Financial Resources Review

Submitted to the Northwest Commission on Colleges and Universities by:

Grays Harbor College

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Section 1: Introduction and Overview

Introduction

This report addresses a follow-up requirement from Grays Harbor College's Year-Seven Mission Fulfillment and Sustainability Evaluation in April of 2019 in which Grays Harbor College's accreditation was reaffirmed in a letter dated July 12, 2019. Grays Harbor College (GHC) submitted a Financial Resource Review Report (FRR) in the fall of 2019 which was accepted in a letter from NWCCU dated February 5, 2020. At that time the College was directed to submit a second Financial Resource Review in Fall 2020. This requirement was reiterated in a letter accepting GHC's ad-hoc report on Recommendation 1, received on July 22, 2020. GHC submitted its 2020 FRR in September 2020. On February 12, 2021, the College was notified that the Commission accepted its Financial Resource Review report for 2020 and required to submit another FRR by September 15, 2021. The College was informed in a letter dated February 18, 2022 that the Commission had accepted the college's Fall 2021 Financial Resource Review and that the College should submit a fourth FRR in the Fall of 2022. This expectation was reiterated in the letter addressing the College's Mid-Cycle Review in the Spring of 2022. This report is intended to fill that request.

Overview

Grays Harbor College has continued the commitment it made in 2019 to maintain a right-sized budget while balancing its fiscal realities with a need to provide students with basic support and adequate instructional opportunities. With the leadership of President Brewster and the experience of the vice president of administrative services, Mr. Kwabena Boakye, who is both a CPA and a CIA, GHC has been able to judiciously use its federal government HEERF funds to balance these competing interests. The financial statistics below show a college that has improved its financial health. While enrollment has declined over the last two years due to shifting demographics over the period as well as COVID-19 disruptions, lost revenue claims on HEERF funds have offset the effect on the college's budget. The College is moving forward cautiously and with an understanding that increasing enrollment is essential to long-term financial stability.

Efforts to increase enrollment, which are discussed in depth below, are ongoing and have been elevated to one of the college's highest priorities. In the winter of 2022, GHC leadership determined that enrollment management would replace one of GHC's five college priorities, making enrollment a more visible and integral part of the College's Plan. College priority 5 was modified from *strengthen community connections and partnerships* to *strengthen enrollment, partnerships, and pathways to student achievement*. Extensive efforts to market, outreach, recruit, retain, and enroll students are and will continue to be a top priority for leadership and those leading College Priority #5. The revamped priority 5 can be found with the other college priorities in the College Plan. [Appendix 1]

Board of Trustees Engagement in Enrollment & Financial Planning

GHC's Board of Trustees is updated monthly on the college's enrollment situation and enrollment management strategies. The Vice President for Student Services, Dr. Cal Erwin-Svoboda, provides an update on enrollment that includes enrollment status and trends as well as information on efforts use marketing, outreach, and recruiting to bring in new students. For example, at their February 2022 Board

Meeting, the Board of Trustees featured Enrollment Management as their pre-meeting study session. [Appendix 2] In May 2022, the Board was provided an update on the College's spring marketing campaign. [Appendix 3 - 4] In August, the Board engaged in dialog with the College's Executive Team and deans about enrollment efforts at the Board of Trustees annual retreat. [Appendix 5] Additionally, when enrollment projections are updated, those projections are shared with the Board, often in conjunction with financial updates. The financial status of the College is shared quarterly by the vice president of administrative services who provides this information to the Board after addressing the College Community in the quarterly All College meetings. [Appendix 6 - 9] Trustees engage in dialog with the leadership team at their meetings, often asking questions and sharing insights related to both enrollment management and fiscal sustainability.

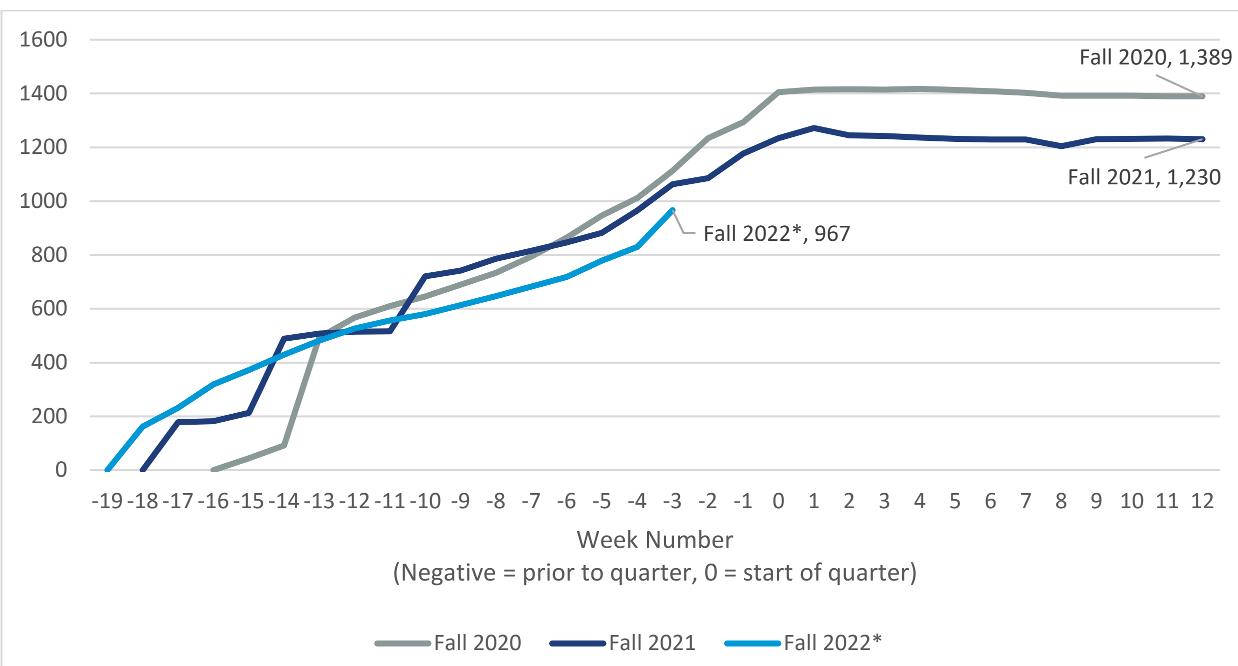
Section 2: Enrollment Management

Current Enrollment Status

Currently, enrollment for fall 2022 is lagging behind enrollment for the same day in fall 2021. As of this writing (3 weeks prior to the start of the quarter), the college is 100 FTE down from last year: 967 FTE vs 1,063 FTE for fall 2021. This includes all enrollments, basic education for adults including English Language Acquisition (ELA), developmental ed, associates and bachelors level classes, and all dual enrollment students but excludes enrollment from Stafford Creek Correctional Center, which typically comes in later in the quarter. Figure 1 shows the trend of FTE for fall 2022 compared against the prior two fall quarters.

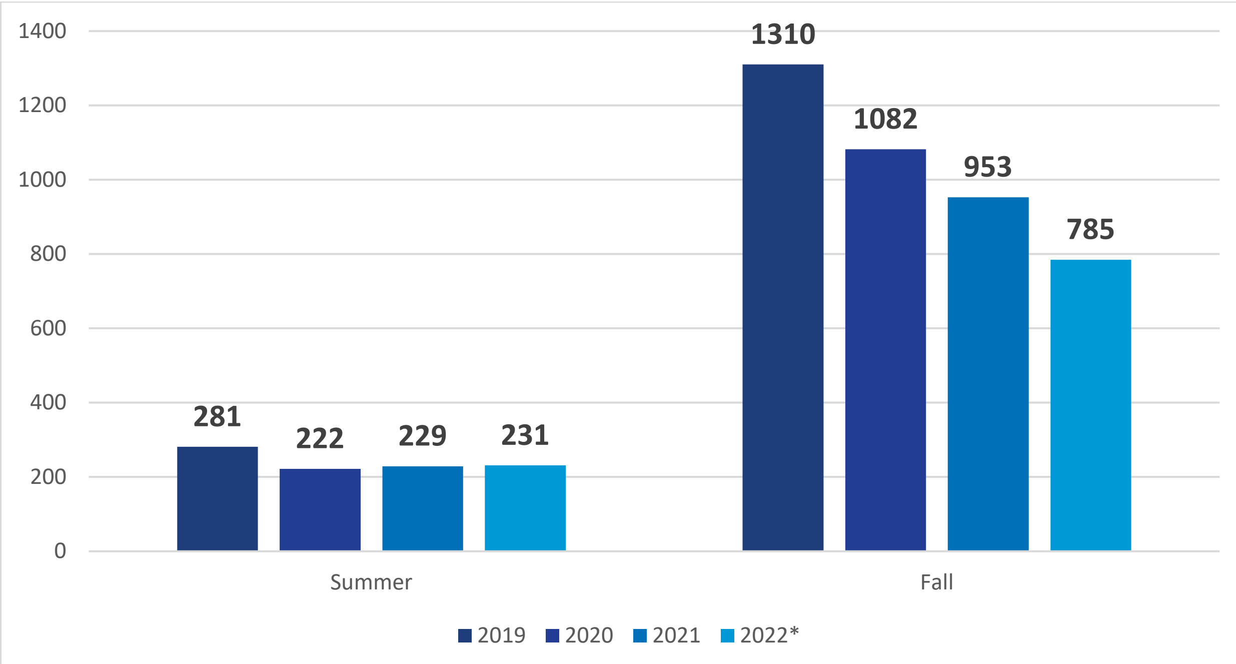
While enrollment for fall 2022 started strong, and a few weeks earlier than prior years, total enrollments fell behind where the college had been in previous years.

