

# GRAYS HARBOR COLLEGE



## Ad-Hoc Report

**Submitted to the Northwest Commission on Colleges and Universities by:**

**Grays Harbor College  
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## Introduction/Overview

This report addresses a follow-up requirement from Grays Harbor College's Year-Seven Comprehensive Mission Fulfillment and Sustainability Evaluation in April of 2019. In a letter from the Northwest Commission on Colleges and Universities (NWCCU), dated July 12, 2019, Grays Harbor College (GHC) was directed to submit an Ad-Hoc Report (without visit) on **Recommendation 1**, which states:

**“The Commission recommends that Grays Harbor College develop a realistic financial forecasting plan to include evaluation of financial resources to ensure short term solvency and anticipate long-term obligations. This process should include appropriate opportunities for participation by college constituencies (Standard 2.F.1, 2.F.2, 2.F.3).”**

Since the comprehensive year-seven evaluation visit in April of 2019, a tremendous amount of planning and action has taken place directly addressing Recommendation 1. And while many of these changes have been challenging and unsettling to morale, the college's Board of Trustees, administrators, faculty, and staff remain unified in their commitment to ensure a positive and effective learning environment for students.

Many of the changes in this report took place over the spring and summer of 2019 and are reflected in the Financial Resource Review (FRR) Report submitted by Grays Harbor College to the Commission on October 29, 2019. [Appendix 1] During this time period, the College experienced turnover in the VPAS position. After an interim period and a national search, GHC hired a new Vice President of Administrative Services (VPAS), Mr. Kwabena Boakye, who is both a Certified Public Accountant and a Certified Internal Auditor. [Appendix 2] Additionally, the College cut approximately \$1.3 Million from its budget in the spring of 2019 to address an identified budget deficit. GHC also implemented both a new tuition projection model and an updated Enrollment Management Plan, based on new, realistic enrollment projections collaboratively designed by the Dean of Student Access and Success and the Director of Institutional Research and Reporting. Finally, as part of preparing the FRR Report, a Financial Plan with goals and actions was developed by the Vice President of Administrative Services, in consultation with the College's Executive Team, to help address financial sustainability, accountability, and transparency.

Additional actions have taken place since the FRR Report was submitted in October 2019, which reflect Grays Harbor College's ongoing efforts to make improvements in regard to all three Standards cited in Recommendation 1 (Standard 2.F.1, 2.F.2, and 2.F.3). GHC President Jim Minkler and the Executive Team have worked diligently to ensure open communication about the budget situation with the college community and to invite employees and students to provide input into the budget process. The robust Enrollment Management Plan developed in the spring of 2019 is being implemented with an emphasis on identifying and capturing potential students who expressed an interest in the college and in reengaging students who appear to be stopping out before earning their degree. Additionally, with continuous monitoring of budget changes, actual enrollments, and tuition/fee collections, college administrators identified an additional budget deficit during fall 2019 and, as a result, made a mid-year course correction to reduce the budget by an additional \$588,470 in December of 2019. This move was done to help ensure the budget remained in balance. Making mid-year course corrections is a new process for GHC, as the college was not previously in the practice of changing its annual budget after it was set. The new Vice President of Administrative Services has also reviewed fiscal policies, identified needed procedural changes, begun formation of a budget committee, and helped the college's Executive Team improve its understanding of both the short and long-term budget situations.

This report will explain the relevant changes Grays Harbor College has implemented to ensure short-term solvency, long-term financial stability, realistic resource planning, and appropriate institutional policies, procedures, and processes that support the financial health and well-being of the College. It will also show

how the College's Executive Team is implementing changes to better apprise college constituents on the status of the budget and involve the college community in an integrated strategic and budget planning process. Additionally, the report will provide examples of the impact of the changes on the college's budget practices and financial position over the last 9 months. The following timeline provides an overview of financial actions and the communication of them over the last 12 months (Figure 1).

*Figure 1: Timeline of Major Financial Actions and Communication February 2019 – February 2020*

**February 19, 2019** – The Board of Trustees Reviews the FY 2018 Financial Statement Audit. The audit was completed within the NWCCU's nine-month requirement and was conducted by the Washington State Auditor. There were no findings in the audit for FY 2018. [Appendix 3]

**March 19, 2019** – Mr. Lutes, Vice President of Administrative Services, presents a Budget Status Report to Board of Trustees (BoT). Board of Trustees minutes show the following: *"Ms. Portmann expressed concern regarding the lack of information to determine if revenue is keeping pace with expenditures. She said it appears this is the third year in a row of negative spending, which is not sustainable. She asked that prior to the next Board meeting Board members receive a five-year history of December cash balance reports, and a budget to actuals comparison of revenue vs expenditures."* [Appendix 4]

**April 16, 2019** – Board of Trustees holds a Study Session (work session) on the GHC Budget. An estimated deficit for FY 2020 of \$722,952 is identified by Mr. Lutes who states that the deficit was due to inaccurate tuition/fee forecasts. [Appendix 5]

**April 17 – 19, 2019** – Grays Harbor College has its Year-Seven Comprehensive Evaluation site visit. Preliminary recommendations from the visiting team show concerns with financial sustainability.

**May 8, 2019** – Dr. Minkler hires Ms. Barbara McCullough as interim Vice President of Administrative Services and Chief Financial Officer after the departure of Mr. Lutes as Vice President of Administrative Services.

**May 15, 2019** – The GHC Executive Team holds two All-College meetings where the college community is updated on the budget situation and is invited to help identify "budget efficiencies". [Appendix 6]

**May 21, 2019** – Dr. Minkler presents the Board of Trustees with a preliminary plan to address the FY 2020 budget deficit. [Appendix 7]

**June 18, 2019** – Dr. Minkler & Ms. McCullough explain to the Board of Trustees that after a fund review, the college deficit is projected to be between \$1.3 and \$1.7 million dollars. The Board of Trustees approves a request for a *"Reduction in Force"* due to inadequacy of funding at the June Board meeting and moves the approval date of the 2019-2020 budget to the July 2019 Board meeting. During this week, employees being laid off due to budget reductions are first notified, followed by the college community. [Appendix 8]

**June 18, 2019** – An All-College Budget Update e-mail is shared with the college explaining that the budget deficit, identified by the Interim VPAS, is actually approximately twice the size of the original estimate, making it somewhere in the neighborhood of \$1.5 million. The update explains that the College will be making additional cuts to avoid a budget with deficit spending, if possible, as directed by the Board of Trustees. [Appendix 9]

**July 12, 2019** – GHC receives its reaffirmation of accreditation from NWCCU which includes five recommendations, including three which are financially-related (Recommendations 1-3), a requirement to complete a Financial Resource Review Report by November 1, 2019, and an Ad-Hoc Report on Recommendation 1 by March 1, 2020. This information is shared with the college community in Dr. Minkler’s Reflection Report #24 posted on the college’s intranet. [Appendix 10 and Appendix 11].

