



**LUNA COMMUNITY COLLEGE**  
**2020-2025**  
**LONG-TERM SUSTAINABILTY**  
**PLANNING GUIDE**

**Luna Community College**  
**366 Luna Drive**  
**Las Vegas, NM 87701**

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# LCC Strategic Plan

## VISION

Luna Community College is a regional leader in providing exceptional value for quality, innovative and integrated educational experiences, preparing students to compete at the forefront of their chosen field.

## MISSION

“Creating Opportunities for You!”

## GUIDING PRINCIPLES

The guiding principles for the college represent the core beliefs of the institution, articulating the college’s commitment to the service region, which includes communities that support the financial wellbeing of the institution. These principles underscore the college’s role in strengthening communities through strategic collaboration, individual academic success and diverse opportunities for degree attainment and workforce development. Luna recognizes that its success is inextricably tied to that of the communities it serves.

## OUR GUIDING PRINCIPLES

- Promote academic preparation and achievement by researching and employing innovative practices that ensure student success.
- Commit to serving the communities of northeastern New Mexico through collaborative strategies that strengthen the local workforce, meet academic needs and promote lifelong learning.
- Promote a learning community that values and celebrates differences.
- Sustain an inclusive and collaborative culture that ensures effective opportunities for stakeholder input and contributions.
- Play a leadership role in economic and community development that honors and recognizes the culture and history of the region.

## STRATEGIC GOALS

Institutional strategic goals are designed to ensure the college fulfills its vision and mission. Equally important, the goals play a key role in identifying effective practices that shall be sustained over time. Progress monitoring of activities will be conducted departmentally and reviewed on a monthly basis.

**Goal 1:** Grow institutional enrollment through a multifaceted recruitment campaign that includes partnerships with regional industry, government and K-12 districts.

**Goal 2:** Increase the percentage of first-time freshmen students completing degrees and certificates by 150 percent of their program duration. Target = 35 percent by 2020.

**Goal 3:** Ensure academic quality through the ongoing evaluation of teaching and learning.

**Goal 4:** Facilitate student success and retention through comprehensive support services and interventions.

Benchmark: Increase fall-to-spring retention rates for first-time freshmen students. Target = 80 percent by spring 2020. Benchmark: Increase fall-to-fall (semester four) retention rates for first-time freshmen students. Target = 60 percent by fall 2019.

**Goal 5:** Increase the percentage of students enrolled as degree-seeking, or who wish to transfer to a four-year institution. Target = 70 percent by 2021.

**Goal 6:** Increase the college’s annual sponsored project funding aimed at postsecondary preparation, retention, completion and career placement. Benchmark: \$2 million by 2021.

**Goal 7:** Maximize student access through expansive and quality online course and credential offerings.

**Goal 8:** Provide in-demand and quality programs designed for increased transferability and/or employability.

**Goal 9:** Ensure the college conducts itself in a manner that provides for financial solvency and institutional growth and sustainability.

## Executive Summary

### **Subject to change as the plan develops**

The Luna Community College (LCC), 2019-2024 Long-Term Sustainability Plan provides the College and its Satellite Sites with a fiscal planning document in conjunction with the Board of Trustees. Planning efforts at LCC are organized around the college's mission and strategic goals, and essential elements of its guiding principles as reflected in the College's 2018-2021 Strategic Plan and drive the actions needed to support and improve achievement of LCC objectives over the five-year planning horizon. Implementing the committed actions in this Sustainability Plan provides the College with an effective decision-making process with an ultimate goal to improve LCC's efficacy for success and solvency.

The plan reviews historical financial, enrollment and other key data elements then evaluates the data and the economic horizon to make current decisions, assumptions and projections. The chief aim of the decisions is to ensure delivery of quality instruction while also improving operational effectiveness. The College has long operated with the assumption of a guaranteed level of State Funding which support 75% of operational costs, however, one of the College's long-term goals is to have a truly balanced budget with a sufficient reserve to weather a downturn in the economy and to have the funds to infuse in new educational opportunities or pilot projects.

The most recent assessment utilizing this plan and LCC's committed actions designed to address deficiencies has resulted in immediate remedies as shown in the forecast table. Utilizing the assessment indicators in this plan via a self-assessment and responding accordingly allows for action and reevaluation of both short- and long-term strategies for sustainable fiscal health.

The Long-Term Sustainability Plan is divided up into five sections: (1) History of Revenue Sources; (2) History of Enrollment; (3) Increasing Revenue; (4) History of Expenditures; (5) Academic Analysis, Conclusions and Recommendation; (6) Applying Sound Financial Management and Administration.

The 2020-2025 Long-Term Sustainability Planning Report has been worked on since fiscal year 2019-2020 through a process of study, analysis, outreach and dialogue. After studying planning frameworks and best practices, this plan was implemented as a framework. This Five-Year Long-Term Sustainability Plan includes timelines and milestones for each of the committed actions allowing for assessment of progress and improvement in subsequent updates. Guided by its Mission, LCC's planning, resource allocation, implementation, and evaluation occur on an ongoing basis through its participatory governance and operational structures in an integrated manner.

## Section 1: History of Revenue Sources

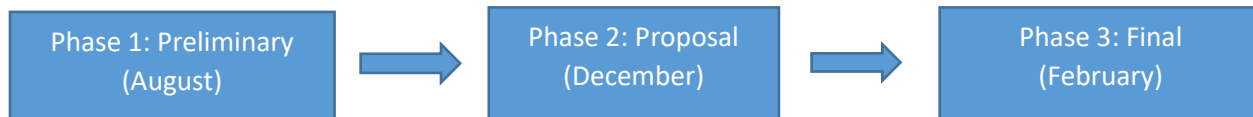
### State Appropriations

Approximately 75% of the annual budget is from the State's Appropriation via the funding formula. Community college support funding is set annually in the State budget adopted by the Legislature. The State budget covers each fiscal year beginning July 1 to June 30. The Legislature has the power to subsequently approve revisions to the legislatively adopted budget. The State Constitution requires the Legislature to balance the state's budget. The Legislative Finance Committee (LFC) produces a forecast of projected revenues for the year. After the end of the legislative session the March economic forecast is adjusted for any changes made by the Legislature. LFC's forecasts are based upon currently available information and upon a wide variety of assumptions. The actual results will be affected by future national and state economic activity and other events. If LFC's assumptions are not realized or if other events occur or fail to occur, the state's financial projections may not be achieved. If, over the course of the year, the forecasted revenues decline significantly from the Close of Session Forecast, the Legislature may meet in special session to rebalance the budget, the Governor may direct that expenditures be reduced, or the Legislature may adjust the budget when it meets in its regular session at the end of the session.

2019-20 State Budget is adopted by the Legislature for the year can be adjusted during the regular session to include billion in total funds, representing a significant percent increase or decrease over the Legislatively Approved Budget. The LFC releases the 2020-21 Revenue Forecast. The March Revenue Forecast for gross General Fund revenues is adjusted based on revenues projections. Personal income tax reflects a strong or weak underlying labor market. Corporate tax collections if posting healthy gains will help secure more state funding. The majority of the increases generally come from personal, corporate, estate and liquor revenues. The lottery sales outlook must also be considered due to robust or possible weak outlook when considering personal income and consumer spending.

During the course of this planning process, the finance department has developed a five-year financial forecasting model. The forecast model provides projections of base revenue and expenditure trends that will be occurring over the next five years with the objective of stimulating dialogue and discussion among students, faculty, staff, college committees, the Board of Trustees and citizens of the Luna Community College tax district. The forecast will be assessed and updated annually. The forecast focuses on the college's Unrestricted Instruction and General Fund. While other funds make up a less significant portion of the budget, in many cases policies are already in place that guide decision-making for the revenues and appropriations of those funds. New policies may have to be adopted to assist the college with any and all long-term planning.