Figure 1 - Fall Quarter Enrollment by Week (All FTE except for Stafford Creek Correctional Center)



As discussed below under enrollment strengths, the dual enrollment population (called Running Start in Washington state) is going strong, and enrollment in that program is expected to match enrollment from prior years.

Figure 2 - State-Funded FTE for Summer and Fall (Excludes Dual Enrollment Contract FTE)



As shown in Figure 2 summer 2022 was on par with summer 2021 and 2020, but still down from pre-pandemic. While there is often a surge of enrollment just prior to the start of fall quarter, the college does not currently expect fall 2022 enrollment to meet or exceed that observed in fall 2021.

Projected Enrollment

Table 1 - Projected Enrollment

Student Enrollment – Total	Actual Current Year -3 (2018-19)	Actual Current Year -2 (2019-20)	Actual Current Year -1 (2020-21)	Actual Current Year (2021-22)	Projected Current Year +1 (2022-23)	Projected Current Year +2 (2023-24)
State Funded FTE - Transfer	793	681	553	501	396	396
State Funded FTE – Transitions	175	147	119	107	93	93
State Funded FTE - Vocational	411	382	332	307	289	289
State Funded FTE – BAS	71	79	74	57	50	50

State Funded FTE - Continuing Ed	17	7	0	0	0	0
Other Grants & Contracts FTE	3	0	1	0	0	0
Stafford Creek FTE	318	268	171	212	200	200
Running Start FTE	248	306	310	267	260	260
Self-Funded	11	3	0	0	0	0
Sum Total FTES	**2,049**	**1,873**	**1,561**	**1,450**	**1,288**	**1,288**

A Note on Enrollment Categories:

Error! Reference source not found. breaks out FTE into the high-level categories that GHC uses to think about enrollment trends. From the bottom:

- Self-Funded FTE is GHC's community & continuing education classes. The college has not been able to hold these during the pandemic.
- Running Start is GHC's dual-enrollment program for high school juniors and seniors. GHC refers to this as contract FTE.
- Stafford Creek FTE is from the education program GHC provides at the Stafford Creek Corrections center. This is also considered contract FTE.
- State Funded FTE are on-campus courses, primarily funded by the annual allocation GHC receives from the Washington State Board for Community and Technical Colleges (WA SBCTC). This FTE is further broken down by the intent of the course: Transitions (Basic Education for Adults and ELA), Transfer, Workforce, Bachelor of Applied Science (BAS), and state-funded continuing education for individuals 50 years or older.

Enrollment Challenges

Drop in Average FTE

In addition to a decline in student headcount, GHC has also seen a drop in average enrollment. Looking at enrollments in 100, 200, and pre-college courses, our average FTE per student dropped from 0.90 FTE in fall 2019 and 2020 to 0.84 FTE in fall 2021. (Dual enrollment students are excluded.)

Figure 3 - Average FTE in 100, 200, & Dev. Ed. Courses (Dual Enrollment Excluded)

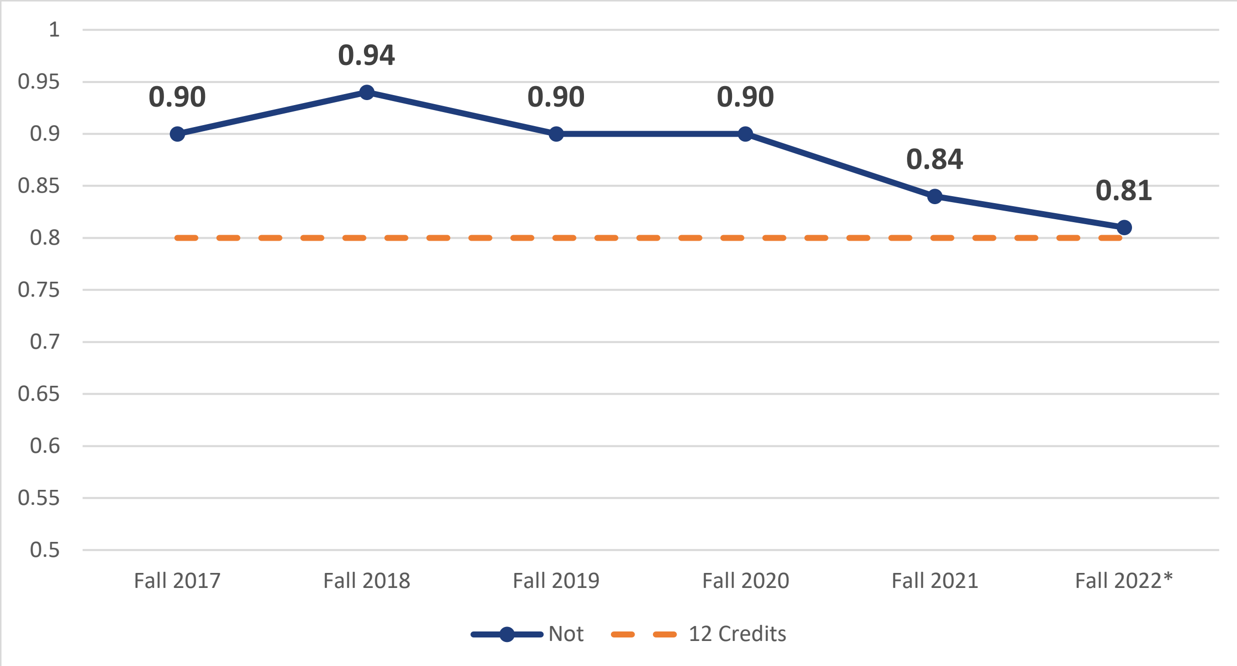


Table 2 - Unique Students and Average FTES for Associate-Level Classes

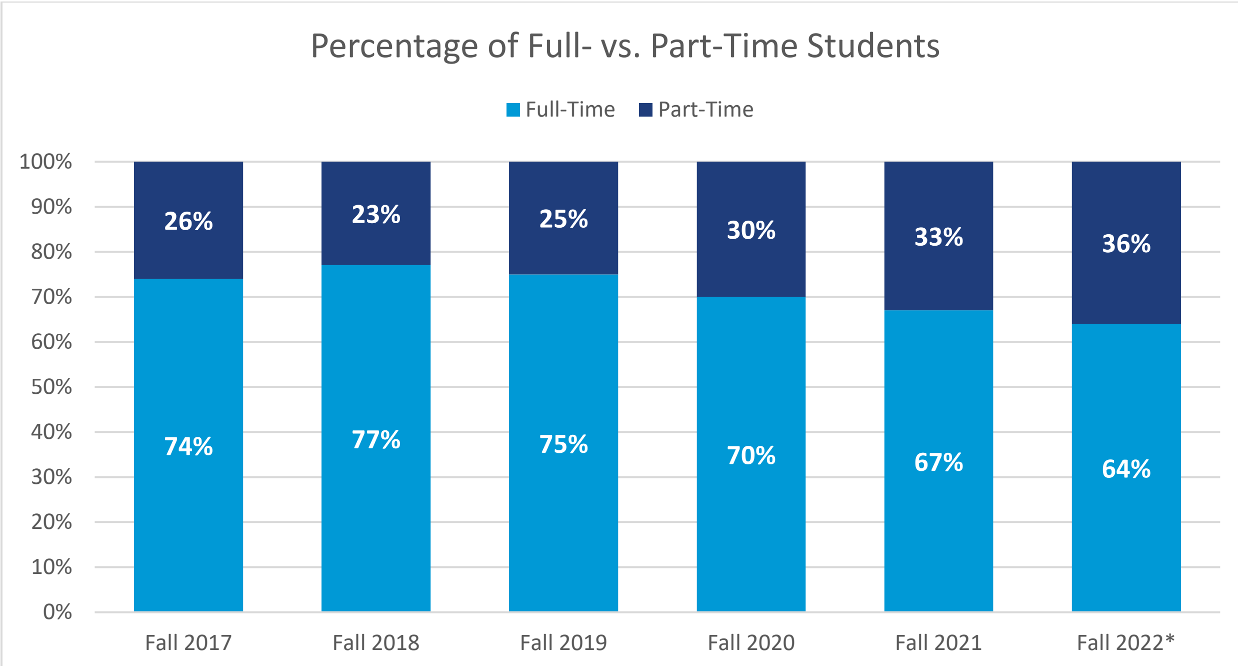
	Quarter Name					
	Fall 2017	**Fall 2018**	**Fall 2019**	**Fall 2020**	**Fall 2021**	**Fall 2022***
Unique Students	1,336	1,261	1,167	970	943	746
FTES Qtr	1,199	1,190	1,054	873	790	601
Avg FTE - Qtr	0.90	0.94	0.90	0.90	0.84	0.81

The number of students was reasonably similar between these quarters: 970 students in fall 2020 and 943 students in fall 2021. If fall 2021 had seen an average FTE per student of 0.90, GHC would have seen approximately 848 FTE, instead of the 790 FTE the college realized, a difference of 59 quarter FTE.