**July 30, 2019** – The Board of Trustees adopts the FY 2020 Budget after Ms. McCullough reviews the budget reductions. The review includes reductions discussed in June. Ms. McCullough assures the Board that, going forward, quarterly budget analysis reports will be prepared and there will be a balanced budget at the end of the year. [Appendix 12 and Appendix 13]

**September 1, 2019** – Mr. Kwabena Boakye is hired and begins his duties as GHC’s permanent Vice President of Administrative Services. Ms. McCullough agrees to stay on in a part-time role to ensure a smooth transition. [Appendix 2]

**October 22, 2019** – Mr. Matt Edwards, Director of Institutional Research and Reporting, shares with the College’s Executive Team updated enrollment projections for 2019-2020 based on historical trends and relevant county and college information. Mr. Edwards explains that developing the projections is a collaborative effort with Ms. Kari Collen, Interim Dean of Student Access and Success. [Appendix 14]

**October 29, 2019** – GHC Submits the required Financial Resource Review Report to NWCCU. [Appendix 1]

**November 1, 4, and 18, 2019** – Dr. Minkler and Mr. Boakye host constituent group meetings (by employee group) to provide a budget update to the college community. The presentation shows a \$557,113 shortfall in revenue for FY 2020, largely due to decreased tuition and fees from lower- than-anticipated enrollment. Additionally, Dr. Minkler explains that there are also approximately \$307,963 in budget reductions that were not yet realized from June, due to cuts that required negotiation with employee unions. [Appendix 15]

**November 19, 2019** – Board of Trustees holds a Study Session (work session) on the Budget Status of the College prior to their regular Board Meeting. Mr. Boakye discusses the identified budget shortfall that was shared with the College earlier in the month, and identifies some proposed cost saving options. At the regular Board Meeting, the Board receives an update on enrollment projections. [Appendix 16 and Appendix 17]

**December 3, 2019** – Dr. Minkler and Mr. Boakye host an All-College Budget Status Meeting where Mr. Boakye shares that after reviewing the College’s spending so far for FY 2020 and the projected shortfall identified in November, the Executive Team has determined that the College will need to conserve expenditures by \$588,470 in order to maintain a balanced budget. [Appendix 18]

**December 10, 2019** – Dr. Minkler shares budget reductions that include the elimination of positions to bring spending in line with the adjusted FY 2020 Budget in an email to the College Community. [Appendix 19]

**December 12, 2019** – Faculty Union President Mr. Shiloh Winsor expresses several faculty concerns at the Board of Trustees December meeting, including frustration over the Board’s allowing the college to operate at ever-increasing deficits over the past four years when there was no reason to believe enrollment would be flat. He notes that faculty were not

consulted in the final budget reduction decisions regarding instruction. At the same time, he indicates that faculty applauded the efforts to have reliable budget information including revenues and expenditures. [Appendix 20 ]

The VPAS also reports that in order to reach fiscal solvency the College needs to address the \$585,000 deficit. Dr. Minkler states that efforts were made to avoid job loss, but three layoffs were deemed necessary. He adds that efforts were made to not eliminate positions that directly affect generating FTEs. Documentation is provided at this meeting showing the strategies involved in narrowing the deficit to \$17,697. An Enrollment Management Update is also provided detailing strategies to bolster enrollments for winter and spring quarters as well as next year. [Appendix 20 and Appendix 21]

**January 29, 2020** – Dr. Minkler and Mr. Boakye host an All-College Budget Status Meeting where Mr. Boakye shares that the mid-year budget status is such that the college has \$28,249 unresolved budget deficit (\$17,697 unresolved after December 2019 cuts and \$10,522 in net revenue loss). He explains that this is a fairly minor amount given the college’s budget and that the College doesn’t anticipate any additional personnel cuts this year. [Appendix 22]

**February 5, 2020** – GHC receives notice from NWCCU that the FRR Report submitted in October 2019 was accepted. The College is directed to submit an additional FRR Report in the Fall of 2020. [Appendix 23]

**February 18, 2020** – The Board of Trustees holds a Study Session (work session) on the Current Budget Status of the College prior to their regular Board Meeting. Mr. Boakye walks the Board through the revenue (tuition & fees) projection process used by the Budget Office, provides revenue, expenditure, and cash balance status reports, and identifies a quarterly report schedule for Board of Trustee budget updates. [Appendix 24]

## Short-Term Solvency and Long-Term Financial Sustainability (Standard 2.F.1)

NWCCU Standard 2.F.1 states:

*The institution demonstrates financial stability with sufficient cash flow and reserves to support its programs and services. Financial planning reflects available funds, realistic development of financial resources, and appropriate risk management to ensure short-term solvency and anticipate long-term obligations, including payment of future liabilities.*

Over the course of the last year, Grays Harbor College has taken multiple, at times painful, steps to ensure the short-term financial solvency of the college. Additionally, the College is beginning to receive the clear and consistent information it needs to understand and plan for the longer-term challenges it will face with respect to its obligations, risks, and future liabilities. Results thus far include a balanced budget for Fiscal Year 2020 and an increased cash balance as compared to January 2019.

## Short-Term Solvency

### Budget Reductions for Fiscal Year 2020

In order to maintain short-term fiscal solvency and adhere to the Grays Harbor College Board Policy 530<sup>1</sup>, the College is currently in a position where it must operate with a balanced budget each year, meaning that the college can no longer afford to spend more than its anticipated revenue. With this reality in mind, Grays Harbor College has had to make two sets of budget reductions in the last year. One of these occurred in June of 2019 and addressed the budget deficit that was identified in the spring of 2019 for the upcoming FY 2020 Budget. The second of these occurred in December of 2019 and was a mid-year course correction, to account for lower than anticipated tuition/fee collection due to declining enrollment as well as unrealized savings due to negotiated items in the July 2019 Budget. [Appendix 25] The timeline above (Figure 1) illustrates the ongoing communication between the College President, the Executive Team, the Board of Trustees, and the college community around budget matters. The following paragraphs briefly explain how the college has made the necessary cuts to ensure short-term solvency by reducing spending.

At the March 2019 Board of Trustees meeting where the VPAS reviewed the College's budget status, Board Members expressed concern that revenue was not keeping pace with expenditures. [Appendix 4] Later that month, both GHC's Executive Team and Board of Trustees were made aware of a projected budget deficit for FY 2019. At the April 2019 Board of Trustees Meeting, Mr. Lutes explained the deficit was approximately \$723,000. [Appendix 5] (Note: subsequently, in June 2019, the deficit was realized to be more than double that amount at approximately \$1.5 million out of an \$18.8 million budget.) Besides declining enrollments, a compounding variable in the deficit was that in the 2018 – 2019 budget, the VPAS projected operating tuition revenue at \$5,357,700 even though the projected actuals from the previous year were only \$3,709,000. The reason for the increase was partly based on full implementation of the three Bachelor of Applied Science programs; however, that projection was grossly off the mark and the tuition revenue collected was actually short about the same amount as the budget deficit for that year.

