 and Doc 20)	210,000	210,000	210,000
Increase Non-resident Student Enrollment, Finalize Intense English Language School Partnership Agreement - Increase Non-resident Tuition (Doc 21 – pg. 15 & 35 and Doc 22)	20,000	400,000	800,000
Use of Measure H Bond Funds to erect electronic signage along Highway 101 - Reduce current advertising costs. (Doc 21 – pg. 37 and Doc 23 – pg. 6)	20,000	20,000	20,000
Student Passage of Transportation Fee - Elimination of District-share to help subsidize County's Free Ridership for SRJC students (Doc 24)	30,000	30,000	30,000
Change in Bookstore Management from District-owned Bookstore to one that is outsourced to a third party - Increased Revenue/Commissions (Doc 25)	600,000	600,000	600,000
UGF Structural Imbalance Reduction (A)	1,980,000	2,870,000	3,670,000

Activity Description	Unrestricted General Fund (UGF) One-time UGF Resource In-flow		
	2017-18	2018-19	2019-20
Change in Bookstore Management - Sale of inventory/transfer of fund balance to UGF (Doc 25 and Doc 26)	500,000		
Use of Bond Funds to Pay-off remaining outstanding Race Building Revenue Bonds - Transfer Fund 22 debt-repayment-set-aside to UGF (Doc 27 and Doc 28)	1,200,000		
One-time UGF Resources (B)	1,700,000	-	-
Impact against Structural Operating Loss (C) = (A+B)	3,680,000	2,870,000	3,670,000
Structural Operating Loss (D)	3,200,000	3,200,000	3,200,000
Net Impact on Fund Balance (E) = (C-D)	480,000	(330,000)	470,000
Cumulative "Net" Impact on Fund Balance	480,000	150,000	620,000

Conclusion

As evidenced above, Santa Rosa Junior College (SRJC) has an actionable plan, supported by known quantities and conservative projections, which eliminates the District's structural operating loss, and maintains its fund balance. As such, SRJC has demonstrated that it has resolved this last remaining identified deficiencies, and meets the Standard.

Follow-Up Report: Evidence

Statement of Follow-Up Report Preparation

- Doc 1** Email to College Community with copies of July 8-, 2016 ACCJC Letters
<http://www2.santarosa.edu/f/?nBUSFFxH>
- Doc 2** SRJC Accreditation Home (Webpage Screenshot) where Action Letter is posted
<http://www2.santarosa.edu/f/?nDJVKONJ>
- Doc 3** August 8, 2016 President's Cabinet Agenda
<http://www2.santarosa.edu/f/?nDENwYyT>
- Doc 4** August 11, 2016 President's Cabinet Annual Retreat Agenda
<http://www2.santarosa.edu/f/?nARDSTFF>
- Doc 5** November 22, 2016 BAC Agenda with First Draft of Response to ACCJC
<http://www2.santarosa.edu/f/?nBLJRGgv>
- Doc 6** Minutes of November 22, 2016 BAC Meeting
<http://www2.santarosa.edu/f/?nDOAAPAE>
- Doc 7** November 28, 2016 IPC Agenda with First Draft of Response to ACCJC
<http://www2.santarosa.edu/f/?nDAPZJlw>
- Doc 8** Minutes of November 28, 2016 IPC Meeting
<http://www2.santarosa.edu/f/?nAOMZFGY>

Response to Commission Action Letter

- Doc 1** Email to College Community with copies of July 8-, 2016 ACCJC Letters
<http://www2.santarosa.edu/f/?nBUSFFxH>
- Doc 9** 2014-15 UGF Budget per the 2013-14 Annual CCFS-311
<http://www2.santarosa.edu/f/?nDzFGxLJ>
- Doc 10** 2014-15 UGF Actuals and 2015-16 UGF Budget per the 2014-15 Annual CCFS-311
<http://www2.santarosa.edu/f/?nAWOwGWI>
- Doc 11** 2015-16 UGF Actuals per the 2015-16 Annual CCFS-311
<http://www2.santarosa.edu/f/?nBwWARCA>

- Doc 12** Enrollment Revenue Assumptions (Page 3) from the Adopted Budget Books for 2014-15, 2015-16 and 2016-17
<http://www2.santarosa.edu/f/?nEwQONYI>
- Doc 13** General Fund Revenues and Expenditures (Pages 7 & 8) form the 2016-17 Adopted Budget Book
<http://www2.santarosa.edu/f/?nDwONRRN>
- Doc 14** Acknowledgement of Sale of \$125 Million in Measure H Bonds
<http://www2.santarosa.edu/f/?nASQXUww>
- Doc 15** November 8, 2016 Governing Board Presentation of the Facilities Master Plan – Project Priority List (*see page 9*)
<http://www2.santarosa.edu/f/?nBBAUORI>
- Doc 16** November 8, 2016 Board Agenda Items C-8 and C-9: Approval of Early Start Measure H Projects and Prequalified Engineering and Design Firms for Energy Management and Sustainability Projects
<http://www2.santarosa.edu/f/?nCNVQzZO>
- Doc 17** December 6, 2016 Board Facilities Committee Agenda with the Sustainability Update (*see projected cost savings on pages 12 & 13*)
<http://www2.santarosa.edu/f/?nCYPIyTP>
- Doc 18** December 12, 2016 Sunpower Solar Project Presentation (*see 1st year benefit and project timeline page 3*)
<http://www2.santarosa.edu/f/?nDVASvEO>
- Doc 19** November 17, 2016 Integrated Environmental Planning Committee (IEPC) Agenda and Minutes with Measure H Projects List (*see pages 2 & 5*)
<http://www2.santarosa.edu/f/?nBCXLyVP>
- Doc 20** 2016-17 Financial System Detail of Budget and Expenditures for the facilities rental of the Southwest Center (SWC)
<http://www2.santarosa.edu/f/?nBvERYwQ>
- Doc 21** 2015-2018 SRJC Strategic Enrollment Management Plan (*see pages 15 & 35 regarding plans to increase non-resident student enrollments*)
<http://www2.santarosa.edu/f/?nCXVNQEF>
- Doc 22** Estimated increase in Non-resident Student Fees as a result of contracting with ELS to have an Intensive Language Program at SRJC, along with corroborating correspondence as to the number of students to be expected and the program start date
<http://www2.santarosa.edu/f/?nDVMYwZv>

- Doc 23** 2016-17 Financial System Detail of Budget and Expenditures for Advertising
<http://www2.santarosa.edu/f/?nBEIVPGH>
- Doc 24** SRJC \$30,000 Contribution to Subsidize Free College Student Bus Ride Program – MOU and documents extending the program into 2017
<http://www2.santarosa.edu/f/?nAYEOJSZ>
- Doc 25** Estimated increase in revenues/commissions due to a change in the management of the bookstore
<https://academicaffairs.santarosa.edu/files/Doc%2025%20-%20Estimated%20revenue%20%28commission%29%20from%20change%20in%20management%20of%20the%20bookstore.pdf>
- Doc 26** Value of Bookstore Inventory and Fund Balance per the 2015-16 CCFS-311 Report
<http://www2.santarosa.edu/f/?nDwTCWUD>
- Doc 27** E-mail from Legal Counsel regarding ability to use Measure H funds to pay-off existing Race Bond liability set-aside
<http://www2.santarosa.edu/f/?nEvPPOVN>
- Doc 28** Fund 22 Revenues, Expenditures and Fund Balance for 2016-17, per page 17 of the District’s 2016-17 Adopted Budget Book
<http://www2.santarosa.edu/f/?nDIGwZUC>