When breaking out the student population by full & part-time attendance (based on 12 credits,) some of the reason for the drop in average FTE becomes clear: there are fewer full-time students than in prior quarters, while the number of part-time students has remained fairly steady.

GHC has traditionally had a high percentage of full-time students, around 70-75% of the quarterly college-level student population attending full time. During the pandemic, that has dropped to 67-70%, and for fall 2022, currently only 65% of students in college-level classes are taking a full-time load.

Figure 4 - Percentage of Full vs. Part-Time Students (Associate-Level Casses, Excluding Running Start)



GHC staff have heard from many students that the pandemic made juggling multiple responsibilities difficult which made attending class challenging, and attending full-time very difficult. Additionally, the online format was challenging for many students, both from a learning style stand point and from a technology angle.

Efforts to address this include expanded recruitment efforts to attempt to increase the number of students, the *Take a Class on Us* campaign to try and garner additional enrollments (discussed below), and advising students into full time loads. The college will be monitoring the *Take A Class on Us* campaign to see if it results in more full-time students, or if we see an increase in students taking just one course.

Drop in New and Continuing Students

As Figure 5 below shows, the overall number of fall quarter new students (excluding dual enrollment) has dropped from 433 in fall 2018 to 240 in fall 2021. Currently, the trend appears to be continuing for fall 2022.

Numbers of continuing (enrolled in a recent quarter) students did see a decline at the start of the pandemic, was resilient for the second year of the pandemic, but appears to be dropping off for fall 2022. Part of this drop off is attributable to lower numbers of new students in the preceding years. The college expects to see more continuing students enroll between now and the start of the quarter on September 19th, but does not currently expect to meet last year's number.

Note that these figures will differ from those in prior reports. An error was discovered in the code assigning new/continuing/returning status that has been corrected.

Figure 5 - Decline in New Students (Associates level, excluding Running Start)

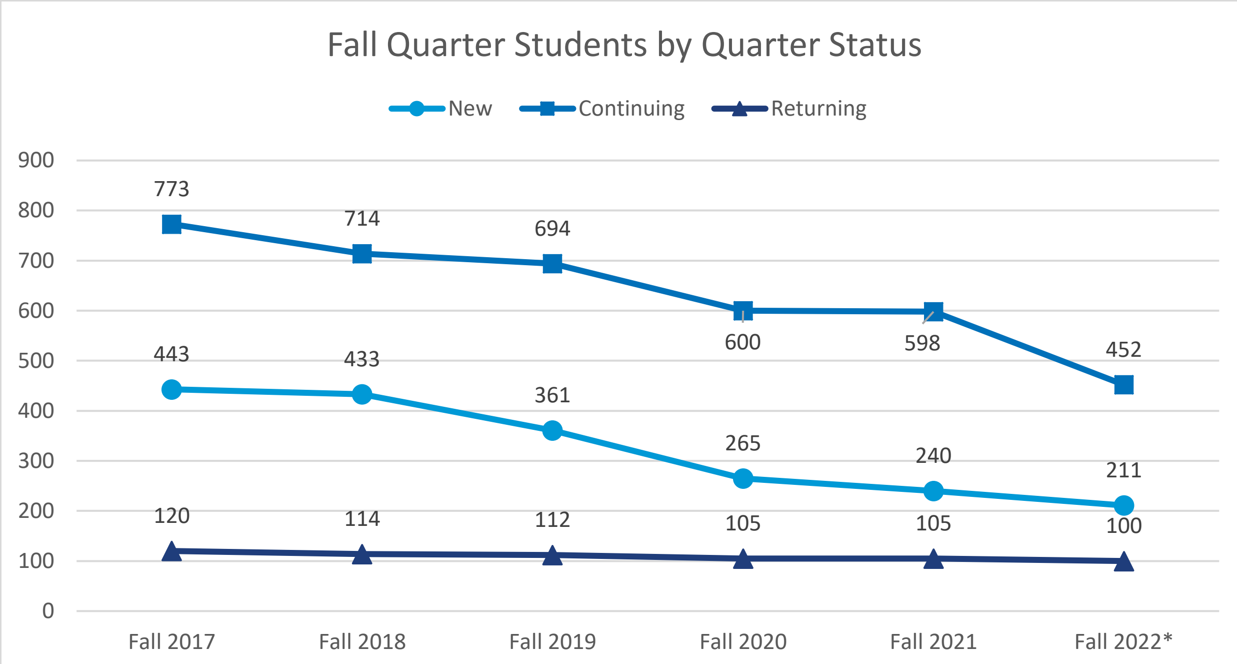


Figure 5 includes students in pre-college reading, English, and Math, 100- and 200-level courses, excluding Running Start. New = never enrolled at GHC before; Continuing = enrolled in prior quarter or prior year; Returning = enrolled previously but has been several years.

Decline in New Students by Age Group

When the population of new students is disaggregated, the majority of those students, around 60%, are 19 or under (excluding dual enrollment students.) While all age groups have seen some decline, the largest impact has been in new college-level students 19 and under. Between fall 2018 and fall 2021, there was a decrease of 80 new students 19 and under, a drop of -38% from pre-pandemic times.

The percentage of new fall quarter students who are 19 and under has also dropped: In fall 2019, 59% of new students were 19 and under. In fall 2021, new students 19 and under accounted for only 55% of all new students, a decrease of -4%, meaning they are a smaller part of the mix of new students.

Table 3 - Change in New Students by Age Group (100, 200, and Dev. Ed. Level Courses)

Age Group		Quarter							Change from Fall 2019 to Fall 2021	
		Fall 2017	Fall 2018	Fall 2019	Fall 2020	Fall 2021	Fall 2022*		#	%
19 and under	Unique Students	273	250	212	167	132	120		-80	-38%
	% Change from Prior Fall		-8%	-15%	-21%	-21%	-9%			
	New < 19 as a % of All New Stu	62%	58%	59%	63%	55%	57%			-4%

It is reasonable to conclude that some, but not all, of this decline is due to the increase in dual enrollment students in GHC's Running Start program. However, this does not account for all of the decline, nor the continued decline currently observed for fall 2022.

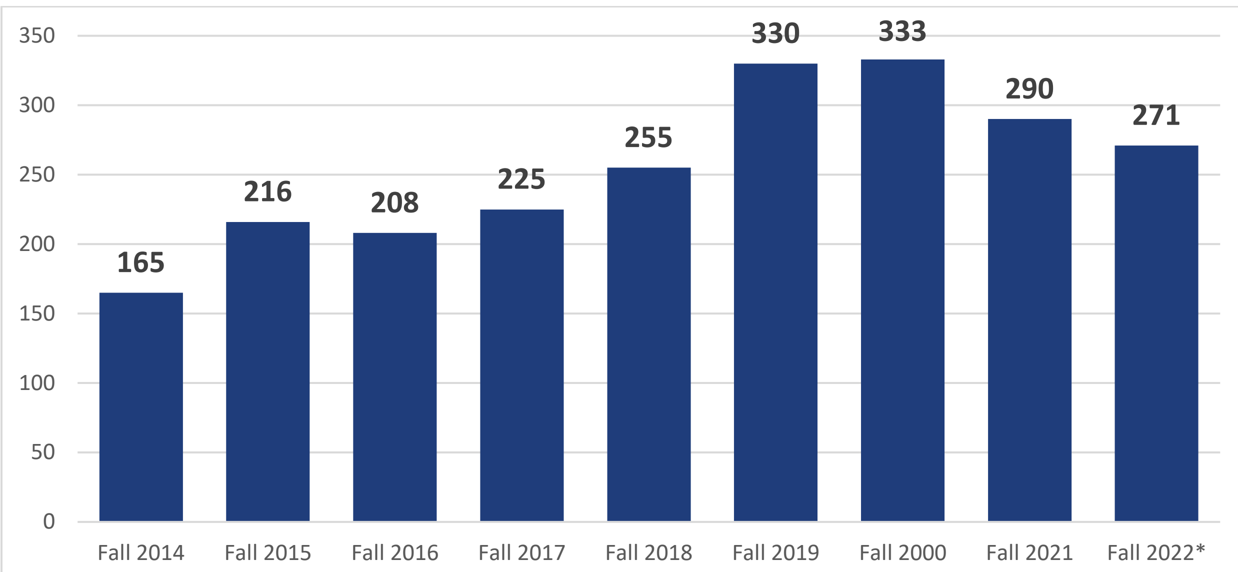
Enrollment Strengths

Running Start

Running Start is one of Washington State's dual enrollment programs for high school juniors and seniors. GHC has been steadily building it's Running Start Enrollment, and the first year of the pandemic saw strong enrollment from this program.