For the forecast to be useful in preparation of the annual budget, the five-year forecast will be updated in three phases:



The mil levy assessment is the next major source of revenue followed by tuition and fees as shown and discussed in Section 3. The table below shows the history of revenues by major sources and indicated and indicate minimal fluctuations in state appropriations, no demonstrative change in taxes.

However, the decline in tuition and fees was noted as an area of concern. While tuition and fees comprise less than 10% of the annual revenues, the data shows a recent 7% decrease which is of concern. This information was considered and used to address numerous facets of recruitment and institution. Sections 4. and 5. show responsiveness to this information.

History of Revenue Sources for Unrestricted Instruction and General							
Category	FY17	FY18	FY19	FY20 BGT	Recent 3-Year Rolling AVG	Previous 3-Year Rolling AVG	% Change
State Appropriations	7,679,392	7,528,508	7,514,900	7,811,300	7,618,236	7,574,267	1%
As % of Total	73%	73%	72%	75%			
Property Taxes	1,923,047	1,965,355	2,128,114	1,900,000	1,997,823	2,005,505	0%
As % of Total	18%	19%	20%	18%			
Tuition & Fees	948,555	782,993	829,973	771,500	794,822	853,840	-7%
As % of Total	9%	8%	8%	7%			
<b>Total All</b>	<b>10,550,994</b>	<b>10,276,856</b>	<b>10,472,987</b>	<b>10,482,800</b>	<b>10,410,881</b>	<b>10,433,612</b>	<b>0%</b>

Recent 3-Year Rolling AVG

Previous 3-Year Rolling AVG

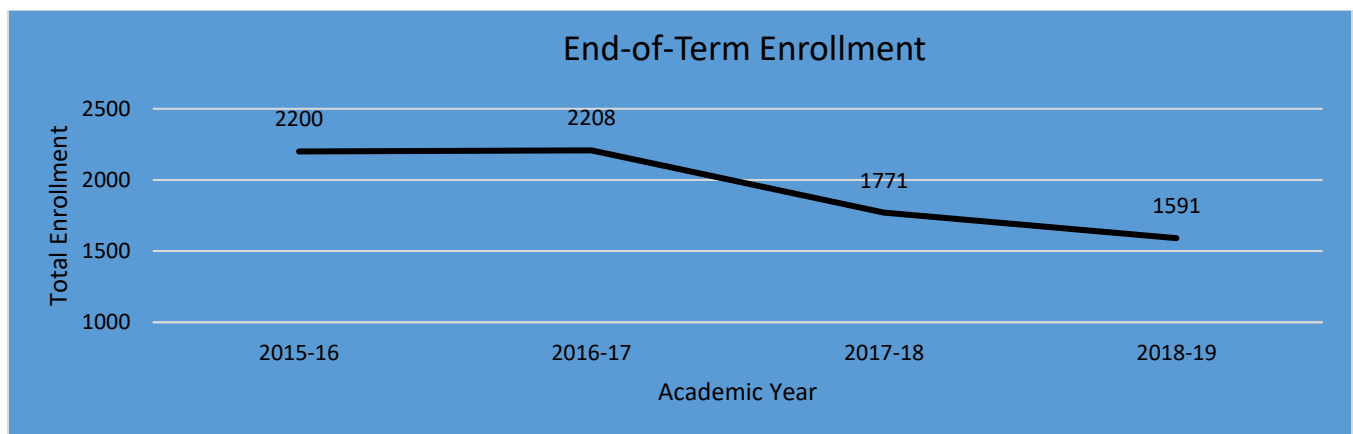
This model aligns with e State Appropriation funding formula methodology

## Section 2: History of Student Activity

Enrollment is critical to the educational mission of the college and is essential to its financial health and sustainability. The primary revenue streams of state funding and tuition and fees are directly dependent upon enrollment. Tuition and fees income depend on the number of students and their credits and time in class counted in terms of student FTE. State funding to support community colleges is generally distributed in proportion to each college's success throughout community colleges in the state (see Funding Formula).

### End-of-Term Enrollment

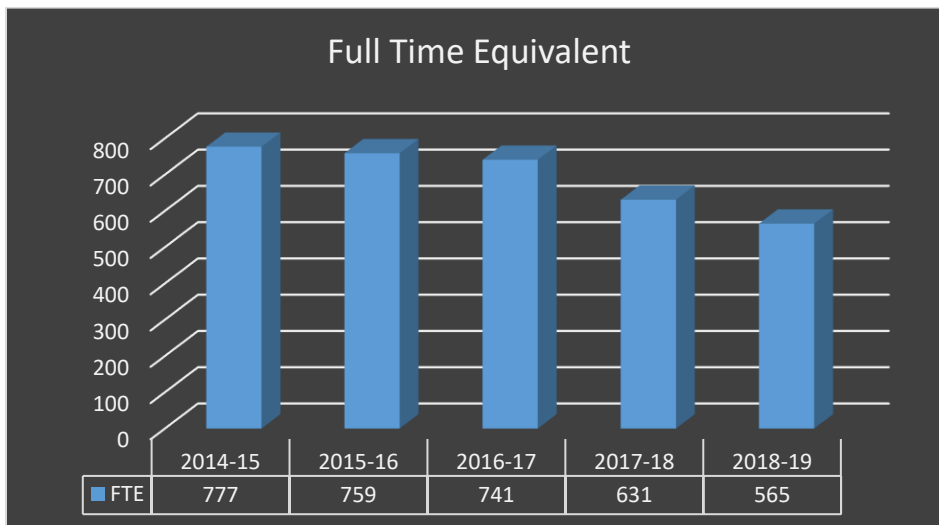
The table below shows a sharp decline thus the projection this year are for zero growth in credit hour production.



Data Source: IPEDS

### Full-Time Equivalent

LCC's Full-Time Equivalent (FTE) has declined over the last five years since the enrollment peak in 2008. The bar graph below shows the changes in Full-time equivalency and closely approximates the share of State's formula funding for community colleges.



Data Source: IPEDS

### Student Retention Rates

The tables that follow are used to assess performance improvement and/or the need to review and revise strategies thereof.

Office of Institutional Research and Reporting Percent of Full-Time, First-Time Freshmen Retention Rates															
Cohort	Year 1			Year 2				Year 3				Year 4			
	1st Term	2nd Term		3rd Term		4th Term		5th Term		6th Term		7th Term		8th Term	
	Freshmen Cohort	Fall - Spring	Rate	Fall-Fall	Rate	Fall - Spring	Rate	Fall-Fall	Rate	Fall-Spring	Rate	Fall-Fall	Rate	Fall-Spring	Rate
Fall 2014	124	89	71.8%	67	54.0%	55	44.4%	34	27.4%	31	25.0%	14	11.3%	12	9.7%
Fall 2015	115	79	68.7%	51	44.3%	41	35.7%	31	27.0%	20	17.4%	11	9.6%	9	7.8%
Fall 2016	116	78	67.2%	54	46.6%	43	37.1%	20	17.2%	23	19.8%	11	9.5%	5	4.3%
Fall 2017	104	72	69.2%	43	41.3%	38	36.5%	26	25.0%	20	19.2%				
Fall 2018	108	84	77.8%	58	53.7%	44	40.7%								
Fall 2019	113	79	69.9%												

\* Coding Change: To improve the data collection for our First-Time Freshmen cohorts, the Office of Institutional Research & Reporting will implement a new student type code starting with the Fall 2014 semester.

