

Institutional Effectiveness Report

Each institutional planning group or function will submit an annual report to the Institutional Effectiveness Committee summarizing their outcomes and performance measures; progress toward achieving established outcomes; areas of focus for the coming year(s); and suggestions for continued improvement of college wide institutional effectiveness systems and structures.

Reports are due to the Institutional Effectiveness Committee by October 31, 2017

Please limit the narrative section of your report to five pages

Submitted by: Finance Council Planning Subcommittee

Representing: Finance Council

Date: 10/31/2017

Section 1: Data Elements/Measures

Financial Scorecard, from the [Long-Range Financial Planning Report](#)

Comment [S1]: Greg is updating the blue highlighted cells

	Objective	Threshold(s)	FY2014	FY2015	FY2016	FY2017*	
1.	Unrestricted General Fund Balance as % Expenditures	10% of total expenditures and transfers	<10%	11.7%	16.3%	16.0%	12.0%
2.	General Fund Balance in Excess of Minimum	Consistent with projections; stable trends.	Negative amount	1,454,664	5,033,321	4,882,180	1,654,696
			Declining trend over 3 year period				
3.	Change in General Fund Balance	Consistent with projections; stable trends.	Rapidly declining trend	(1,307,667)	2,964,228	(79,904)	(3,186,146)
			Declining trend over 3 year period				
4.	Unrestricted Balance in Other Funds	Consistent with projections; stable trends.	Negative amount	16,841,033	15,321,005	15,164,493	
			Declining trend over 3 year period				
5.	Change in Unrestricted Fund Balance	Consistent with projections; stable trends.	Rapidly declining trend	(842,846)	(1,520,028)	(156,512)	
			Declining trend over 3 year period				
6.	General Fund Operating Surplus (Deficit) as % Resources	Consistent with projections	Negative amount	5.6%	-0.8%	-0.1%	-4.1%
			Declining trend over 3 year period				
7.	Change in General Fund Major Revenue Sources	Positive trends	Declining trend over 3 year period				
	State Appropriation			23.6%	2.8%	0.7%	-13.3%
	Property Taxes			1.4%	6.1%	2.7%	4.1%
	Tuition & Fees		Decrease in revenue	-10.7%	-11.1%	-14.2%	-0.4%
8.	Change in General Fund Expenditures per Student FTE	Stable trends	Rapidly increasing; in excess of inflation	9.2%	9.3%	14.1%	3.1%
			Negative trend in excess of inflation				
9.	Current Ratio	Between 1 and 3	<1 or >3	2.48	1.63	1.65	
10.	Accumulated Depreciation as % of Asset Cost	Less than 70%	>70%				
	Buildings & Building			25%	25%	26%	
	Equipment		Between 50% and 70%	66%	71%	71%	
11.	Debt Service Paid from Operations as % of General Fund Revenue	15% or lower	>15%	4.6%	5.4%	5.8%	
			Between 12% and 15%				
12.	Projection Variance	+/-2% or lower	>5%				
	Revenue			-1.2%	0.2%	1.3%	-1.3%
	Expenditures		Between 2% and 5%	-0.9%	0.1%	-1.0%	-3.0%

*Actuals as of 10.12.2017

After updating the financial scorecard with fiscal year 2017 figures, there are several areas for finance council and the college to pay attention to:

Indicators 2, 3, 6: General Fund Balance in Excess of Minimum, Change in General Fund Balance, General Fund Operating Surplus (Deficit) as % Resources

Although the college is still in compliance with board policy BP245, which requires the college to maintain a general fund balance of at least 10% operating expenditures and transfers, the college used \$3.186 million in ending fund balance (one time funds) in FY17.

Indicator 7: Change in General Fund Major Revenue Sources

State Appropriation

As Lane's enrollment continues to decline more than other Oregon community colleges, our percentage allocation of state funds is declining, from a high of 13% to a projected low of less than 9% in fiscal year 2018.

Tuition & Fees

Also impacted by enrollment is the tuition and fees revenue line item. The enrollment decline impact is mitigated somewhat by HEPI and other increased tuition and fee rates.

Indicator 12: Projection Variance

Expenditures

The expenditure projection variance was higher than usual in fiscal year 2017, due to spring term cost savings in part-time faculty and materials and services.

Section 2: Progress Report

The council's [work plan](#) for the 2016-2017 academic year was focused entirely on development of the [long-range financial planning report](#). The council completed this work on schedule in July 2017, with Board of Education approval.

The report represents the colleges first effort at true long-range financial planning. It is part of an intentional, transformative change in planning and budgeting at Lane where:

- 1) Plans drive budget
- 2) The college aligns financial capacity and direction with long-term strategies and service objectives
- 3) The college uses multi-year forecasting and scenarios to consider, discuss, and develop long-term fiscal sustainability
- 4) These efforts stimulate dialogue and collaboration in embracing strategic opportunities and navigating challenges

The council is calling this body of work a planning report instead of a plan, as there are several key components that need to be incorporated before it is a comprehensive plan. These include the college's Learning Plan (scheduled to be completed in June 2018) and identification of scenarios and objectives to use in the forecasting model.