While some students have opted to return to in-person high school, missing the socialization with their peers, enrollment remains strong and while fall 2022 is still enrolling, current Running Start enrollment for fall 2022 is above pre-pandemic levels (except for the high in fall 2019).

Table 4 - Fall Quarter Running Start Enrollment



High Running Start enrollment is both good and bad for the college. The high enrollment here is bolstering the overall FTE and filling some (but not all) of the gap from losses in other areas.

The downside of increased Running Start is that some of the students who take classes as Running Start Students would likely have enrolled at GHC post-high school had they not already received their associate degree from the college. The increase in Running Start enrollment does correlate with the lower numbers of new students under 20 the college has seen, discussed above.

Outreach and Recruitment

Prior to the pandemic, the duties of outreach and recruitment in the community (excluding running start) were the sole responsibility of the recruitment and admissions manager. Acknowledging the importance of this critical college function, this last year the College hired two additional recruitment positions and enhanced collaboration and partnership efforts across student services functional areas involved in outreach and recruitment of prospective students.

The college administration strategically invested grant dollars and funding received by the legislature to co-fund these two new positions focused on outreach and recruitment to strategic populations of students: high school, career and technical education, communities of color, low-income, students with disabilities, opportunity youth, and adult re-engagement.

Additionally, the Student Services Division has been developing collaboration partnerships and initiatives across program areas to enhance outreach and recruitment efforts in Grays Harbor and Pacific Counties. Involved functional areas include: Running Start, Riverview Education Center (Raymond), Financial Aid Department, the Outreach team embedded within the Admissions and Entry Services Department, and GHC's new TRIO Educational Opportunity Center, funded by a grant received in 2021. The investment in staff, and emphasis on cross-functional training and collaborations is expected to make this a strength for the college in generating enrollment going forward.

Enrollment Goals and Strategies

Enrollment Goals

In January of 2022, with enrollment continuing to decline despite relaxing pandemic protocols, the college made the decision to revamp college priority 5 from *strengthen community connections and partnerships* to *strengthen enrollment, partnerships, and pathways to student achievement*. The revised college priority 5 is headed by the dean of student access and success and the director of advising and guided pathways. While all of the college priorities should have a positive effect on enrollment, by focusing priority 5 on recruitment, retention, and completion of students, supported by community partnerships, the college brings such work front and center as part of the college priority work.

The college priority work groups have chosen several metrics for the college scorecard that relate directly to the increase of enrollment:

- Priority 4, Indicator 2.1.B – *Increase tuition generating enrollment*
- Priority 5, Indicator 1.1.C – *Increase number of new students enrolled in fall quarter*
- Priority 5, Indicator 2.1.A – *Increase fall-to-fall retention or completion rate of degree-seeking students*
- Priority 5, Indicator 2.1.D – *Increase the average FTE of state-funded, college-level enrollments*

While these metrics are the ones that relate directly to increasing enrollment, many of the other indicators on the college scorecards are expected to have a positive impact on enrollments, such as course success, overall completion rate, attainment of 15 and 45 credits within the first year, and increasing a sense of belonging for all students.

To address the enrollment challenges above and help the college meet its goals, the College has deliberately invested in the following four strategies. These strategies were arrived at after considering input from college employees and reviewing best practices from other colleges.

Take a Class on Us

One of GHC's efforts to both re-engage former/continuing students and attract new students is to offer them to *Take a Class on Us*. Utilizing the federal CARES money, GHC will be offering new, current, and returning students the opportunity to take one class, up to 5 credits or $750 worth of tuition and fees covered by the college. The idea is that this will get students who were thinking about college to attend, and could increase the average FTE by getting students who are already enrolled to take an additional class.

The campaign started on August 20th and while it is still ongoing, the college has seen a positive response. There are currently 501 students who have applied for the program, and 364 of them (73%) are currently enrolled for fall 2022. Out of the 364 students, 125 were not enrolled between fall 2021 and summer 2022. These new students account for 88 quarter FTE. (Note: correlation is not causation; these students may have been intending to apply already and applied for the program to reduce the cost of fall quarter.)

As part of advertising for this program, GHC did a summer call campaign, reaching out to current and former students (by both email and phone) who have not completed a degree or certificate, those who have not yet enrolled for fall quarter, prospective students who have previously applied but not enrolled and former students who have one or two classes left. Marketing for this campaign included digital and social media ads, a postcard to potential students, print media ads, and a press release. The college saw an increase in enrollment during and at the conclusion of the call campaign.

The decision was made by the Executive Team to run the *Take a Class on Us* campaign because it is thought that the promotion will positively impact the drop in average FTE/number of full-time students by increasing the number of credits existing students are taking; slow the decline in new students by encouraging students who were on the fence to get started taking a class with GHC; and increase tuition generating enrollment.

Additional Recruiting

Prior to 2022, GHC had one formal recruiter position. The individual in that position left in mid-2021. After discussing the need, GHC has since hired three positions (two net new positions) that will have recruiting as a major portion of their job roles: recruiting and admissions manager (starting Sept. 26th), a Coordinator of Student Access Inclusion and Community, and a Career and Technical Education and K-12 Support Specialist (both hired, as discussed above.)

The individuals in these positions are out in the community and coordinating with GHC's new director of admissions and entry services and GHC's TRIO Educational Opportunity Center (new in 2021) to do outreach and recruiting in the community. They are being visible in the community, holding workshops to complete the FAFSA or Washington Application for State Financial Aid (WASFA), and reaching out to former students who have not completed a degree or certificate and who are not yet enrolled for fall quarter. With the lifting of COVID restrictions, the recruiters are also coordinating bi-biweekly campus tours which are available in both English and Spanish.

The college has been able to re-implement a "one stop admissions day" where prospective students take a campus tour, apply for admissions and register for classes, all in one visit. Additionally, the college has scaled up on-campus visit programming for area middle and high schools. With a fully-staffed recruitment team able to reach further into the community, the additional recruiting efforts will help GHC increase the number of new students and overall the amount of tuition generating information for fall and following quarters.

Investing in Outreach and Communication

The College continues to build new and leverage existing relationships and connections with community organizations, agency partners, advisory boards, labor representatives, high school faculty and administrators, businesses, industry, school boards, and Native Nations. These partnerships help to increase GHC's communication about its programs and services.

College staff recently revised the admissions process to be more digital, while still allowing for the digital gap affecting many individuals in the service area. This includes providing outreach and recruitment materials in both English and Spanish, both in digital and in print. As part of this work, there is a revised communication plan and schedule for prospective students as they progress through GHC's enrollment funnel and updated admissions materials to create an easier admissions process. This is especially important with changes to the process that came with the move to a new student management system called ctcLink (PeopleSoft).

As part of the communication plan surrounding this work, the college is investing in new technology tools to allow students to engage with the college via their preferred methods. Two projects currently being implemented are texting as a way to communicate with the College and implementing AI chatbot technology on the college website which allow students to get instant answers 24/7/365 and will support student enrollment, retention, and completion. Investing in digital tools to communicate with prospective students and increased staff communication with community partners are less direct but none-the-less important contributors to the goals of increased enrollment and revenue generation.