### Student Graduation Rates

Office of Institutional Research and Reporting Percent of Full-Time, First-Time Freshmen Graduation Rates								
AY	COHORT	Freshmen Cohort	2 Years (100%)		3 Years (150%)		4 Years (200%)	
			Total	%	Total	%	Total	%
2014-15	Fall 2014	124	19	15.3%	28	22.6%	38	30.6%
2015-16	Fall 2015	115	9	7.8%	21	18.3%	26	22.6%
2016-17	Fall 2016	116	16	13.8%	23	19.8%		0.0%
2017-18	Fall 2017	104	17	16.3%		0.0%		0.0%
2018-19	Fall 2018	108		0.0%		0.0%		0.0%

\*Coding Change: To improve the data collection for our First-Time Freshmen cohorts, the Office of Institutional Research and Reporting will implement a new student type code starting with the Fall 2014 semester. Rates are reported as fall, spring, & summer.



## Awards by Program

Office of Institutional Research & Reporting Degrees Conferred by Academic Year**									
DEPARTMENT	MAJ CODE	MAJOR DESCRIPTION	DEG	DEGREE DISCRIPTION	2014-15	2015-16	2016-17	2017-18	2018-19
<b>BUSINESS</b>	BAAS	Business Administration	AAS	Assoc of Applied Science	13	12	8	6	6
	ACTA	Accounting	AAS	Assoc of Applied Science	3	3	3	1	0
	BGBAA	General Business	AAS	Assoc of Applied Science	0	0	3	1	3
	BMCE	Business Management	CERT	Certificate	0	0	1	1	0
	ACCC	*Accounting	CERT	Certificate	1	0	2	0	0
	SBM	*Small Business Mgt	CERT	Certificate	11	7	1	1	0
<b>Total Business</b>					<b>28</b>	<b>22</b>	<b>18</b>	<b>10</b>	<b>9</b>
<b>Education</b>	ECBA	ECME Birth-G3	AA	Associate of Arts	0	4	0	1	3
	ECFA	ECME FIT	AA	Associate of Arts	0	4	0	0	0
	ECME	*Early Childhood Multicu	AA	Associate of Arts	6	3	3	1	2
	TEAA	Teacher Education	AA	Associate of Arts	2	4	0	1	2
	ECDC	Early Childhood Develop	CERT	Certificate	0	0	0	0	1
	ECD	*Early Childhood Develop	CERT	Certificate	1	0	0	0	0
<b>Total Education</b>					<b>9</b>	<b>15</b>	<b>3</b>	<b>3</b>	<b>8</b>
<b>Health Occupations</b>	AHAS	Allied Health AAS	AAS	Assoc of Applied Science	0	0	0	3	3
	NUAS	Nursing RN	AAS	Assoc of Applied Science	14	16	13	20	19
	AHC	Allied Health Cert.	CERT	Certificate	19	13	16	20	28
	DENC	Dental Assistant	CERT	Certificate	6	10	10	17	3
	PNC	*Practical Nursing	CERT	Certificate	17	13	19	1	0
<b>Total Education</b>					<b>56</b>	<b>52</b>	<b>58</b>	<b>61</b>	<b>53</b>
<b>Humanities</b>	GSAG	General Studies	AGS	Assoc of Applied Science	13	33	8	13	9
	LAAA	Liberal Arts	AA	Assoc of Applied Science	4	2	1	0	0
	MAFA	Media Art and Film Tech	AAS	Assoc of Applied Science	4	4	5	3	2
	SPER	*Sports Performance	AAS	Assoc of Applied Science	0	0	0	0	0
	CJAA	Criminal Justice	AA	Associate of Arts	8	8	3	6	5
	CJCO	CJ-Corrections Conc	CERT	Certificate	0	0	0	0	2
	CJLE	CJ-Law Enforcement Conc	CERT	Certificate	0	0	0	0	4
	CJC	Criminal Justice	CERT	Certificate	0	0	2	2	1
	GSAS	General Educaiton	CERT	Certificate	14	7	5	3	8
<b>Total Humanities</b>					<b>43</b>	<b>54</b>	<b>24</b>	<b>27</b>	<b>31</b>
<b>STEM</b>	STEC	Science, Tech Eng & Math	CERT	Certificate	0	1	1	0	0
	CSAS	Computer Science	AAS	Assoc of Applied Science	4	7	8	8	7
	DETEC	*Drafting Technology	AAS	Assoc of Applied Science	1	0	0	0	0
	EET	*ELEC Engineering Tech	AAS	Assoc of Applied Science	0	1	0	0	0
	EEAA	*ELEC Engineering Tech	AAS	Assoc of Applied Science	0	0	0	0	1
	VGD	*Video Game	AAS	Assoc of Applied Science	0	0	0	0	0
	GSCI	General Science	AS	Associate of Arts	3	4	5	6	2
	MAAS	Mathematics	AS	Associate of Arts	2	3	0	4	4
	PEAS	Pre-Engineering	AS	Associate of Arts	3	1	0	1	2
	CSC	Computer Application Sp	CERT	Certificate	0	0	0	0	2
CAS	Computer Application Sp	CERT	Certificate	5	1	3	3	3	
<b>Total Technologies</b>					<b>18</b>	<b>18</b>	<b>17</b>	<b>22</b>	<b>21</b>
<b>Trades Department</b>	VTSA	Voc/Tech Studies - AAS	AAS	Assoc of Applied Science	10	16	5	9	2
	FSAS	Fire Science	AAS	Assoc of Applied Science	2	3	1	1	1
	ATC	Automotive Technology	CERT	Certificate	6	3	2	4	4
	ACRT	*Auto Cllsn Repair Tech	CERT	Certificate	1	3	0	0	4
	BARC	Barbering	CERT	Certificate	1	4	4	4	3
	BTC	Bujilding Technology	CERT	Certificate	1	2	1	0	0
	COSC	Cosmetology	CERT	Certificate	6	11	5	7	1
	CULC	Culinary Arts	CERT	Certificate	5	2	4	4	2
	EWG	Electircal Wiring	CERT	Certificate	4	2	1	0	0
	FPC	*Fire Protection	CERT	Certificate	0	1	0	0	0
	FSC	*Fire Science	CERT	Certificate	0	0	0	0	0
	WLDC	Welding	CERT	Certificate	2	6	1	2	0
<b>Total Trades Department</b>					<b>38</b>	<b>53</b>	<b>24</b>	<b>31</b>	<b>17</b>
<b>Total By Academic Year</b>					<b>192</b>	<b>214</b>	<b>144</b>	<b>154</b>	<b>139</b>