The process of developing a balanced budget started in April when the tuition revenue deficit was believed to be \$723,000 and involvement of the college community was sought. In May 2019, the President and Executive Team explained the budget situation and invited the campus to submit ideas for gaining budget efficiencies and generating revenue for fiscal year 2020. Two sessions, open to all employees, were held on May 15 to provide information about the budget deficit and solicit input [Appendix 6]. At their May 2019 meeting, the Board of Trustees affirmed the need to balance the budget and directed the college president to deliver a balanced budget for approval which demonstrated a realistic projection of revenues and expenditures and did not exceed that amount.

With the departure of the former Vice President of Administrative Services in early May 2019 came the arrival of an Interim Vice President of Administrative Services, Ms. Barbara McCullough. Ms. McCullough, who came out of a three-year long retirement to return to her previous job, quickly confirmed that tuition

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<sup>1</sup> GHC Board Policy 530 states: *"The Emergency Fiscal Reserve is established to equal 10 percent of the college's annual General Operating budget. The amount of resources available in the Emergency Fiscal Reserve will be identified in the annual budget developed for the Board of Trustees (presented for approval per Operational Policy 530 Accounting and Budgeting). The Emergency Fiscal Reserve can only be used to stabilize college budgets in the event of unplanned and/or emergent operating conditions and with the authorization of the Board of Trustees."*



revenue was over-projected, and had been for multiple years. After a few weeks of closer scrutiny, Ms. McCullough identified that approximately \$1.5 million from the 2019-2020 budget would need to be cut to deliver a balanced budget. As the final budget was due in July, College administrators had very little time left to cut spending to match expected college revenue for 2019-2020 before submitting the *Fiscal Year 2020 Budget* to the Board of Trustees for approval. Attempts were made to involve the college community for input and keep them updated. However, as these measures fell at the end of spring quarter during finals week and preparations for commencement, neither the timeline nor the extent of the cuts were conducive for broad campus engagement. The guiding principles used to determine the cuts were the same as those established during the May budget meetings with the college community, and included:

- Serve students (maintain FTE/student completion)
- Mitigate job loss
- Stay true to GHC's values<sup>2</sup>

A budget, listing proposed cuts equaling approximately \$1.6 million, was presented to the Board of Trustees at the July 2019 Special Board Meeting by Interim Vice President of Administrative Services, Ms. Barbara McCullough. Due to the need to negotiate some cuts, the college was not able to realize approximately \$309,000 of the proposed cuts at that time, falling slightly short of the total amount needed to balance the budget. [Appendix 12 and Appendix 13]. Details about the specific strategies used to make the reductions are detailed in the College's FRR Report [Appendix 1, page 5], however, in short, efforts were made to ensure efficient and effective use of college resources, non-essential vacancies were left unfilled, and positions were cut as a last resort. [Appendix 26]

By November of 2019, it was clear to the College's Executive Team that additional budget reductions would be required to realize a balanced budget for FY 2020. First, there was the \$307,965 in potential cuts yet to be realized due to ongoing negotiations for cutting full-time faculty positions. Second, there was an additional shortfall in revenue due to declining enrollment and related tuition & fee collection. After the close of October expenditures, the new VPAS, Mr. Boakye used actual collected tuition revenue from fall quarter to generate a realistic projection of tuition revenue out to year's end. This projection was based on past fall-to-winter and winter-to-spring attrition rates, as they related to October expenditures and total expenditures at the end of the year. Mr. Boakye factored into his calculation other local grants and other non-tuition revenue sources (dual enrollment Running Start FTE calculations based on fall enrollment are a major part of this) and produced an updated adjustment to the budget that Ms. McCullough had presented at the July 2019 Board meeting. A mid-year budget shortfall of \$588,470 was ultimately identified, and the FY 2020 Budget Plan was adjusted to match this reality. The Executive Team began preparing for the reduction and this information was shared with the college community. [Appendix 15 and Appendix 18]

The adjusted budget that Mr. Boakye presented to the Board at a December 2019 meeting detailed an adjusted budget that included a \$588,470 reduction in expenses (as compared to the budget approved during the July Board meeting.) The adjustment strategy to cut the shortfall of \$588,470 is shown in Table 1. This plan fell only \$17,697 short of a fully balanced budget. [Appendix 21] Since the December 12, 2019 Board of Trustees Special meeting, the remaining \$17,697 has been accounted for in the budget adjustment strategy by delaying the rehiring of two positions recently vacated due to retirement, and as a result, Grays Harbor College is now operating with a balanced budget.

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<sup>2</sup> Grays Harbor College Values: Access to Educational Opportunities; Success for Students, Faculty, and Staff; Excellence in Programs, Practices and Principles; Respect for Diversity of People, Ideas, Culture, and the Environment; and Effective and Efficient Use of Resources.

*Table 1: December 2019 Budget Reductions by Budget Strategy*

| Budget Reductions                                | Amount           |
|--|------------------|
| Conserve Payroll                                 | \$294,084        |
| Hold Vacancies                                   | \$148,361        |
| Preserve Goods & Services                        | \$114,128        |
| Reduce Travel                                    | \$8,200          |
| Additional Transcript Revenue                    | \$6,000          |
| <b>Total Budget Reductions/Revenue Increases</b> | <b>\$570,773</b> |

### Results of Short-Term Strategies for Financial Solvency

Strategies implemented to manage prior deficits to achieve short-term solvency are yielding positive financial outcomes. The specific strategies included budget cuts (detailed above), quarterly revenue and expenditure projections, monthly budget status evaluations, cash projections, a moratorium on new positions, and monitoring of part-time hours to prevent growth in benefits costs. Significant positive outcomes include a balanced budget for FY 2020 and growth in the ending cash balance when comparing January 31, 2020 to January 31, 2019.

One positive indicator of the College’s path toward short-term solvency is a balanced budget. The College achieved a balanced budget in FY 2020 through budget cuts that ensured the alignment of expenditures to available revenues. Revenue projections for the FY 2020 budget, which started on July 1, 2019, were lower than actual expenditures at fiscal year-end (June 30, 2019). Under the constraints, the best reliable available strategy for the College was budget cuts to re-align expenditures to projected revenue. The budget cuts resulted in reduction in expenditures totaling **\$1,302,174** in June 2019. Subsequently, in line with the newly-established continuous budget monitoring process, at the end of fall quarter 2019, the College evaluated actual enrollment and revenue intake against the projected enrollment and budgeted revenue. A slight decline in enrollment resulted in the need to further reduce budgeted expenditures to align with available revenue. Therefore, in December 2019, budget cuts resulted in reduction in expenditures totaling **\$570,773** in December 2019. In all, the college reduced its spending by nearly **\$1.88 million** for Fiscal Year 2020, an amount that is approximately 10% of the annual operating budget. [Appendix 25 and Appendix 26] The College expects to continue monitoring its FY 2020 budget to align revenues with expenditures and consolidate the progress toward achieving short-term solvency.