Strategic Marketing

In October of 2021, GHC hired a director of marketing and college relations. Prior to this, the College had a marketing committee that was doing some marketing, but with no one assigned to the tasks of marketing full-time, the efforts were understandably limited. The new director was charged with *marketing for enrollment* as her number one priority and given a budget of approximately $60,000 to promote enrollment. As noted in the August 2022 Marketing Report [Appendix 10], during the 2021-22 year from October to August, there was an increase of 21% in website visits, an 18% increase in social media followers which included growth on all platforms (Facebook, Instagram, and Twitter). GHC engaged in two digital and Snapchat ad campaigns which ran 48 different designs each campaign to appeal to both recent high school graduates and potential career changers. The first campaign generated 6,327 website visits. The second campaign is in progress but on track to have similar results. GHC maintained its quarterly radio ads and increase its print media ads as well as ads on social media. Direct mail in the form of postcards were sent out quarterly to key demographics with targeting enrollment messages, with a total of 35.775 sent. Additionally, the director of marketing and college relations has posted banners in high traffic areas around the district and booked the college president to speak about opportunities to enroll on radio programs and at other events in the community.

The director of marketing and college relations works closely with the director of admissions and entry services and the outreach staff to ensure consistent messages and promote college enrollment activities such as the *Three Steps, One Day* event where students were able to apply and enroll at the College all in one afternoon. [Appendix 11] Coordination of marketing efforts with recruiting, outreach, and college initiatives (e.g. *Take a Class on Us,* quarterly registration reminders) and the increased information available about programs and services support the goal of increasing fall (and quarterly) enrollment.

Production of Enrollment Estimates

Initial enrollment projections are produced by the director of institutional research and reporting. Current year projections are based on FTE realized to date, and then data from prior years on how enrollment changes between the current date and the end of the quarter. Data provided by the Washington State Board for Community and Technical colleges on state-wide trends in community and technical college enrollment is used to inform the estimates.

Initial projections are reviewed by the director of enrollment services and the dean of student access and success to provide additional insights to inform the final estimates. These individuals provide additional context such as tuition rates, application counts and pending enrollments, and anecdotal feedback their staff has received from potential students about enrollment for current and upcoming quarters.

When looking ahead to future years, county-level population estimates by age from the Washington State Office of Financial Management, and county-level enrollment-by-grade from the Washington Office of Superintendent of Public Instruction is used to understand potential changes in populations that may affect enrollment. Additionally, data from both the national Bureau of Labor Statistics and the Washington Employment Securities Department is utilized to understand how employment rates and job openings may also impact enrollment.

Enrollment estimates are regularly revisited and updated throughout the year as enrollment comes in. Updated enrollment estimates are shared quarterly with the college Executive Team and Board of Trustees, or more often if unexpected shifts in the estimates occur.

Section 3: Fundraising

Current Status of Fundraising

The Office of College Development oversees fundraising at Grays Harbor College (GHC). Under the Office of College Development is the Grays Harbor College Foundation (GHCF). As shown in the Schedule of Fundraising Table 5, from Fiscal Year (FY) 2020 to FY 2022, the GHCF raised approximately $3.5 million in charitable gifts. For the period, unrestricted donations totaled $847,000, restricted and endowed gifts totaled approximately $2 million and $595,000, respectively. The GHCF closed FY 2022 with $619,000 in unrestricted funds and $14 million in restricted funds [Appendix 12], a decrease of $2 million from FY 2021 due to volatility in the stock market. Of the restricted funds, $7.4 million was permanently restricted and $6.3 million was temporarily restricted for the benefit of students and the institution as designated by donors or the GHCF Board of Directors. Looking forward, projected fundraising is expected to slow in the subsequent years due to rising inflation and increasing cost of living that would impact GHC donors.

Fundraising contributes to the financial health of Grays Harbor College in various ways. Specifically, scholarship awards enable students with outstanding balances to pay what they owe, thereby boosting GHC operational cash flow. Academic program support enables departments to utilize donated funds to acquire upgraded equipment and meet operational needs, freeing up space in the GHC general fund for other priority funding. Donor funding of performing arts and student athletics conserve GHC general funds for redirection to essential student support services.

Table 5 - Schedule of Fundraising

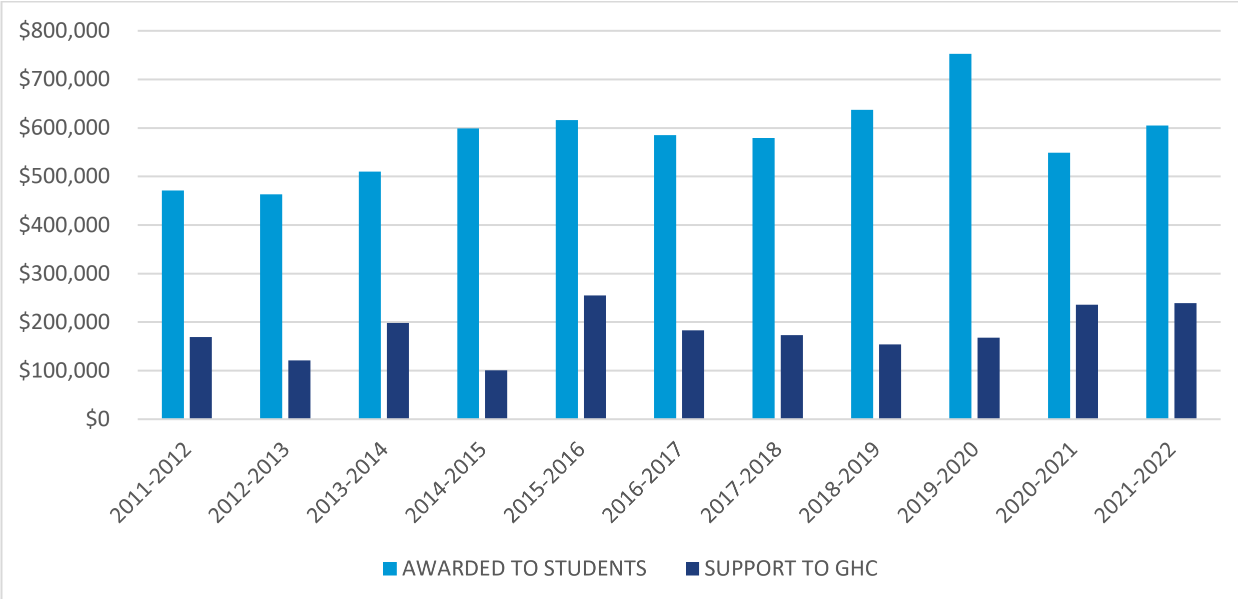
Fundraising	Actual Current Year -3 (2018-19)	Actual Current Year -2 (2019-20)	Actual Current Year -1 (2020-21)	Actual Current Year (2021-22)	Projected Current Year +1 (2022-23)	Projected Current Year +2 (2023-24)
Number of Fundraising Staff	2	2	2.5	2.5	2.5	3
# Alumni Donors/ # Alumni[1]	30/ 10,491	36/ 10,830	74/ 11,479	55 / 11,735	95 / 11,985	105 / 12,235
Unrestricted Gifts	$47,164	$118,928	$384,016	$344,312	$5,428	$120,000
Restricted Gifts	$491,166	$941,641	$577,443	$570,561	$8703	$550,000
Endowed Gifts	$9,676	$0	$468,391	$126,540	$0	$0
Total Gifts	$548,006	$1,060,569	$1,429,850	$1,041,413	$14,131	$670,000

Figure 6 shows 10 years trend of Grays Harbor College Foundation's student financial assistance and institutional support. For instance, in FY 2022, the GHCF awarded $605,000 in financial assistance to students through scholarships, emergency assistance, tools, and childcare assistance. That was an increase of $57,000 compared to FY 2021. The GHCF awarded $239,000 in institutional support to the college through acquisition of equipment for academic programs, financial assistance for performing arts programming and others. Looking forward, the GHCF projects to award an additional $100,000 to the college for retention initiatives to support student enrollment efforts.

Other student financial assistance initiatives include the GHCF Board of Directors action to put scholarship funding towards the Commercial Driver's License and Certified Nursing Assistant programs. These programs are not eligible for traditional financial aid, so the cost of the programs is a barrier to many community members. To move people up socially and economically and to meet the region's workforce needs, a scholarship program was put in place for residents in the college's service district of Grays Harbor and Pacific counties. In addition, the GHCF partnered the college on the Summer Bridge scholarship for students enrolled in the new Upward Bound program. Funding for those scholarships will begin summer 2024. For institutional support in FY2023, the GHCF has earmarked $100,000 in unrestricted funding to support college emerging needs.

[1] Total alumni count includes certificate and degree earners since summer 1984.

Figure 6 - GHCF Scholarship and Institutional Support



The GHCF has two full-time staff positions and one part time employee. The Office Clerk is funded 100% by the GHCF. The Program Coordinator is funded 50% by the College and 50% by the GHCF. In FY 2022, the executive director's salary was changed to the dean level at the request of the GHCF's board of directors to make the position comparable to other directors in the CTC network and as a reflection of the work the position does. The cost sharing of the executive director's salary changed as well. The College continues to pay 50% of a director's salary and the GHCF pays the difference to the dean level. In FY 2023, the GHCF plans to hire a 3rd full time employee, covering 100% of the salary and benefits. At that time, the part time position will be dissolved. An additional program coordinator is needed to keep up with the growth of the Foundation.