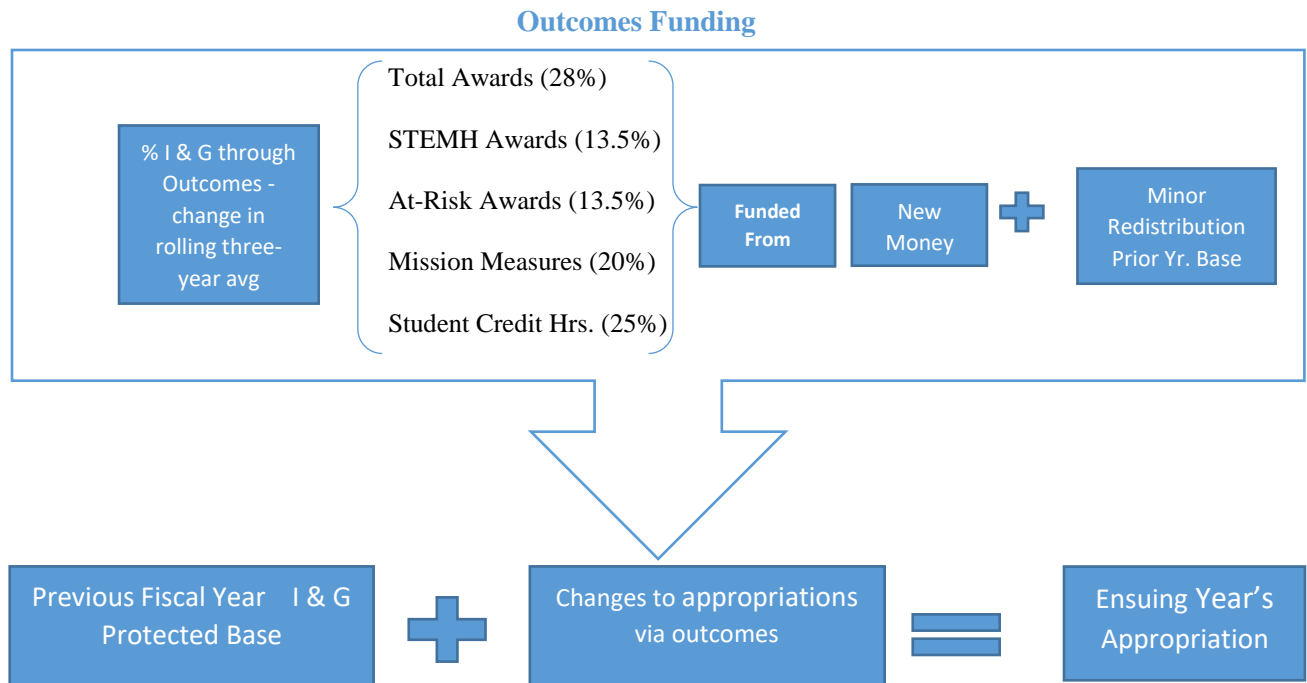
## Section 3: Increasing Revenue

LCC is working to increase its revenue from both the State and student related income through updating, implementing, and assessing the College’s enrollment by reviewing its programs and reviewing its recruitment, admissions, and advising strategies. The College has seen a recent increase in on-line learning and has made critical changes to the School of Business department priorities in response. Once the College is able to get past the probation accreditation designation, the potential for exponential growth appears eminent.

### State Funding

State funding and property taxes comprise over 80% of total operating revenue. The Governor’s 2020-2021 budget for community colleges was funded as per the outcomes of the funding formula which fluctuates +/- 1% from year to year and very close to the same funding level as the 2019-2020 budget plus an additional 4% for salary increases was added. The college’s five year forecast model is conservatively built on the State Funding of \$ 8,109,900 for years 2022-2025 the initial forecast assumes no material change to the total funding level.

### State of New Mexico Higher Education I&G Funding Formula Structure



### Property Taxes

Luna receives property taxes based upon assessed property values in San Miguel, Mora, Guadalupe, Colfax and Union Counties. A three-mil tax rate is levied on the taxable real market values of property. Property tax revenues are incorporated into the college’s annual budget based on county verified rates provided to the Higher Education Department then to the College.

Property taxes are imposed on the assessed value of property. The assessed value of each parcel cannot exceed its Taxable Real Market Value, and ordinarily is less than its Taxable Real Market Value. Luna Community College receives \$3 per every \$1,000 of the assessed value of property, initially established in 1997 as a result of a

constitutional amendment. Historical data shows property taxes assessed has varied <2% and assumes no growth rate.

**Tuition, Fees and Other Student Charges**

Student tuition, fees and other student charges make up less than 10% of total operating revenue.

For fiscal year 2021 the forecast is for flat growth with a 6% tuition rate increase. For years 2021-2024 the model assumes a 6% tuition increase each year.

		Tuition Rates		
		In-District	Out-of-District	Out-of-State
		38.00	52.00	99.00
<b>Year 1</b>	<b>6% increase</b>	2.28	3.12	5.94
		40.28	55.12	104.94
	<b>Rounded</b>	<b>40</b>	<b>55</b>	<b>105</b>
<b>Year 2</b>	<b>6% increase</b>	2.42	3.31	6.30
		42.70	58.43	111.24
	<b>Rounded</b>	<b>43</b>	<b>58</b>	<b>111</b>
<b>Year 3</b>	<b>6% increase</b>	2.56	3.51	6.67
		45.26	61.93	117.91
	<b>Rounded</b>	<b>45</b>	<b>62</b>	<b>118</b>
<b>Year 4</b>	<b>6% increase</b>	2.72	3.72	7.07
		47.97	66.00	124.99
	<b>Rounded</b>	<b>48</b>	<b>66</b>	<b>125</b>
<b>Year 5</b>	<b>6% increase</b>	2.88	3.96	7.50
		50.85	69.96	132.48
	<b>Rounded</b>	<b>51</b>	<b>70</b>	<b>132</b>

**Tuition**

Students enrolled in credit-bearing courses at Luna pay a per-credit tuition rate based upon their residency status and enrollment. Tuition revenue is forecasted through term by term enrollment trend assessment. Application of tuition rate changes, and offsets such as tuition waivers and discounts are considered.

Research in community colleges within New Mexico and experience at Luna has shown that implementing a single large increase in tuition in one year would not help because tuition has not kept pace with inflation has a significant adverse effect on student enrollment in the next academic year. Accordingly, the BOT approved a 6% Tuition increase each of the next five years.

Following the 5-Year period the Board is considering implementing a constant bi-annual tuition rate adjustment relative to inflation: each fall the board will select an appropriate index for two-year public colleges on which to base tuition increase and adjust the per credit tuition rate to reflect changes in the index since the last tuition adjustment. The rate will be rounded to the nearest dollar and become effective the following academic year (fall term).

Should the board conclude that increases above the selected index are required; the board will assure that there are college-wide opportunities, particularly with students, to engage in discussion about the impact of tuition increases on access, affordability and course offerings. Should the board conclude that tuition should be reduced; the board will similarly assure that there are opportunities to engage in college-wide discussions about the impact on course offerings, access and affordability.

One of Luna Community College's chief aims is to keep the cost of attendance low thus Luna's tuition and fees are among the lowest in the state. Because of enrollment-driven declines, Luna's share of community college support funds has decreased. The college will aggressively review and realign its educational offerings and will rely on planned moderate tuition and fee increases, grants, non-credit workforce training, and community education programs to increase revenue to support its expenditure base.

### Student Fees

There are a variety of required student fees for credit and non-credit students at Luna that factor into revenue forecasts and projections:

- A Distance Learning Fee is assessed to students enrolled in an online course at a rate of \$25 per course. The fee helps cover the cost of technology used to run classes and serve students through "smart" classrooms, online courses, Wi-Fi, internet access, computer labs, and staff support. The Board will assess a recommendation from administration to implement a Technology fee for every student enrolled in greater than two credit hours.
- A \$15.00 per term Registration/Student Activity Fee is assessed to support student activities and services.

A \$10 lab fee is assessed

Staff forecasted a new, per-course fee for FY22 as it has been through various levels of the College including the Finance Committee and discussed at BOT meetings. FY22 includes a modest \$25 per-course fee yielding an estimated \$119,000. Academic departments are currently researching fees associated with the respective discipline as costs do vary.

### Other Fees & Charges

Other fees and charges may include charges for facilities rental, late charges, admissions fees, and other miscellaneous user fees and charges. These can be projected using trend analysis and analysis of program-specific plans and activities.

### Other Revenue Sources

Other revenue sources include interest income, credits, rebates, and miscellaneous other revenue. Revenues in this category are forecast individually by activity. Other revenues in this category are forecast using trend analysis and activity projections.

## Section 4: History of Operational Expenditures

The College has implemented operational expenditure reduction strategies as noted in the Five-Year Expenditure Forecast. The board is considering implementing a new Board Policy to set minimum thresholds for one or more of the financial indicators referenced in Section 6.

### Operating Expenditures

This section presents the major operating expenditure categories for Luna’s primary operating fund (Unrestricted Instruction & General) and the methodologies used to analyze and forecast each category.