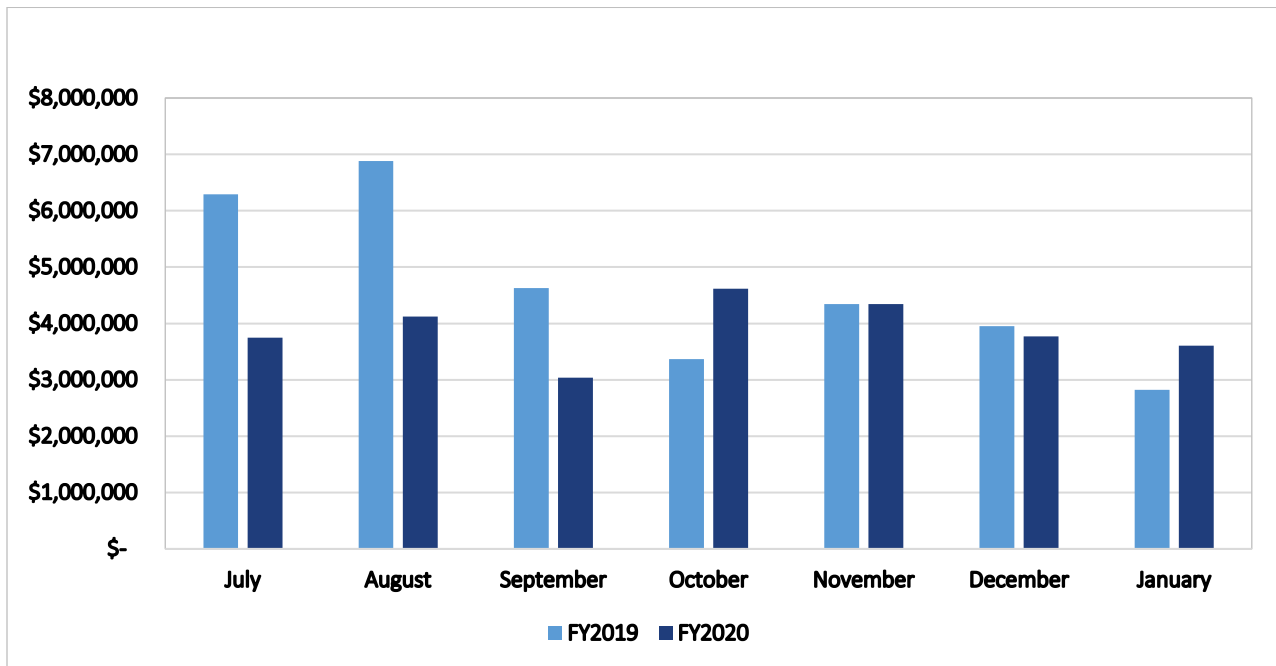
Another positive indicator of the College’s path toward short-term solvency is growth in January 2020 ending cash balance compared to January 2019. Through strategies to manage the prior budget deficits, the College achieved 28% growth in the January 2020 ending cash balance compared to January 2019. Strategies such as budget cuts as well as a moratorium on new positions and monitoring of part-time hours enabled the College to conserve cash outflows. Specifically, as part of the strategies to achieve short-term solvency, the College has frozen new positions, except for positions funded by non-operating sources. In addition, the College is actively monitoring part-time hours to prevent extra benefit costs that will be incurred should part-time hours creep beyond the non-benefitted cap. Further, the College has implemented a robust cash projection process. The cash projection considers the available cash, adds anticipated cash inflows and subtracts expected cash outflows to determine the expected cash position. This enables the College to manage inflows and outflows to maintain sufficient liquidity to meet obligations as they come due. Table 2 and Figure 2 below compare cash position month over month for FY 2019 and FY 2020 through January 2020. As shown in the table and illustration, cash position as of January 31, 2020 compared to January 31, 2019 has **grown 28%**. The College will continue to refine the

cash projection process to ensure the availability of sufficient liquidity for operations as it paves the path toward achieving short-term solvency.

*Table 2: Monthly Cash Balance Comparison*

| Month     | Fiscal Year 2019 | Fiscal Year 2020 |
|-----------|------------------|------------------|
| July      | \$6,293,105      | \$3,749,463      |
| August    | \$6,881,141      | \$4,122,962      |
| September | \$4,627,851      | \$3,035,542      |
| October   | \$3,364,340      | \$4,617,759      |
| November  | \$4,342,104      | \$4,341,031      |
| December  | \$3,952,397      | \$3,770,368      |
| January   | \$2,821,909      | \$3,603,239      |

*Figure 2: Monthly Cash Balance Comparison*



### Long-Term Financial Sustainability

As strategies to manage the prior deficits to achieve short-term solvency are yielding positive outcomes, the College anticipates building on this for long-term financial stability. The hiring of Mr. Kwabena Boakye, who is both a CPA and a CIA, has given Grays Harbor College the expertise and capacity to understand and develop a plan for its long term financial stability. Starting with the metrics provided for the Financial Resource Review in October 2019, Mr. Boakye has already identified several items for the College’s President and Executive Team to consider in developing a long-range plan for GHC’s ongoing financial sustainability. To achieve long-term financial stability, the College has developed a strategic financial plan (Table 3) that incorporates budget scenario and multi-year planning.

It should be noted that the College does not have tax authority and therefore is unable to raise tax revenue. Also, the College is not a research institution and therefore is not able to compete for limited sponsored program funds. Further, tuition rates are established by the State so the College does not have the flexibility to increase tuition rates to boost revenue.

*Table 3: Strategic Financial Plan*

| Goals  | Action Plans/Initiatives   | Time Frame                                  |
|--|--|---|
| Goal 1:<br>Sustainability of Grays Harbor College financial resources. | <ol style="list-style-type: none"> <li>1. Financial planning and budget modeling</li> <li>2. Realistic projection of future revenue</li> <li>3. Realistic estimates of future expenditures</li> <li>4. Utilization of fiscal year end actual final budget numbers as base year estimates for subsequent fiscal year budget development</li> <li>5. Capital planning interface with State Board and Department of Enterprise Services</li> <li>6. Pursue grant funding</li> </ol> | Annually and Ongoing                        |
| Goal 2:<br>Innovative processes, policies and procedures               | <ol style="list-style-type: none"> <li>1. Documentation of budget manager profile and authority</li> <li>2. Documentation of criteria for resources allocation</li> <li>3. Documentation of process for cash management</li> <li>4. Documentation of position management interface with Human Resources</li> <li>5. Review and update of existing fiscal processes, policies and procedures</li> </ol>   | Annually and Ongoing                        |
| Goal 3:<br>Budget resource accountability, transparency and control    | <ol style="list-style-type: none"> <li>1. Budget manager training and responsibilities</li> <li>2. Collaboration with campus constituents on budget development</li> <li>3. Enforcement of expenditure authorization for budget discipline, and efficient and effective use of resources</li> <li>4. Monthly budget status reporting to budget managers and Executive Management</li> <li>5. Quarterly and annual financial reporting to Board of Trustees</li> </ol>            | Ongoing:<br>Monthly, Quarterly and Annually |

These constraints contribute to the difficulty in considering non-tuition revenue in budget scenario and multi-year planning. What is and has been considered reliable for budget scenario and multi-year planning at the College is tuition revenue. Therefore, the College now projects the tuition revenue stream based on anticipated enrollment over the planning period. Using assumptions of a flat, declining or growing enrollment, the College projects the tuition revenue stream relative to the enrollment assumption. When actual enrollment comes in lower than anticipated, expenditures are reduced in alignment. This year, the Business Office has implemented the practice of collaborating with Institutional Research and Student Access and Success to ensure that the enrollment projections used for revenue calculation are informed by college subject-matter experts. This is a change from recent past practice where the VPAS developed the information used in revenue projections. [Appendix 27]

## Realistic Resource Planning (Standard 2.F.2)

NWCCU Standard 2.F.2 states:

*Resource planning and development include realistic budgeting, enrollment management, and responsible projections of grants, donations, and other non-tuition revenue sources.*

Grays Harbor College has taken noticeable steps since its Comprehensive Year-Seven Evaluation to connect the processes and people that direct and support its new Strategic Plan, Enrollment Management Plan, and Budget Plan.