Fundraising Goals

Enhancing communication and outreach strategies to cultivate existing donors and generate new donors continue to be the foremost fundraising goal of the Grays Harbor College Foundation. To build on the success of the 90th Anniversary Campaign held in FY 2021 that raised $222,000, the GHCF branded the Journey Campaign in FY 2022 raising $231,000. The Journey Campaign will be the GHCF's annual campaign moving forward, a campaign that celebrates the diverse journeys at GHC of students, alumni, staff/faculty, and donors.

Looking forward in FY 2023, the GHCF will undertake a naming rights campaign for the internal and some exterior spaces of the new Student Services and Instructional Building. Outreach to donors will begin in fall 2022 and run through late spring 2023. It is projected that up to $150,000 will be raised and split equally between the College and the GHCF. Anything above $150,000 will go entirely to the GHCF's unrestricted fund to be held for future support of GHC and its students. The college will utilize the $75,000 proceeds to acquire art from local artists to be displayed in the new building. There is an emphasis on acquiring art from local tribal artists. As aforementioned, projected fundraising amount could be less than expected due to rising inflation and increasing cost of living that would impact GHC donors

As part of the fundraising efforts, the GHCF website is undergoing a redesign to improve the end user experience. The website redesign is anticipated to be completed by December 2022.

Section 4: Financial Management

Policies/Procedures for Financial Management

Financial management at Grays Harbor College includes planning and practices to ensure adequate financial resources to carry out the College mission. It also includes responsible financial management, operating within College means, sustainable financial practices and control of finances through policies, procedures and effective internal processes and control. Specifically, the College has established new budget planning/development processes and institutionalized them as standard operating practices in the Board of Trustees Administrative Policies and Procedures. The College has also updated and established several financial management processes, operational policies, and administrative procedures such as the following.

Operational Policy 503 *Financial Management* describes the board-delegated authority to the president to establish and control a proper accounting system consistent with the rules of regulatory bodies, good business practices and applicable state statutes, and to develop and submit to the board for approval a proposed budget of revenues and expenditures for each ensuing fiscal year. [Appendix 13]

Operational Policy 530 *Financial Stability and Solvency* explains the board's direction to the College to use sound financial management to maintain sustainable debt obligation and accumulate sufficient operating reserve to ensure the College has financial stability and solvency to carry out its mission. As part of measures for the College's long-term fiscal health and sustainability, Operational Policy 530 establishes a board restricted 10% operating budget reserve and a board required threshold of 3% annual debt obligation payment. [Appendix 14]

Administrative Procedure 503.01 *Accounting and Budgeting* outlines the principles that provide a framework for budget planning, prioritization and resource allocation, and the step-by-step processes and procedures to be followed to develop and prepare the College's budget. Administrative Procedure 503.01 also describes the fiscal oversight practices currently in place at the College. Specifically, on a quarterly basis after the academic calendar census date, the president submits a budget status report to the board reviewing the performance of actual revenues and expenditures compared to targets projected in the approved budget through the vice president of administrative services. When actual revenues are below projected targets, the president is expected to implement measures necessary to align expenditures to anticipated revenues. Further, monthly, after the closing of the accounting records, budget reports are generated and made available to budget managers for their review to ensure there are no unexpected charges, ensure that expected charges are booked, and the budget categories of Salaries & Wages, Benefits, Goods & Services, Travel and Equipment are on target to not exceed the allocated amounts. [Appendix 15]

Other financial management practices at the College involve internal control evaluations and risk assessments. In accordance with State Administrative and Accounting Manual policy 20.15.30.b7 *Required Written Annual Assurance by the Internal Control Officer*, the College has established Operational Policy 526 *Internal Control*, requiring the College's Internal Control Officer (ICO) to coordinate the college-wide effort of evaluating internal controls, reporting on reviews, improving control activities, and periodically conducting and/or overseeing a comprehensive review of the internal control structure of the College to determine if it is adequately addressing identified risks. [Appendix 16]

The College has an Enterprise Risk Management Committee dedicated to implementing enterprise risk management processes. This committee has been generating an inventory of functions and assessing key risks associated with the functions. Membership of the committee is comprised of representatives from each of the executive management functional areas and the vice president of administrative services who is the College ICO. In September 2020, the College adopted the Washington State Board for Community and Technical Colleges (SBCTC) Fiscal Health Risk Analysis tool. This tool enables the assessment of the risk of fiscal insolvency. The Enterprise Risk Management Committee and the ICO have incorporated the SBCTC Fiscal Health Risk Analysis tool into the risk management and internal control processes of the College, and this is monitored through a metric on the College Scorecard.

Budget and Planning

As aforementioned, since the year-seven visit in 2019, the College has established new budget planning/development processes and institutionalized them as standard operating practice in the Board of Trustees Administrative Policies and Procedures. The College has also incorporated its financial goals into Priority 4 of the Strategic Plan. Essentially, Priority 4 is "ensure effective, efficient, and sustainable use of college resources." The financial goals are 1) optimize use of resources to sustain college operations and 2) innovate to enable growth for fiscal viability to support the college mission. Indicators for goal 1 are *achieve a positive trend over time toward higher education fiscal health ratio* targets and *invest in strategic efforts supporting college innovation and sustainability*. Indicators for goal 2 are *diversify revenue sources through strategic enrollment management and external opportunities to optimize growth potential* and *promote sound financial practices at the College by using the SBCTC Fiscal Health Risk Analysis tool*. Currently, the college integrates budget planning into strategic planning by mapping new annual budget allocations to priorities established in the College Plan. [Appendix 17]

Overview of Financial Metrics

In this FRR report, the College presents financial metrics in two circumstances. The first circumstance is the Schedule of Financial Metrics (Table 6) for the six-year period FY 2019 to FY 2024. In the first circumstance, data for FY 2019 to FY 2021 is from audited financial statements. Data for FY2022 is from unaudited preliminary annual year end closing numbers, except for pension. Data for FY 2023 to FY 2024 is forecasted based *Table 1: Projected Enrollment* which begins on page 6. The second circumstance is detailed in the section below titled *Analysis of Financial Metrics*, beginning on page 21, for the five-year period FY 2017 to FY 2021. In the second circumstance, data for FY 2017 to FY 2021 is from audited financial statements, so the Analysis of Financial Metrics cover the latest five-year period with available independent auditor's financial statements. [Appendix 18 – 19]

The financial metrics – whether from audited data or based on forecasted data – viewed together and trended over time provide information regarding the overall financial health of the College. [Appendix 20] The metrics are industry standard and provide an overview of the strength of the College's resource sufficiency and flexibility, operating results, financial asset performance and debt management. Specifically, the metrics measure whether College resources are sufficient and flexible enough to support its mission; operating results indicate the College is operating within available resources; financial asset performance supports the College's strategic mission; and debt is managed strategically to advance the College's mission.

In the November 2019, September 2020, and September 2021 Financial Resource Review (FRR) reports, metric definitions, factors with greatest impact on the College's financial health, initiatives implemented to improve the College's financial health and the changes in personnel of the College's financial management staff were extensively discussed. Since that time, there has not been any change in the financial management staff.

Current Status of Financial Management

Table 6 - Schedule of Financial Management

Finances	Actual Current Year -3 (2018-19)	Actual Current Year -2 (2019-20)	Actual Current Year -1 (2020-21)	Actual Current Year (2021-22)*	Projected Current Year +1 (2022-23)**	Projected Current Year +2 (2023-24)**
Audited Financials Complete (Yes/No)	Yes	Yes	Yes	No	No	No
Increase/(Decrease) in Unrestricted Net Assets	($2,854,756)	$220,753	$6,246,246	$1,254,040	$(933,041)	$(1,284,041)
Increase/(Decrease) in Total Net Assets	($1,012,570)	($61,945)	$4,777,009	$2,262,021	$36,286,959	$8,935,959
Total Net Assets	$63,343,389	$63,281,44	$68,05845	$70,320,47	$106,607,43	$115,543,39
Total Debt	$1,074,258	$1,040,953	$1,003,028	$3,365,000	$3,355,000	$3,245,000
Primary Reserve Ratio	(0.27) 0.13	(0.23) 0.2	(0.03) 0.40	0.04 0.50	0.01 0.45	(0.03) 0.40
Net Operating Revenue Ratio	(0.13)	(0.02)	0.09	(0.02)	(0.03)	(0.04)
Return on Net Assets Ratio	(0.02)	0.00	0.08	0.03	0.51	0.08
Viability Ratio	(8.80) 4.3	(7.20) 6.3	(0.88) 12	0.33 4.2	0.05 3.9	(0.34) 3.63