#### Operating Expenditure Categories, Funds



### Contracted Salaries & Wages

Each contracted employee position is tracked in the college’s position list database system, CARS (Jenzabar CX). Contracted salaries and wages are forecast using this database system. The office of human resources calculates position-by-position salary forecasts based upon level, step, vacancy status, FTE assignment, and salary schedule plus planned cost of living adjustments.

### Part-Time Salaries & Wages

All salaries and wages equal to or less than 100% are classified as part-time. These include part-time faculty (adjunct faculty), faculty overload, hourly part-time staff, staff overtime, hourly management assignments, and student workers. Part-time expenditures are forecast using historical trend analysis, department-by-department enrollment trends and contracted employee levels, and application of planned and funded cost-of-living adjustments.

### Other Payroll Expenses (OPE)

This category includes all personnel-related expenditures outside of salaries and wages, to include medical insurance, unemployment insurance, employee assistance and wellness programs, workers compensation, one-time payments and stipends, Medicare and Social Security payroll taxes, and New Mexico Public Education Employees Retirement System (ERB) contributions. A breakdown of OPE expenditures.

Fiscal Year 2019 Actual Other Payroll Expenditures (U)I&G		
Category	Amount	% Total
FICA	318,243	18%
Medicare	73,386	4%
Workers Compensation	77,031	4%
Unemployment Insurance	90,277	5%
ERB	708,498	39%
RHA	102,494	6%
Medical Insurance	438,387	24%
<b>TOTAL ALL</b>	<b>1,808,316</b>	<b>100%</b>

### Materials & Services

This broad expenditure category includes instructional and office supplies, contract and professional services, travel, fees and dues, and maintenance. A subset of materials & services is mandatory expenditures, which are general fund expenses that are legally, contractually or operationally required and serve the entire college. Forecast for materials and services expenditures uses historical trend analysis, analysis of changes in mandatory expenditures and program-specific trend analysis and activity projections.

### Capital Outlay Transfers

Capital outlay encompasses land, buildings, improvements, machinery and equipment with a depreciable value of \$ 5,000 or more for equipment.

The College recognizes the prudent practice of setting aside annual amounts to address current or future capital expenditure needs for equipment and buildings. A standard annual allocation of \$ 107,540 for equipment and \$ 162,344 for building renewals and replacements is transferred from the general fund to prioritized departmental capital needs through the department planning process. Year-end balances in these funds do revert to the College's General Fund and are available for ensuing years.

### Other Operating Transfers Out

This category includes intrafund operating transfers for items such as program support, institutional financial aid match obligations, and additional capital maintenance and investments. These transfers are forecast based on a standard budgetary transfer schedule and analysis of program or activity changes.

### Average Expenditure Level by Category

History of Expenditures (U) I&G						
	Actual				Budgeted	
	FY16	FY17	FY18	FY19	FY20	3 YR AVG
Salaries	5,397,402	4,910,377	4,906,141	5,407,966	5,862,179	
Fringe	2,027,568	1,885,677	1,925,546	2,024,891	2,408,528	
Total Personnel	7,424,970	6,796,054	6,831,687	7,432,857	8,270,707	
% of Total	70%	66%	67%	67%	67%	67%
Purchased Services	2,163,723	2,511,074	2,345,615	2,535,563	2,892,808	
% of Total	21%	24%	23%	67%	23%	38%
Supplies and Materials	361,381	347,633	309,112	598,763	403,780	
% of Total	3%	3%	3%	23%	3%	10%
Travel	129,786	113,603	100,055	120,680	245,564	
% of Total	1%	1%	1%	5%	2%	3%
Equipment	60,779	80,030	46,722	13,000	158,330	
% of Total	1%	1%	0%	1%	1%	1%
Transfers	401,011	477,754	598,605	468,627	425,953	
% of Total	4%	5%	6%	0%	3%	4%
Total Expenditures	10,541,650	10,326,148	10,231,796	11,169,490	12,397,142	

### Summary of Expenditure Categories, Data Sources and Key Forecasting Variables/Assumptions

Category	Data Sources	Key Forecasting Variables/Assumptions
Contracted Salaries & Wages	<ul style="list-style-type: none"> <li>Position list</li> <li>Salary schedules by employee group</li> <li>Step and salary schedule adjustments or contract negotiation parameters</li> </ul>	<ul style="list-style-type: none"> <li>Staffing levels</li> <li>Contracts</li> <li>State mandated salary increases</li> </ul>
Part-Time Salaries & Wages	<ul style="list-style-type: none"> <li>Enrollment and activity levels</li> <li>Contracted staffing levels</li> <li>Step and salary</li> </ul>	<ul style="list-style-type: none"> <li>Enrollment levels</li> <li>Contracted staffing levels</li> <li>State mandated salary increases</li> </ul>
Other Payroll Expenses (OPE)	<ul style="list-style-type: none"> <li>Base salary levels</li> <li>ERB rates</li> <li>Contract parameters, including medical insurance</li> </ul>	<ul style="list-style-type: none"> <li>Staffing levels; total salaries and wages</li> <li>Health insurance premiums</li> <li>ERB rates</li> </ul>
Materials & Services	<ul style="list-style-type: none"> <li>Enrollment and activity levels</li> <li>Actual expenditures</li> <li>Mandatory requirements</li> <li>Department Strategic Budgeting Plans and forecasts</li> </ul>	<ul style="list-style-type: none"> <li>Enrollment and activity levels</li> <li>Mandatory changes</li> </ul>
Capital Outlay	<ul style="list-style-type: none"> <li>Capital outlay allocation</li> <li>Department plans and forecasts</li> </ul>	<ul style="list-style-type: none"> <li>Allocation funding</li> </ul>
Operating Transfers Out	<ul style="list-style-type: none"> <li>Budgeted transfers</li> <li>Actual transfers</li> <li>Scheduled updates</li> </ul>	<ul style="list-style-type: none"> <li>Standard schedule</li> </ul>

### Capital Expenditures

#### Capital Projects

A capital project is defined as an activity that creates, improves, replaces, repairs or maintains a capital asset and results in a permanent addition to the college's asset inventory. Capital projects are generally large-scale endeavors in terms of cost, size and benefit to the community. They involve non-recurring expenditures or capital

outlays from a variety of specifically identified funding sources and do not duplicate normal maintenance activities funded by the operating budget.

Capital projects are accomplished through one or more of the following actions:

- Rehabilitation, reconstruction or renovation of an existing facility to a condition which extends its useful life or increases its usefulness or capacity

- Acquisition of property

- Construction of new facilities

Capital projects are overseen by the college’s Facilities Department, whose scope of work includes the development and renewal of:

- Facilities Campus Master Plan

- Annual construction/remodel/renovation plans

- Sustainability Plan

- Emergency Preparedness Plan

### Capital Purchases

A Capital purchase is equipment, books and publications, or software with a useful life exceeding two years and an individual cost equal to or above the thresholds defined below.

1. At the threshold set forth in applicable regulations or grantor requirements when the assets are acquired with grant or contract funds
2. At \$ 5,000 title/ownership of the assets belongs to Luna at the time of purchase or construction.

Expenditures for capital purchases are identified through department planning and program review processes.

### Luna Community College Capital Budget – All Funds

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021 Budget	FY2022 Proposed Budget
General Fund	20,000	101,173		3,757	10,000		
ER&R BR&R	269,884	269,884	269,884	269,884	269,884	269,884	269,884
Capital Fund	1,691,232			2,220,000			
Total All Funds	1,981,116	371,057	269,884	2,473,641	279,884		

### Rehabilitation and Preservation of Existing Capital Assets

As an asset ages, it requires preservation to protect or extend its useful life. In addition, reconstruction costs are frequently four to five times the cost of preservation and maintenance. For that reason, major maintenance funding transfers from the General Fund to Capital Projects Fund reflect the annual budgeting thereof to periodically repair or replace equipment.