### Connecting Strategic Planning to Resource Planning

Following the completion of Grays Harbor College's strategic plan with the conclusion of its Year-Seven Self-Evaluation in the spring of 2019, the College embarked on the development of a new strategic plan. In May of 2019, shortly following the accreditation visit, all-college employees and Board of Trustees members were invited to one (or more) of three planning sessions to review the existing mission, vision and core themes and discuss the possible creation of new vision, mission, and strategic priorities (formerly the core themes). The sessions had attendees break into groups and answer questions which prompted them to review various vision, mission, and priorities statements. The five NWCCU commendations and recommendations were shared with the college employees as part of the introduction to this exercise. Input from the sessions was recorded, and a trend analysis was done over the summer. The Board of Trustees was also engaged in the process during their summer Board Retreat and their input was gathered, along with that of community stakeholders who were clustered into four different focus groups: Business and Finance; Hospitality and Tourism; Education Partners and Community Service; and Government and Healthcare. The input from all of these groups was tabulated and several different themes arose for the vision, mission, and strategic priority statements. At the fall convocation when all college employees were gathered together, they were once again asked to form groups and select from a number of options which had been formed by synthesizing all the input given thus far.

The result of that input narrowed it down to two options for the vision, two for the mission, and two for the strategic priorities. At the October 2019 Board of Trustees meeting, the Board indicated that both of the options were acceptable to them and they would like to approve the ones which were most supported by the college employees. After the college voted on the alternatives via survey, the information was shared with the Board of Trustees at their November Board meeting, at which time they approved of the new vision, mission, and strategic priorities. [Appendix 16]

Whereas the new vision, mission, and strategic priorities may *appear* more germane to Standard 1.A.1 and 1.B.1 (new standards as of January 2020), it is important to note that they are in actuality also focused on assessing Standards 2.F.2 and 2.F.3. In fact, one of the new Strategic Priorities states, "*Ensure effective, efficient and sustainable use of College resources*". Over the next seven-year period, metrics evaluating how the college is doing on Recommendation 1 will be a part of the college scorecard. This scorecard is shared frequently with the college community, Board, partners, and other stakeholders, which will keep the issue of improving Recommendation 1 in the forefront as a priority for the college. This can be evidenced in the new vision, mission, and strategic priorities (Figure 3).

Long-time GHC employees stated during the fall convocation (called Kickoff at GHC) that unlike the mission statement and core themes which were established in 2011, the college community was much more involved in the determination of the new vision, mission, and strategic priorities, and it was a great deal easier to see how the work they do fits into the new mission and priorities. Whether the changes to

the strategic priorities are a direct result of viewing NWCCU Recommendation 1 prior to brainstorming or not is hard to discern, but to see that so many college employees supported the new strategic priority to “ensure effective, efficient, and sustainable use of college resources” is indicative of its heightened focus for the college. Financial solvency is clearly a high priority for the entire College and this will help to ensure financial planning and budget development will include appropriate opportunities for participation by the college’s constituencies.

Figure 3: GHC Mission Vision and 2019-2026 Strategic Priorities

### Mission, Vision, and Strategic Priorities

**Vision Statement**

Grays Harbor College inspires our students and enriches our community by providing positive growth through learning.

**Mission Statement**

Grays Harbor College provides meaningful and engaging learning opportunities and support services to enhance the knowledge, skills, and abilities of our students and support the cultural and economic needs of our community.

**Strategic Priorities**

- Enrich student learning
- Promote student, faculty, and staff success
- Foster a diverse, equitable, and inclusive learning environment
- **Ensure effective, efficient, and sustainable use of college resources**
- Strengthen community connections and partnerships

With the implementation of the 2019-2026 Strategic Plan, the College’s Executive Team has agreed to have each administrative unit of the College (i.e. Instruction, Student Services, Administrative Services, etc.) prepare and implement an annual action plan that supports the Strategic Priorities. The priorities are currently each supported by a Strategic Action Team, and going forward the work of these teams will be supplemented by the work of the administrative units. This will, in turn, help budget administrators to make stronger connections between budget requests and the Strategic Plan. This change is shown in a newly proposed Administrative Procedure (AP) 503.01 which is discussed more below. [Appendix 28] This procedure has been presented to the College Council and is expected, with perhaps some minor revision, to go to the Board of Trustees for a first reading in March 2020.

### Connecting Enrollment Management and Resource Planning

This fall, prompted by falling enrollment and budget challenges, GHC made a concerted effort to strengthen its understanding of enrollment in its enrollment projections (which are a collaboration by the Dean of Student Access and Success and the Director of Institutional Research and Reporting). As

discussed above, enrollment projections are now informing revenue projections developed by the Budget Office. As discussed in the Financial Resources Review Report, enrollment projections are based on a combination of analyzing trends from prior years and considering data from outside sources. External data includes projected employment/unemployment rates from the Bureau of Labor Statistics<sup>3</sup> (BLS), population projections from the Washington Office of Financial Management<sup>4</sup> (OFM), and grade-to-grade high school attrition/gain trends using data from the Washington Office of Superintendent of Public Instruction<sup>5</sup> (OSPI). The Director of Institutional Research and Reporting held study sessions with both the Strategic Enrollment Management Team and the Executive Team to provide an understanding of past trends, expected future enrollments, and to discuss the connection between enrollments and revenue. [Appendix 29 and Appendix 14]. As detailed below (Budget Monitoring and Forecasting Section), the Business Office used these enrollment projections along with trends in tuition collection to project expected tuition revenue for the 2019-2020 academic year.

In order to bolster enrollment for 2019-2020 and into the future, GHC has taken a three-pronged approach (outlined in the FRR Report) to enrollment management – Recruitment, Retention, and Efficient and Effective Program Offerings. The Strategic Enrollment Action Plan for 2019-2020 outlines the specific strategies and targets for these areas of focus. [Appendix 30].