Primary Reserve Ratio = Expendable Net Assets/Total Expenses; Net Operating Revenue Ratio = Change in Unrestricted Net Assets/Total Unrestricted Income; Return on Net Assets Ratio = Change in Net Assets/Total Net Assets; Viability Ratio = Expendable Net Assets/Long-term Debt (Source: Strategic Financial Analysis for Higher Education, by Prager, Sealy & Co, LLC with KPMG)

******FY2022 Data based on unaudited preliminary annual year end closing numbers, except for pension*

*******FY2023 and FY2024 Data forecasted based on enrollment projections identified in Table 1.*

Financial Projections

As aforementioned, there is no available audited data for FY 2022 to FY2024. Therefore, the financial data presented in Table 6 for FY 2022 to FY 2024 is based on assumptions emanating from currently known information, predicted future enrollment, and budget forecasts. Specific assumptions include the following:

1. For FY2022, data from unaudited annual year end closing numbers is utilized, except for pension.
2. For FY2023, tuition paying enrollment is expected to decline 15% compared to FY2022. Net tuition revenue is projected to dip considering the 2.4% state approved tuition rate increase. Running Start (dual enrollment) enrollment is expected to decline 3% compared to FY2022, resulting in a projected dip in dual enrollment revenue. The combined effect is overall lost revenue that will be claimed against HEERF funds.
3. For FY2024, tuition paying enrollment is expected to be flat compared to FY2023. Running Start (dual enrollment) is also expected to be flat compared to FY2023. The combined effect is overall lost revenue that will be claimed against HEERF funds.
4. State appropriation is expected to grow, but the additional funding is anticipated to be tied to new legislative mandates and initiatives with neutral net effect on the college financial health.
5. Capital contribution is expected to increase in both FY2023 and FY2024. As part of the Governor's approved budget for FY2022, an amount of $43.8 million in state capital allocation was authorized for the College to construct a new Student Services and Instruction building. Construction work in progress capital contribution is expected to increase in both FY2023 and FY2024.
6. Operating expense is expected to be impacted by various legislative initiatives and mandates. Specifics include cost of living adjustments of 3.25% and 4.743%, respectively, in FY2023 for classified/exempt employees and faculty employees. Additionally, the Governor's approved budget included employer health rate adjustments of 10% for FY2023. The combined effect is a projected net increase in operating expenses for both FY2023 and FY2024.
7. Cash flow is generally expected to be stable in both FY2023 and FY2024 due to the availability of HEERF funds to offset the lost revenue resulting from declining student enrollment.
8. Pension data for FY2021 is utilized for FY2022, FY2023 and FY2024, because new actuarial pension information was unavailable at the time of completing this FRR report. Such information is typically made available in November by the State of Washington.

Analysis of Financial Metrics

The following analysis of financial metrics is based on data from the audited financial statements for the five-year period FY 2017 to 2021. [Appendix 18-20] The analysis shows improving trends in financial health condition as a result of efforts to achieving stable financial base, short-term solvency and financial viability over time to carry out the College mission. Ratios and values of various financial stability, short-term solvency and financial viability metrics are analyzed and trended in charts, including Change in Unrestricted Net Assets; Change in Total Net Assets; Total Net Assets; Total Debt; Primary Reserve Ratio; Net Operating Revenue Ratio; Return on Net Assets Ratio; Viability Ratio; Current Ratio; Expendable Net Assets and Cash/Investments balance.

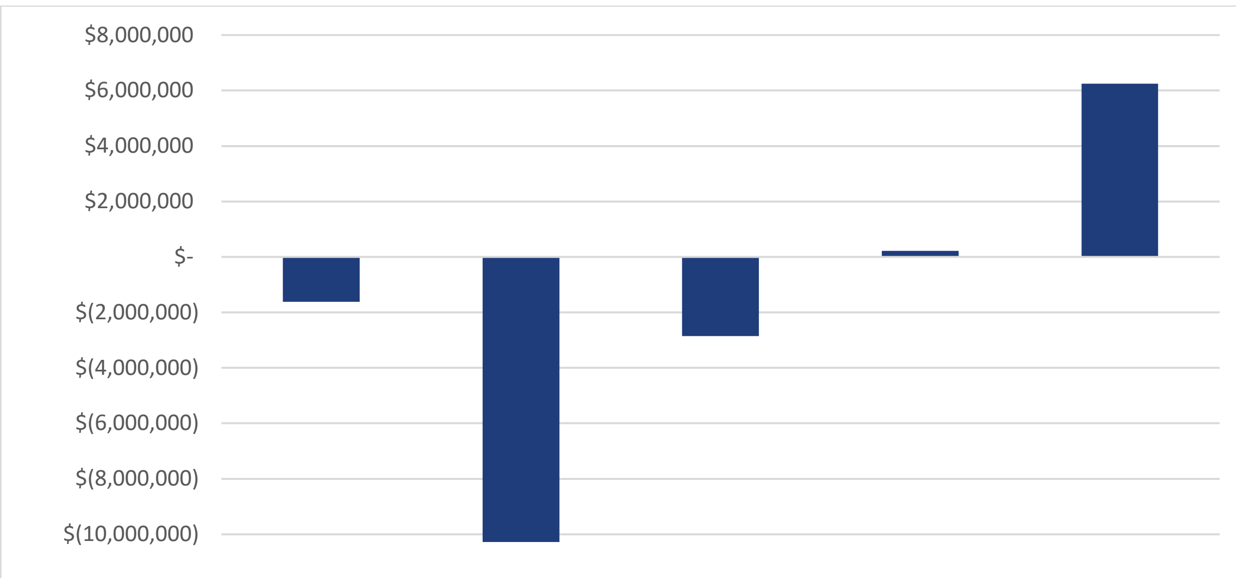
It should be noted that the College specific financial goals in Strategic Priority 4 are measured and prepared into a dashboard and summary scorecard. While the dashboard is only available to college employees on the college intranet site, the priority 4 summary scorecard is transparently available to the College community and the general public on the College's public website. The dashboard and scorecard show the College is on target to achieving its financial goals in the seven-year strategic plan.

Increase (Decrease) in Unrestricted Net Assets

Increase (decrease) in Unrestricted Net Assets is a financial stability measure showing the adequacy of remaining financial resources that can most readily be used in the event of a rapid and unplanned event to carry out the College mission. Figure 7 shows negative trend in Change in Unrestricted Net Assets primarily due to the twin effects of declining enrollment and implementation of Government Accounting Standards Board (GASB) 68, 73, and 75, respectively, for accounting and reporting for Pensions, Pensions Related Assets and Other Postemployment Benefits. Implementation of GASB 68, 73, and 75 required the inclusion of future pension liabilities in net position. Thus, the College's future pension liabilities were accrued in current net position rather than the periods the liabilities come due. In effect, liabilities grow each year as future pensions are accrued, but assets do not grow in turn, thereby negatively impacting the College's unrestricted net assets. The trend recovered in FY 2021, when it turned positive due to lost revenue claims on HEERF funds that neutralized the effect of enrollment decline on operating revenue.

Looking forward beyond the expiration or depletion of HEERF funds, the College has strategies to sustain financial health condition by boosting revenue through implementation of an enrollment management plan, solicitation for additional grants and donor funds, utilization of expendable net assets and by executing austerity measures to rationalize expenses to align it to available revenue.