### Deferred Maintenance

Deferred maintenance is the postponement of buildings and its related systems’ upkeep from an organization’s normal operating budget cycle due to a lack of funds. The college’s current 2019-20 deferred maintenance list contains \$10,172,000 in identified facilities infrastructure repairs and replacements. The Facilities Department



will be overseeing a comprehensive facilities conditions assessment during FY2021, which will result in updates to list items and cost estimates. This comprehensive assessment will align with the leading professional association for facilities management in higher education, APPA, which recommends that institutions of higher education budget 2% of the replacement cost of their building stock annually for maintenance.

For non-technology classroom and lab upgrades, as teaching and learning styles evolve, the college currently funds such upgrades out of the Building Renewal and Replacement (BR&R) and Equipment Renewal and Replacement (ER&R) budget.

## Section 5: Academic Analysis Conclusions and Recommendations

### Academic Analysis Summaries

There are numerous reports and assessments conducted by the institutional division and form the basis for decisions impacting the short term via the annual Strategic Plan Budgeting and the long-term lending to sustainability and innovation.

## Section 6: Applying Sound Financial Management and Administration

The College will achieve this by:

- developing and implementing a plan to retain executive level administrators so that consistency in leadership occurs
- addressing all audit findings (LCC's 18-19 Audit Finding Correction Active Plan), and
- practicing effective oversight of its finances and improving its internal control system by adopting a restructuring plan to improve efficiencies and accountability.

The Financial Indicators assessment and the Scorecard Indicators' results drive the strategic yet realistic forecasts. The results of those analyses have shaped the proposed Five-Year projection summary below. The table displays the following

1. FY19 Historical data based on audited financials
2. FY20 Estimated final numbers based on the current year's approved operating budget
3. FY21 Proposed data based on the ensuing year's Board approved Proposed Budget
4. FY22-26 Future projections responsive to the results of this plans assessment

Five-Year Forecast Model

Forecast Based on Financial Performance Indicators Review & Projections								
Fiscal Year	Beginning Balance	Revenues	Expenses	Ending Balance	Reserve <i>Min 3%</i>	Over(Short)	Rev vs Exp Over(Under)	Actual Reserve %
							GAP	
18/19	4,258,478	10,564,736	11,169,489	3,653,725	558,474	3,095,251	(604,753)	33%
19/20	3,653,725	10,512,800	12,397,142	1,769,383	371,914	1,397,469	(1,884,342)	14%
20/21	1,769,383	10,846,900	11,628,745	987,538	348,862	638,676	(781,845)	8%
21/22	987,538	10,994,078	11,428,745	552,871	342,862	210,009	(434,667)	5%
22/23	552,871	11,044,078	11,238,745	358,204	337,162	21,042	(194,667)	3%
23/24	358,204	11,097,078	11,088,745	366,537	332,662	33,875	8,333	3%
24/25	366,537	11,153,078	11,088,745	430,870	332,662	98,208	64,333	4%
25/26	430,870	11,153,078	11,088,745	495,203	332,662	162,541	64,333	4%
	Changes	Revenue	Expenditures					
FY21		-	(300,000)	This is the required reduction from the budget that was submitted.				
FY22		147,178	(200,000)					
FY23		50,000	(190,000)					
FY24		53,000	(150,000)					
FY25		56,000						
Five year change		306,178	(840,000)					
Total GAP closure in 5 years			1,146,178					
This is pre-state reduction in appropriations in FY21								
Fiscal years run from July 1, 20XX to June 30, 20XX								

*Note: Assumptions and forecasts for future years are presented for modeling and discussion purposes*

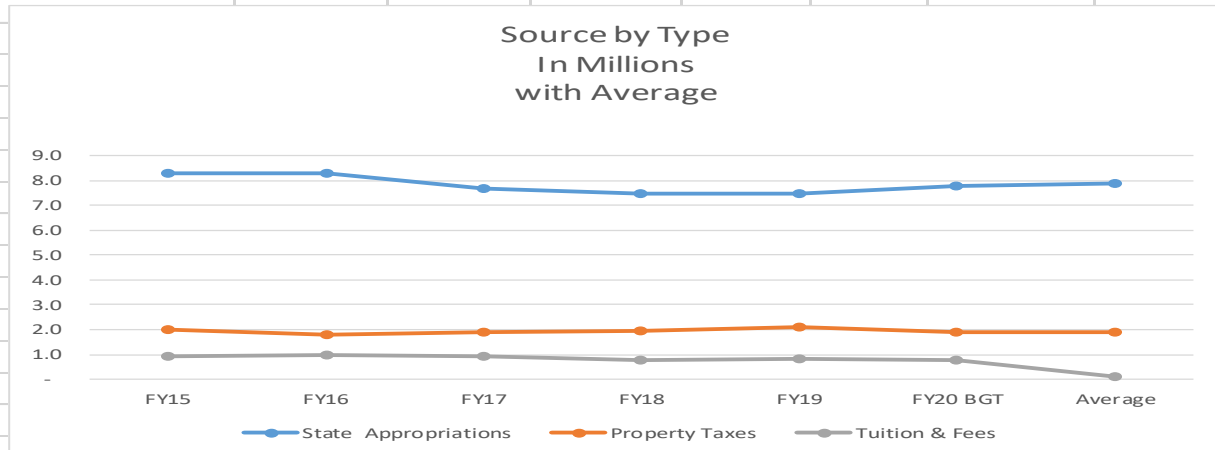
*This forecast is built upon the results of a review of the Financial Indicators and the Scorecard and academic program efficiency review. There is an infusion of \$147,178 from an increase in Tuition and Fees. FY 21 Expenditures will be reduced by \$300,000 of which \$235,000 was a direct result of academic program review and evaluation.*

*Years FY23-25 are expected to change as the College continues to respond to data via the following: alignment the course fee structure to standards of cost estimated to yield an additional \$200,000 annually; an expected significant expansion in on-line offerings & enrollment will boost the formula funding level and tuition revenue by an undetermined amount. As revenue increases, and expenditures are reviewed, the higher level of reserve % will be within target range sooner than projected.*

*The FY21 \$300,000 reduction in expenditures is directly linked to the objective of addressing the operating deficit and improving operation efficiency identified primarily through the program evaluation which resulted in the suspension of several programs and realigning the budgets thereof and secondly through freezing with new proposed positions and/or not filling vacancies; strategic attrition management.*

### KEY Revenue Assumptions

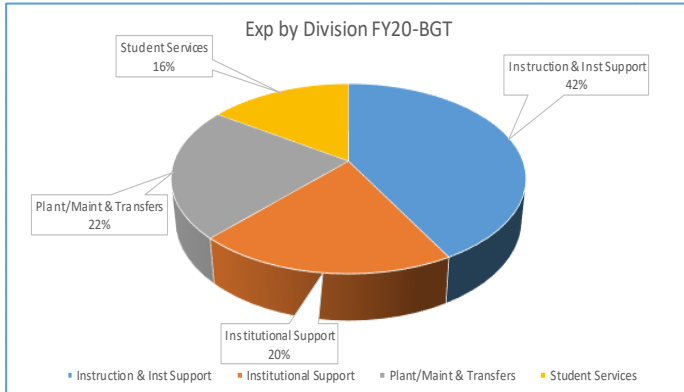
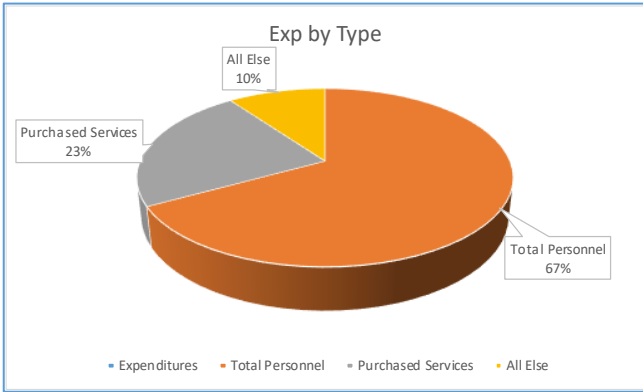
Revenue by Source in millions	FY15	FY16	FY17	FY18	FY19	FY20 BGT	Average
State Appropriations	8.3	8.3	7.7	7.5	7.5	7.8	7.9
Property Taxes	2.0	1.8	1.9	2.0	2.1	1.9	1.9
Tuition & Fees	1.0	1.0	0.9	0.8	0.8	0.8	0.09