The Strategic Enrollment Management (SEM) Committee was first convened in 2015-2016, led by the Vice President for Student Services. It continued in fall 2016 and at that time was co-chaired by the Vice President of Student Services and the Director for Institutional Research and Reporting. A renewed and heightened focus began in earnest in September, 2019, when the President joined the committee as a co-chair with the Director for Institutional Research and Reporting. The President had just finished a two-year stint co-chairing a Washington state-wide task force on strategic enrollment management which was approved by the State Board of Community and Technical Colleges. Dr. Minkler is already applying some of his key learnings from working at the state-level to GHC's SEM committee. Similar to the statewide WACTC Strategic Enrollment Taskforce, the GHC Strategic Enrollment Management Committee has broken out its objectives focused on population groups, such as a focus on K-12 Partnerships, Recruitment and Onboarding, Adult Re-engagement, and Persistence and Retention. This has been done with a lens of eliminating gaps where they exist among diverse populations of students, specifically on historically underserved student groups. In GHC's service area, these groups are primarily Latinx and Native American students, low income individuals, and first generation students. GHC is using the statewide database established by the state task force to help disaggregate populations and look for promising practices being implemented at other colleges in the Washington system.

The following sections provide a brief update on some of the enrollment management efforts of the College. As detailed in the FRR, GHC is focusing on three areas: recruitment, retention, and efficient and effective program offerings. In the SEM Committee Action Plan, initiatives supporting these areas are broken out into three categories: those that can be implemented immediately (short-term), those that will be implemented within the year (mid-term) and those that will take more time (long-term). For each action, the plan includes the responsible person(s), the timeframe for completion, the timeframe for effect, and the anticipated impact on FTE. [Appendix 30]

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<sup>3</sup> <https://www.bls.gov/news.release/pdf/ecopro.pdf> (retrieved October 11, 2019)

<sup>4</sup> <https://www.ofm.wa.gov/washington-data-research/population-demographics/population-forecasts-and-projections/growth-management-act-county-projections> (retrieved September 23, 2019)

<sup>5</sup> <https://www.k12.wa.us/enrollment-reports> (retrieved September 23, 2019)

## Recruitment and Retention

Recruitment is a high priority for Grays Harbor College. The college supports its full-time recruiter with a marketing committee that meets twice per month. Some of the strategies include outreach to individuals who have in some way expressed an interest in the college, development of an E-Sports Team, and a renewed emphasis on marketing to transfer students, including a digital marketing campaign. In addition to the recruitment efforts of the Strategic Enrollment Management Committee, a Guided Pathways Steering Committee at GHC has developed a plan to support student retention with strategies such as educational pathways (meta-majors), career education in advising, and an improved advising process. Additionally, the plan calls for reviewing data with an equity lens to ensure retention and success for all students. Implementation of the plan is ongoing. Some items on the plan have already been implemented with the hiring of a College Navigator, who is directly involved with students by helping them with entry orientation and registration, and with discussions by faculty about creating meta-majors. [Appendix 31]

## Efficient and Effective Program Offerings

While recruitment and retention efforts are occurring across the College, Instructional Administrators, Division Chairs, and Faculty are continuing to reduce low-enrolled course sections, consider new enrollment-generating programs, and engage in data-informed program review and assessment that supports student success. One major efficiency effort GHC has engaged in this year is to achieve greater fill capacity in classes by offering just enough sections of courses to meet demand and maximize fill rates. Fill rates by instructional division for fall 2019 show that several divisions including Applied Baccalaureate, Business, Math, Science, Social Science & PE, and Transitions (basic skills), realized significantly higher fill rates compared to the prior year. [Appendix 32]

Another important enrollment strategy is to consider new program offerings. As a result of community forums which provided input for GHC's new strategic plan, the need for more allied health-related programs (e.g. Certified Nursing Assistant, Paramedics, and Physical Therapist Assistant) was indicated. This was further supported by the potential from the state for additional FTE growth from increased enrollments in these high demand fields. In meeting with community members and high school educators in both Grays Harbor and south Pacific County, it became clear that the rapid growth of the tourism economy is creating demand for a Hospitality, Ecotourism, and Culinary Arts (seafood focus) degree program and that high school students have shown a real interest in pursuing this. Another area of interest for high school students is in computers (programming, gaming, and cyber security). A Hospitality, Eco-Tourism, and Culinary Arts Degree is under development and computer-related programs are under consideration as GHC reviews its program offerings. GHC is also partnering with a local municipality and school district to pilot a dual-credit Public Safety and Regional Education Center offering high demand programs in Fire Science, Criminal Justice, Paramedic, and E911 Dispatch certifications leading up to an Associate of Technology Degree. If the pilot is successful, the plan is to expand to include a seven-county area.

Finally, an important driver in strategic enrollment management, both in the short-term and long-term, involves a renewed effort for data-informed decision-making in program review and institutional assessment. Instructional administrators working with the Institutional Effectiveness Department developed a new program review process, with a renewed focus on course completion and student success. This effort will help the college prioritize its resource allocation toward strategic program development and the most effective and efficient application of student support services. Each program/discipline is given data in the following areas for review:



1. FTE & Headcount
2. Courses & Sections Offered with Faculty FTE and Unique Count
3. Enrollments by Mode of Learning
4. Enrollments by Student Demographics
5. Course Specific Data (Enrollments, Sections, Avg. Class Size & Fill Rates)
6. Student Performance (Completion/Success Rates)

Based on this data, each year a portion of the instructional programs/disciplines will complete a Program Review Form that helps to identify areas of excellence as well as opportunities for improvement. [Appendix 33]

In addition to the areas of work noted above, Grays Harbor College is eagerly anticipating the adoption of the new Enterprise platform, People Soft, being deployed by the Community and Technical College System. GHC is in Deployment Group 5 of the state-wide implementation plan and expects to go-live with the system in October of 2021. This adoption will provide the college with a much more updated functional management system which will also impact both budget management and strategic enrollment management (e.g., CRM capabilities currently not available to the college).

### **Budget Monitoring and Forecasting as a Part of Resource Planning**

The College has also implemented a new process for projecting revenue streams. Revenue streams at the College include state allocation, grants, donations, tuition, and fees. State allocation revenue is beyond the control of the College, as the amount is determined by the Washington State legislature and approved by the Governor. While the College does not have control over the stream of state revenue allocation, the College monitors the legislative session environment to anticipate an increase or decrease in state revenue funds. The College plans for grant revenue streams by reviewing existing contract terms and current grant proposals to anticipate future grant revenue streams. The College coordinates with the Grays Harbor College Foundation to anticipate the stream of unrestricted donation revenue. As previously mentioned, the College is constrained in projecting non-tuition and fee revenue streams because the College does not have tax authority, is not a research institution, is unable to raise bountiful unrestricted donor funds due to residing in an economically depressed area, and tuition rates are established by the Washington State.