Long-Range Financial Planning Report Chronology

Spring 2016

- Finance Council researches planning frameworks and adopts GFOA (Government Finance Officers Association) long-range financial planning framework
- Finance Council develops and adopts planning principles
- Finance Council develops 2016-2017 plan development timeline

Summer 2016

- Staff research

Fall 2016

- Finance Council creates planning subcommittee
- Planning subcommittee develops plan outline
- Conversation kit development

Winter 2017

- Planning subcommittee outreach to governance councils, departments and groups
- All-campus information sessions
- Subcommittee gathers feedback and input
- Subcommittee develops and posts plan content

Spring 2017

- Planning subcommittee outreach to governance councils, departments and groups
- All-campus planning sessions
- Progress update to College Council
- Subcommittee gathers feedback and input
- Content development, distribution, revisions and editing

June 2017

- Finance Council approves final version of report
- Council member submits supplementary white paper as informal minority report
- College Council approves final version of report with understanding that concepts from the white paper be used in future scenario planning conversations
- Report presented to Board of Education for first reading

July 2017

- Board work session
- Report submitted to Board for approval

Approval Queue



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In general, the planning process went well, with broad engagement, contribution, and vetting from stakeholder groups from across the campus. The council used a [Conversation Kit](#) to support this work.

The council hit an obstacle late in the development process, when a white paper addressing the college's Education Service Environment was introduced. This section was part of the original plan outline, but the content was not made available until late in the process and the council didn't have time to distribute widely and provide opportunity for discussion, feedback and robust editing in keeping with its planning principles. In the end, the council agreed to move forward with approving the planning report without this content, but including it as a related document that can and will be used in scenario planning and further development in the coming year(s).

Another issue that arose was the inadvertent omission of capital renewal recommendations from the facilities management and planning department. This content was provided to the council and also to the board of education as a supplementary handout.

Comment [S2]: Link to Dennis' white paper. Robin can you put a link to the white paper on the planning report website?

Comment [S3]: Robin, can you post this to the planning report website?

Section 3: Looking Ahead

After reviewing and discussing college [strategic directions](#), identify three to five goals for the coming academic year(s); these can be continuation of multi-year work and/or new initiatives. Briefly describe your approach to the work.

Comment [S4]: Dennis is drafting this section

Next Steps

Finance Council has identified the following action items and priorities to pursue to support long-range and strategic financial planning at the college. The council will assess implementation efforts and fiscal indicators annually; updating and amending forecasts, action items, strategies and plan documents and resources accordingly.

1. Scenario Planning¹: Lane's Educational Service Environment

- Collaborate with Learning Council, Faculty Council, and other policy and planning groups to host a series of scenario planning sessions and forums designed to outline key questions, issues and opportunities relating to our educational environment. These efforts will foster dialogue, broaden engagement and understanding of both financial and educational environments, articulate strategic options before us, and illustrate the necessary alignment of strategic and financial planning.

2. Develop Systems and Resources to Support Financial Literacy, Access, Transparency and Decision-Making

- Continue development and refinement of five-year financial forecasting tool
- Create data and reporting dictionary of common financial and related data and reports to further understanding and analysis and a common language and understanding
- Develop systems, tools and training resources to promote access to financial data to support analysis and decision making at the local level
- Establish yearlong communication plan for and with all stakeholder groups (outside the annual budget development cycle) to encourage dialogue, shared problem-solving, and shared understanding of financial issues and opportunities
- Provide an annual report on fiscal indicators and progress toward financial goals

3. Planning and Resource Allocation Integration

- Create an integrated department planning process that flows into budget development and resource allocation and includes analysis of implementation/goal attainment
- Ensure the Long-Range Financial Plan and college planning structures and systems support the Learning Plan, Facilities Master Plan, and other planning processes currently in development

4. Comprehensive Review of Enterprise and Auxiliary Funds

¹ Sayers, N. (June 2010). A Guide to Scenario Planning in Higher Education. *Leadership Foundation for Higher Education, Publication 4, Series 2.*
https://www.lfhe.ac.uk/filemanager/root/site_assets/research_resources/research/series_2/S2-4%20Sayers%20-%20Scenario%20Planning.pdf

- Conduct a comprehensive review of Enterprise and Auxiliary Funds to identify issues and develop specific plans as needed for long-term fiscal health. Fund II: Internal Service Fund, Fund IV: Capital Projects Fund, Fund VI: Enterprise Fund.

5. OPE Rate Assessment

- Explore the feasibility and benefits of disaggregating OPE rates to better allocate benefit costs for reporting, cost allocation, and decision making

6. Budget Cycle Review

- Explore the feasibility and benefits moving to a two-year budget cycle to support longer-term planning cycles and operational efficiencies.

Section 4: Ideas for Institutional Effectiveness Systems and Structures

Identify any ideas you have for improving institutional planning and improvement systems and structures in support of institutional effectiveness.

Comment [S5]: Dennis is drafting this section