*Note: This broad stroke forecast model is built upon the revenue and expenditure assumptions and projections that follow.*

### Expense Ratios

History of Expenditures (U) I&G					
	FY16	FY17	FY18	FY19	FY20
Salaries	5,397,402	4,910,377	4,906,141	5,407,966	5,862,179
Fringe	2,027,568	1,885,677	1,925,546	2,024,891	2,408,528
Total Personnel	7,424,970	6,796,054	6,831,687	7,432,857	8,270,707
% of Total	70%	66%	67%	67%	67%
Purchased Services	2,163,723	2,511,074	2,345,615	2,535,563	2,892,808
% of Total	21%	24%	23%	67%	23%
Supplies and Materials	361,381	347,633	309,112	598,763	403,780
% of Total	3%	3%	3%	23%	3%
Travel	129,796	113,603	100,055	120,680	245,564
% of Total	1%	1%	1%	5%	2%
Equipment	60,779	80,030	46,722	13,000	158,330
% of Total	1%	1%	0%	1%	1%
Transfers	401,011	477,754	598,605	468,627	398,165
% of Total	4%	5%	6%	0%	3%
Total Expenditures	10,541,660	10,326,148	10,231,796	11,169,490	12,369,354

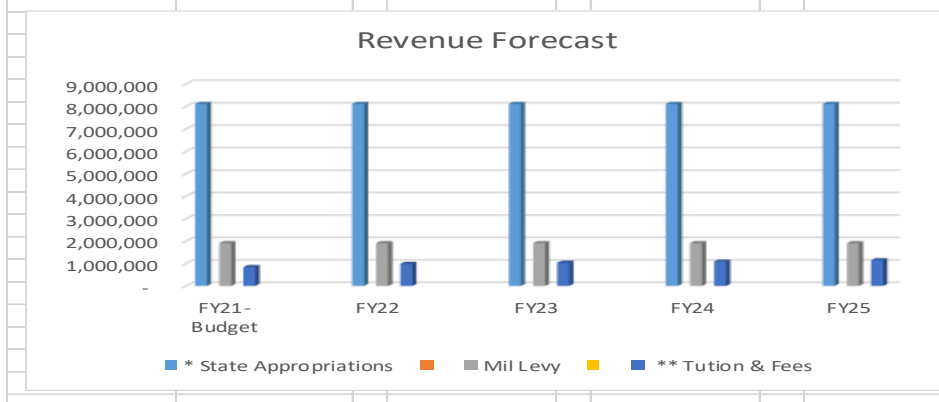


Division	Amount
Instruction & Inst Support	5,206,705
Institutional Support	2,480,886
Plant/Maint & Transfers	2,785,052
Student Services	1,924,498
<b>Total</b>	<b>12,397,141</b>

### Five-Year General Fund Revenue Forecast

	* State Appropriations	Mil Levy	** Tution & Fees	Total	Inc(Dec)
FY21-Budget	8,109,900	1,900,000	837,000	10,846,900	
FY22	8,109,900	1,900,000	984,178	10,994,078	147,178
FY23	8,109,900	1,900,000	1,034,178	11,044,078	50,000
FY24	8,109,900	1,900,000	1,087,178	11,097,078	53,000
FY25	8,109,900	1,900,000	1,143,178	11,153,078	56,000
Five year increase					306,178

\* FY 22-FY25 State Appropriation - assumes immaterial change  
 NOTE: higher than average as 4% salary increase funded as recurring = \$227,000 and change to base \$75,000  
 \*\* FY22-25 Course specific fees are being proposed and are forecasted at a conservative rate of \$25 per course.



Note: Assumptions and forecasts for future years are presented for modeling and discussion purposes only

The College historically budgets over 40% of the resources in Instruction/ Instructional Support to infuse resources to support, sustain and improve services to students.

## Five Year Expenditure Forecast

5-Year Expenditure Reduction Strategy for Balanced Budget Plan							
	Budget	Budget -Orig	Budget - Rev	Forecast			
	FY20	FY21	FY21	FY22	FY23 *	FY24 *	FY25 *
Salaries	5,862,179	5,951,055	5,815,555	5,715,555			
Fringe	2,408,528	2,372,787	2,312,787	2,282,787			
Total Personnel	8,270,707	8,323,842	8,128,342	7,998,342			
% of Total	67%	70%	70%	70%			
Purchased Services	2,892,808	2,555,874	2,510,874	2,440,874			
% of Total	23%	21%	22%	21%			
Supplies and Materials	403,780	416,529	406,529	406,529			
% of Total	3%	3%	3%	4%			
Travel	245,564	227,100	207,100	207,100			
% of Total	2%	2%	2%	2%			
Equipment	158,330	35,500	6,000	6,000			
% of Total	1%	0%	0%	0%			
Transfers	425,953	369,900	369,900	369,900			
% of Total	3%	3%	3%	3%			
Total Expenditures	12,397,142	11,928,745	11,628,745	11,428,745	11,238,745	11,088,745	11,088,745
Reductions		(468,397)	(300,000)	(200,000)	(190,000)	(150,000)	-
FY21 Reduction Strategy							
FY22 All in Personnel TBD							
FY 23 through 25 further Revenue and Expenditure strategies are to be employed based on annual assessment							
FY20 will likely result in savings due to curtailed operations due to Covid-19 and will be set aside for eventual State							

## Fiscal Performance Indicators

The following performance indicators are consistent with Government Finance Officers Association (GFOA) recommended best practices in governmental accounting and Luna Community College.

Indicator	Rationale	Current Value*	Objective	Scorecard Threshold(s)
<i>FY1819 ACT vs 1920 BGT</i>				
1. Unrestricted General Fund Balance as % Expenditures		14.27%	6-10% of total expenditures and transfers	<u>Implement Strategic Plan to combat issue:</u> <6%
2. General Fund Balance in Excess of Minimum	Board Policy; ensure sufficient	\$1,397,469	Consistent with projections; Stable trends. If	<u>Implement Strategic Plan to combat issue:</u> Negative Amount

	funds for unexpected expenses, investment, and cash flow		excess funds, plan for one-time uses, stabilization funds and/or reserves. If negative, plan for restoration within two years.	<u>Of Concern</u> : Declining trend over three-year period
3. Change in General Fund Balance		(\$1,884,342)		<u>Implement Strategic Plan to combat issue</u> : Rapidly declining trend <u>Of Concern</u> : Declining trend over three-year period
4. Change in General Fund Major Revenue Sources -	Declines in major revenue sources reflect the need for additional sources of revenue to maintain stability	State Appropriations- 1% Property Taxes -0- Tuition & Fees -7%	Positive trends	<u>Implement Strategic Plan to combat issue</u> : Declining trend over three year period <u>Of Concern</u> : Decrease in revenue
5. Change in General Fund Expenditures per Student FTE	Demonstrates the relationship between and responsiveness of operating costs relative to enrollment	9.1%	Stable trends	<u>Implement Strategic Plan to combat issue</u> : Rapidly increasing; in excess of inflation <u>Of Concern</u> : Negative trend in excess of inflation
6. Current Ratio (Current Assets/Current Liabilities)	Board Policy; indicates liquidity and ability to pay short- and long-term obligations	(FY2016) 1.65	Between 1 and 3	<u>Implement Strategic Plan to combat issue</u> : 3
7. Accumulated Depreciation as % of Asset Cost - Buildings and Building Improvements - Equipment	Indication of imminent asset replacement needs	(FY2016) 26% 71%	Less than 70%	<u>Implement Strategic Plan to combat issue</u> : >70% <u>Of Concern</u> : >50%
8. Projection Variance - Revenue - Expenditure	Indicates accuracy of budgetary projections used in budget development	(FY2016) 1.3% -1.0%	2% or lower	<u>Implement Strategic Plan to combat issue</u> : >5% <u>Of Concern</u> : 2-5%