Tuition and fees revenue stream projection is based on a combination of tuition and fee-rate analysis, enrollment and revenue trends from prior years with consideration of future enrollment, and tuition and fee-rate assumptions of decline, steadiness, or increase. Specifically, the new tuition revenue stream projection identifies the tuition rate per full time equivalent (FTE) enrollment and credit hour, and then looks back five years at actual tuition revenues relative to actual enrollment FTE and credit hours to determine a tuition revenue performance factor. To predict the future tuition revenue stream, tuition rate is multiplied by projected FTE, credit hours, and the performance factor. The new fee revenue stream projection identifies the fee type and rate, and determines net fee payers based upon historical actual fee collections, actual enrollment headcount, and credit hours. To predict a future fee revenue, the fee rate is multiplied by the projected net fee payers. In short, the college projects the anticipated stream of tuition and fee revenues using assumptions of declining, flat, or increasing enrollment, tuition, and fee rates.

The College has refined the budget monitoring process to periodically, throughout the year, compare projected revenue and expenditures to actual revenue and expenditures. For tuition and fees revenues, predicted revenues are compared to actual revenues soon after the enrollment census date. In that case, any revenue underperformance is discovered and communicated to executive management in a timely

manner. This ensures immediate remediation by adjusting budgeted expenditures to align with actual revenues. For expenditures, monthly actual expenditures are calculated and analyzed to gauge whether actual expenditures are trending within budgeted expenditures.

Using the information from this refined budget monitoring process, the College has assured that quarterly budget updates will be available to the Board of Trustees. After the academic calendar census date, the President or designee now submits a budget status report to the Board of Trustees which reviews the performance of actual revenues and expenditures compared to targets projected in the approved budget. When actual revenues are below projected targets, the President will implement measures necessary to align expenditures to anticipated revenues. Other budget monitoring activities being implemented this quarter include the following:

- Monthly, after the closing of the accounting records, budget reports will be made available to Budget Managers.
- Budget Managers will review budget reports monthly to ensure that: (1) there are no unexpected charges to the budget; (2) expected charges appear on the budget; (3) budget categories of salaries and wages, benefits, goods and services, travel, and equipment are on target not to exceed the allocated budget; and (4) total expenditures status is on target not to exceed the total allocated budget.
- Daily, the Vice President for Administrative Services, Controller, and procurement and accounts payable staff will enforce departmental budget authorization through reviews and approval and budget checks on position requisition, purchase orders, and payment requests.

## **Financial Policies and Processes Ensuring Financial Health and College Participation (Standard 2.F.3)**

NWCCU Standard 2.F.3 states:

*The institution clearly defines and follows its policies, guidelines, and processes for financial planning and budget development that include appropriate opportunities for participation by its constituencies.*

Grays Harbor College is, this academic year, finishing a review of the entirety of its Board Policies and Administrative Procedures. This includes, of course, policies and procedures related to financial planning. This completes the policy review started last year when the College reviewed the policies and procedures over Board Governance, Administration, and Instruction. As they are updated, administrative policies are reviewed, generally in two readings, by the College Council and then recommended (or not) to the Board of Trustees which also has two readings before it considers approval. Administrative procedures generally get two readings by the College Council and are recommended (or not) to the President for approval. Going forward, in order to ensure a regular review of all college policies, the college will have a policy review schedule, where all policies are reviewed at least once every five years (Figure 4).

The College is updating internal policies and procedures now to improve operations and in anticipation of the pending migration from the existing legacy system to a new enterprise resource planning system. Specifically, the Washington State Community and Technical College system is in the process of replacing its legacy systems with a new Oracle-based enterprise system. To successfully migrate to the new system, the College is in the process of identifying and mapping all current business processes associated with the legacy system that will transition to the new enterprise system. The exercise of identifying and mapping these business processes provides the college an excellent opportunity to evaluate key operational functions and develop new policies or update existing policies to address operational risks.

Figure 4: Grays Harbor College Policy Review Schedule for AY 2021-27 (Cycle Repeats Every 5 Years)

| Policy Series | Subject Area                   | Review Year  |
|---------------|--------------------------------|--------------|
| 100           | Board Policies                 | AY 2021-2022 |
| 200           | Administration                 |              |
| 300           | Instruction                    | AY 2022-2023 |
| 400           | Student Services / Activities  | AY 2023-2024 |
| 500           | Business and Non-Instructional | AY 2024-2025 |
| 600           | Faculty and All Personnel      | AY 2025-2026 |
| 700           | Classified Personnel           |              |

### Policies and Procedures to Promote Financial Health

Most significant to Recommendation 1, GHC’s College Council is currently (as of February 2020) considering revisions to the 500 series of the College’s Operational Policies and Administrative Procedures (AP). The 500 series relates to Business and Non-Instructional policies and administrative procedures. A key feature of the updated 500 Policy series is a new Accounting and Budgeting Process in AP 503.01. [Appendix 28]

AP 503.01, which is currently in draft form and working its way through the College’s governance process, documents principles providing a framework and ideals for budget prioritization and resource allocation at the College. The procedure, as proposed, deliberately states that *“the overarching principle of this procedure is to align the operating budget to the College’s strategic priorities”*. It also documents processes, actions or steps to be taken to develop, prepare and approve the operating budget.

Another feature of AP 503.01 is that it calls for the implementation of budget workshops and budget hearings. Budget Workshops will provide training to budget managers regarding their responsibilities and accountability for allocated funds. Budget hearings will provide budget managers with an opportunity to make a case for budget requests. As part of this, the College’s Executive Team is in the process of forming and charging a Budget Committee, comprised of students and all levels of faculty and staff, to review and discuss budget requests in addition to providing an audience to managers sharing their budget needs. Further, the committee may be asked to rank budget requests and/or make recommendations to the President based on the College’s strategic priorities. It is anticipated that the budget committee will begin its work this spring, reviewing budget requests for Fiscal Year 2021. Specific responsibilities of the Budget Committee are under development and will likely include elements such as the following:

- Serve as an advisory committee to advise the President in the discharge of the President’s Board Policy 501 delegated authority.
- Use consensus building and other consultative techniques to communicate or engage with the constituents they represent regarding the budget process.
- Meet as necessary to discuss and prioritize budget requests. The ultimate objective is to align resource allocation to College strategic priorities.
- Deliver a final recommendation document to the President. The recommendation document will contain the budget requests, alignment to College strategic priorities, rank, and allocated resources.

AP 503.01 is expected to be a major step forward in the budget process. The Prior budget process did not contain a budget workshop to train budget managers, did not enlist a budget committee to provide audience for budget managers, and did not have an overarching principle to deliberately align the operating budget to the College's strategic priorities.

## **Practices and Processes to Promote College Participation in Financial Affairs**

### **Communication about Budget Reductions**

In Figure 1, at the beginning of this document, the timeline shows multiple efforts keep the college community apprised of the measures taken over the last year to bring the budget into balance. While reductions had to be made quickly, particularly in June 2019, and personnel matters have had to be handled appropriately and sensitively, multiple efforts were made to inform the campus of the budget challenges the college was facing and to seek employee input regarding the reductions. Budget Presentations by Vice President of Administrative Services, Mr. Kwabena Boakye, have become a regular, and now monthly, occurrence. Additionally, President Minkler has provided supplementary information on budget reductions when timing has not allowed for face-to-face interactions.

However, to cut \$1.3 million from a budget as small as that of Grays Harbor College, and then have to cut \$588,470 mid-year in the same budget year is a task that no one really desires. Nor is cutting this large of an amount something that can be done both quickly and inclusively. The executive administration, following the direction of the Board of Trustees, did work in an expedient way to avoid a continuation of deficit spending for the 2019-2020 Academic Year. However, while efforts were made to keep everyone in the college community informed of the deficit, the reason why deficit spending had to end, and to provide all college employees with the opportunity to participate in generating ideas about how best to reduce expenses and generate additional revenues, this process did not instill trust or a warm feeling of inclusiveness in the college community in general. With budget reductions necessitating the loss of positions held by hardworking and conscientious people resulting in a loss of service levels and quality in some areas, a feeling that the college community was not consulted enough was unfortunately inevitable. [Appendix 26]

### **College Involvement in Budget Process**

The College is making conscious efforts to involve College constituents in the budget process. College constituents, including students, faculty and staff are currently engaged in the budget process. Specifically, College Administration has instituted an All-College Monthly Budget Status meeting, led by the Vice President of Administrative Services, to present the monthly budget status. Invitation is extended to the student government and all levels of employees to attend. During each presentation, attendees are encouraged to ask any questions they may have. After the presentation, the attendees are engaged in a question and answer session. The attendees are also encouraged to provide subsequent feedback through the new College budget email [budgets@ghc.edu](mailto:budgets@ghc.edu).

Further, as aforementioned, the proposed AP 503.01 provides for a Budget Workshop to engage budget managers on their budget responsibilities and how they will be held accountable for the resources allocated to their department. Budget hearings will provide a forum for engaging students, faculty and staff in the budget process by designing a Budget Committee comprised of student representatives and representatives for all levels of employee categories (faculty, classified staff and exempt staff). Budget hearings will provide an audience to budget managers to make a case for budget requests. The Budget

Committee, while serving in an advisory role, will be fully engaged in the budget process and representatives are expected to use consensus building and other consultative techniques to communicate or engage with the constituents they represent. Finally, budget managers will be provided monthly budget reports to inform them of their budget status. The budget managers will be expected to review their monthly budget reports to ensure there are no unexpected charges; that expected charges appear on the budget; that budget categories of salaries and wages, benefits, goods and services, travel and equipment are on target not to exceed the allocated budget, and that total expenditures status is on target not to exceed the total allocated budget.

## Conclusion

As Board of Trustees Chair Art Blauvelt stated at the May 2019 Board of Trustees meeting, “of the five NWCCU recommendations received, Recommendation 1 will be the heavy lift for the college.” In the months since he made that statement, the truth of it has been proven over and over again, and felt by the entire college community. Recommendation 1 did not come as a surprise to GHC leadership, but it did confirm the need for the immediate steps that were taken following the accreditation visit in April. GHC has experienced an extraordinary amount of change since that time, and come to terms with some brutal facts about the budget and what needed to be done.

Difficult questions had to be asked about the leadership team and if it had the skill set and commitment to make the “heavy lift” to which Board Chair Blauvelt was referring. As discussed above, the Executive Team has trimmed the budget, including making difficult decisions about layoffs this year. Additionally, the College has hired a VPAS who possesses the necessary skill set for accurate budget monitoring and a commitment to integrated planning. And, although it has been only six months since the current Vice President of Administrative Services, Mr. Kwabena Boakye, accepted his position, the response to the “heavy lift,” of Recommendation 1, is that yes, Grays Harbor College “demonstrates financial stability with sufficient cash flow and reserves to support its programs and services. Financial planning reflects available funds, realistic development of financial resources, and appropriate risk management to ensure short-term solvency and anticipate long-term obligations, including payment of future liabilities.”

Adjusting the annual budget to match fall quarter enrollment and realistically projecting out that adjusted budget to the end of the fiscal year, adjusting expenditures accordingly, and making sure that every budget manager at the main college campus and the rural centers is fully apprised of their budget status, is the *modus operandi* of the Business Office under the direction of Mr. Boakye. These practices represent a significant improvement in college budget protocols. In addition, and this is more relevant in regards to Recommendation 3, the integration of the college’s planning efforts and budget allocation is seen as an integral and essential commitment for all members of the executive team, something that could not have been stated in previous years.

## Looking Ahead

Although a tremendous amount of work and navigation of difficult change has been accomplished in response to Recommendation 1, much work remains ahead. Funding in the second year of the state biennium budget looks to be favorable for the college. Even though new monies are earmarked for specific uses, there should still be some relief for the operating budget. A \$45 million capital project, likely to be funded in the next biennium budget, may help assist the college in addressing some long-term obligations regarding specific capital debts as well as defray a portion of the existing high maintenance costs for

buildings which are failing and due to be replaced by the new capital project (Student Services and Instructional Building).

Realistically, financial stability is embedded in the economic and cultural reality of the service area that the College is located in. This economy was based, for so many decades, on natural resource extraction (fisheries and forestry) which required no post-secondary education. Available work in those careers has declined considerably since the 1990s, and as such, the unemployment rate in the service area is one of the highest in the state. The economy has finally started to change, with serving a growing tourism industry an important part of that change, but many of the jobs in this area are still minimum wage or even seasonal. Greater diversity is still needed if the region is to recover from the decline of its logging and fishing economic core drivers. With the help of GHC's passionate community members, the new vision, mission, and strategic priorities will support the college as it sits at the table with community partners to map out what sorts of industries are needed to help pave the way towards greater prosperity for all. The Strategic Enrollment Management Work Plan reflects the new mission and strategic priorities, and curriculum development geared toward forging greater economic diversity in the region will build a better future for the communities the college serves. This is inextricably linked to financial stability, short-term solvency, and meeting long-term obligations at the college through realistic budget planning and strategic enrollment management. There are many challenges which still remain, but the new strategic priorities will position the college to fully focus on doing what needs to be done.

Demographically, GHC's service area of Grays Harbor and Pacific Counties show only modest projected growth over the next seven years. Most of that growth will be senior citizens, not traditional college-age students that translate into state-supported (degree-seeking) FTEs. As Nathan D. Grawe warns in his book, *Demographics and the Demand for Higher Education*, institutions of higher education, and community colleges in particular, must rethink their role in serving their communities and understanding how demographics are changing. For example, he writes, "*in response to the Great Recession, child-bearing has plummeted. In 2026, when the front edge of this birth dearth reaches college campuses, the number of college-aged students will drop almost 15 percent in just 5 years.*" Going forward, GHC's Strategic Enrollment Management Work Plan must continue to address these changes, and planning must be aimed at not only what the future economy will require of our graduates but also what the profile of our future graduates will look like. What programs and services will be needed in seven years for what will likely be a very different population of students from the ones we are serving in 2020? GHC's budget, both now and in the future, will be inextricably tied to this planning and action implementation. The steps the College has taken over the last year to balance the budget and ensure financial stability must – and will – be continued going forward to put Grays Harbor College in a place where it can have a positive impact on the future of its community.

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