Fiscal Indicators Scorecard

Ending Fund Balance

	FY19 Actual	FY2020 Budget	FY2021 Forecast	FY2022 Forecast	FY2023 Forecast	FY2024 Forecast
1. Unrestricted General Fund Balance as % Expenditures	33%	14.27%	9% With proposed reductions	6% With proposed reductions	5% With proposed reductions	5% With proposed reductions
2. (U) General Fund Balance in Excess of Minimum	3,095,251	1,397,469	690,176	317,331	170,886	257,441
3. Change in General Fund Balance	(604,753)	(1,884,342)	(731,845)	(381,845)	(151,845)	81,155
4. Major Revenue Sources Changes						
75% - State Appropriation		+- 1%	+- 1%	+- 1%	+- 1%	+- 1%

18% - Property Taxes		+ - 1%	+ - 1%	+ - 1%	+ - 1%	+ - 1%
7% Tuition & Fees		(7%)	(1%)	5%	2%	5%
5. Change in GF Expenditures per Student FTE		22%	11%	(3%)	(2%)	(2%)
6. Current Ratio w/o GASBs	3.13	TBD				
7. Accumulated Depreciation as % of Asset Cost	56%	TBD				
8. Projected Variance - BCS						
Revenue	+4%	TBD				
Expenditures	-7%	TBD				

*Note: Scorecard data for future years is based upon the financial forecast model and example assumptions presented on the preceding pages.*

## General Principles

### Financial Planning Principles, Criteria and Data Elements

1. Budget development at Luna Community College is guided by institutional plans, program review, annual department plans, and other planning efforts. All plans support the college's core values and Strategic Plan to further mission fulfillment. The Strategic Planning Budget is used by all departments and amongst other information, links all budget requests to one or more of the College's Strategic Goals and provides an evaluation of the previous year's goals.
2. Faculty, staff, managers and directors regularly review, analyze and engage with both standard data elements and department-specific performance measures through annual department planning and regular program review processes. This process results in a cycle of continuous improvement, planning and assessment.
3. Implementation plans from both the department/program and institutional level include measurable outcomes, timelines, assessment plans, and resource needs/implications.

## Investment and Reduction Criteria

In times of investment (surplus resources), resources are prioritized as follows:

- a. Approved program review implementation plans
- b. Addressing current institutional priorities and strategic directions
- c. Support of essential services and physical infrastructure
- d. Support of critical/demonstrated local or regional workforce needs
- e. Support of innovation in the learning, co-curricular and operational environment
- f. Demonstrated, measurable, sustained return on investment; college-wide impact

In times of reduction (budget deficit), reductions are considered using the following criteria:

- Impact to students
- Avoidance of involuntary layoffs of permanent employees
- Program performance relative to established goals, college standards, and benchmarks
- Centrality to college mission
- Program or service demand

- Local and regional workforce needs and post-graduation outcomes
- Transfer articulation to four-year universities

## Data Elements

### Data Elements Used in Program Review, Annual Department Planning, and Budget Development

	Humanities & STEM Academic Departments	Health and Other Professional & Technical Trades Departments	Student Affairs & College Services Departments
1	Student FTE -By subject - By Program /Department /Discipline -College wide Capacity student demographics	Program Headcount - Student FTE By subject -College wide Capacity student demographics	College Headcount new students -returning students e.g. Participation, Financial Aid applications processed, advising sessions, square footage, listenership Capacity Participant Demographics
2	Course completion rates -By subject -By Program/Department College wide	Course completion rates -By subject -By Program/Department College wide	Course completion rates College wide
3	FTE -Faculty FTE - Staff FTE -Manager FTE -Student Worker FTE Ratios -Faculty/Student -All departments/Student	FTE -Faculty FTE - Staff FTE -Manager FTE -Student Worker FTE Ratios -Faculty/Student -All departments/Student	FTE -Faculty FTE - Staff FTE -Manager FTE -Student Worker FTE Program/Department Specific Ratios -e.g. Staff FTE to FA awards, Staff FTE to program participants
4	-Cost personnel, M&S, other, Direct Costs by subject Direct Costs by Program/Department  -Revenue Direct Revenue by subject Direct Revenue by Program State Revenue by Program	-Cost personnel, M&S, other Direct Costs by subject Direct Costs by Program/Department  -Revenue Direct Revenue by subject Direct Revenue by Program State Revenue by Program	-Cost personnel, M&S Direct Costs-Revenue   Fees Grants and Contracts Transfers others
5	Transfer & Employment Data		

## Next Steps

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

1. Develop Systems and Resources to Support Financial Literacy, Access, Transparency and Decision-Making
  - Continue development and refinement of five-year financial forecasting tool
  - Collect data and develop reports to further understand the analytics of the college



- Review systems, tools and training resources to promote access to financial data to support analysis and decision making at the department and program 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
- Create an annual report on fiscal indicators and progress toward financial goals

## 2. Planning and Resource Allocation Integration

- Review the Strategic Budgeting tool that is an integrated department planning process that flows into budget development and resource allocation and the analysis of implementation/goal attainment –
- Ensure the plan, structures and systems support the Academic Self-Assessments, Facilities Master Plan, and all other planning processes.

## Conclusion

LCC’s Five-Year Long-Term Sustainability Plan is a “living document” and will be reviewed on a semi-annual basis and updated as new information becomes available. While this Plan provides a general long-term financial direction for LCC, detailed financial information utilized making this Plan an ongoing, working document, which will make it more meaningful and relevant.

LCC is committed to the continuous improvement of institutional effectiveness through the analysis of data, dialogue, and implementation. These processes aid in the establishment of priorities that align with the LCC Mission and Strategic Goals and inform decision-making and resource allocation.

This plan is a comprehensive and inclusive sustainability Plan that supports the College’s Strategic Plan, is realistic and responsive to historical data, appropriate projections/ assumptions and in decision making

The current plan documents the college’s response to:

- Operating deficits
- Diminishing reserves
- Operational efficiency
- Data driven decision making
- Collaboration
- Comprehensive future planning

The evaluation process is comprehensive and broadly participated in through shared governance. In addition to structured opportunities for dialogue, other mechanisms exist to elicit and integrate input from key stakeholders on student learning and institutional effectiveness. Formal and informal avenues for communication and dialogue are employed or in development through shared governance committees, districtwide forums, planning retreats, faculty/staff development days, surveys, suggestion boxes, memos, emails, publications, and postings on the web site.

The challenges that the College faces in the long term involve balancing the various districtwide needs with limited resources. There will be unforeseen financial trends that will arise because of the challenges at the State level and the volatility of the economy, which would precipitate a major revision to anticipate revenue streams on a long-term basis through the review process of this Five-Year Sustainability Plan. However, LCC is confident it will continue to maintain a positive ending balance and support the future of the College’s instructional programs and support services.