Figure 7 - Change in Unrestricted Net Assets



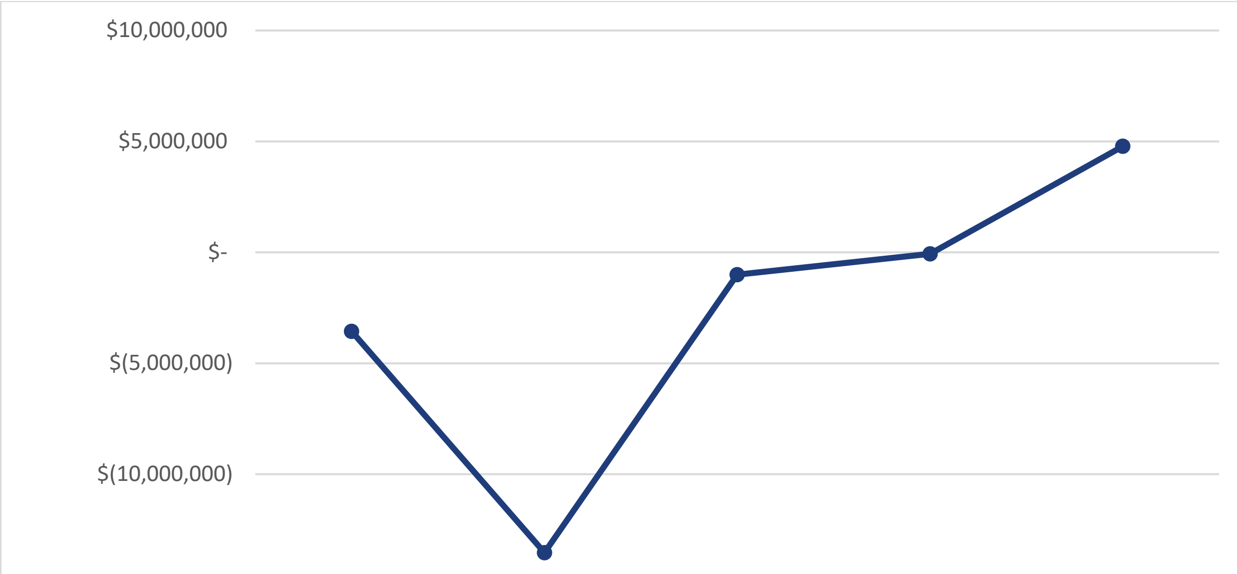
	FY2017	FY2018	F72019	F72020	F72021
Change U.N.A.	$(1,616,522)	$(10,281,420)	$(2,854,756)	$220,753	$6,246,246

Increase (Decrease) in Total Net Assets

Increase/ (decrease) in Total Net Assets is a financial stability measure showing adequacy of the available surplus/deficit after subtracting operating and non-operating expenses from operating and non-operating revenue to carry out the College mission. Figure 8 shows negative trend occasioned by declining enrollment and implementation of GASB 68, 73, and 75. The negative trend bottomed out in FY 2018. Subsequent recovery turned the trend positive with rapid growth in FY 2021 due to increasing capital contribution revenue from the state and lost revenue claims on HEERF funds that neutralized the effect of enrollment decline on operating revenue. The increasing trend is projected to accelerate in FY 2022 to FY 2024 due to substantial capital contribution revenue, about $44 million, from the state to construct the new Student Services and Instructional building.

Looking forward beyond the expiration or depletion of HEERF funds, the College has strategies to sustain financial health condition by boosting revenue through implementation of an enrollment management plan, solicitation for additional grants and donor funds, utilization of expendable net assets and by executing austerity measures to rationalize expenses to align it to available revenue.

Figure 8 - Change in Total Net Assets

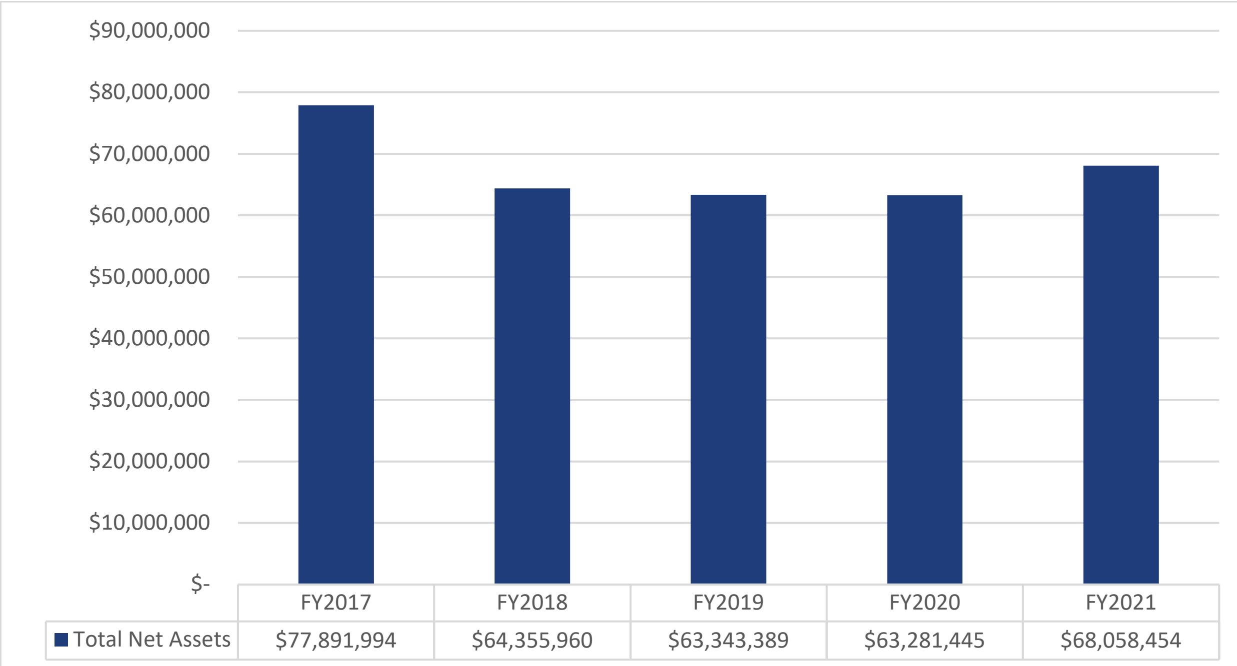


	FY2017	FY2018	FY2019	FY2020	FY2021
Change T.N.A.	$(3,563,526)	$(13,536,034)	$(1,012,571)	$(61,944)	$4,777,009

Total Net Assets

Total Net Assets is a financial stability measure showing adequacy of remaining resources to carry out the College mission after paying off obligations. Figure 9 shows that the downturn in Total Net Assets bottomed out in FY2020, and increased rapidly in FY2021. The increasing trend is projected to accelerate in FY 2022 to FY 2024 due to substantial capital contribution revenue, about $44 million, from the state to construct the new Student Services and Instructional building. Construction work-in-progress cost accumulation and the eventual capitalization and addition of the building to the balance sheet in FY2024 will significantly grow total net assets approximately 65% or $44 million compared to FY2021.

Figure 9 - Total Net Assets

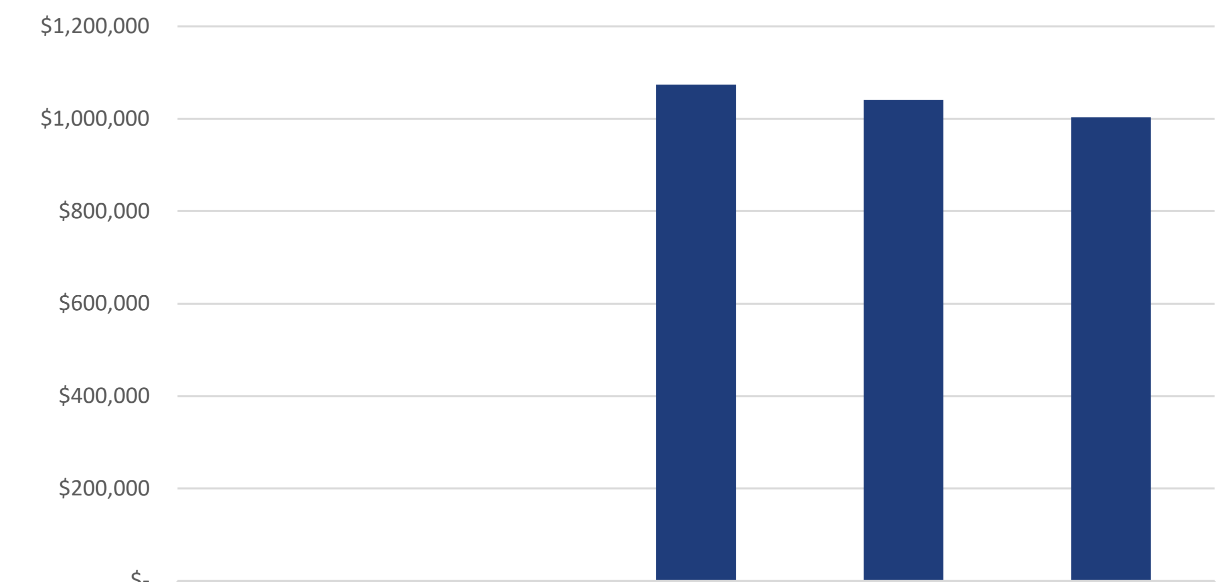


Total Debt

Total Debt is a financial viability measure showing the weight of financial obligations to carry out the College mission. Figure 10 shows Total Debt declining slightly from FY2019 to FY2021. The college did not have debt on its books until FY2019, when debt was sourced from the Washington State Treasury system via a Certificate of Participation to rebuild a student parking lot. Prior to construction, the college established a dedicated fee revenue stream restricted for Parking debt servicing, which had a reserve balance of $376,672 as of June 30, 2021. Annual debt service and average restricted fee revenue are $75,000 and $93,235, respectively. It is anticipated that the restricted parking fee revenue and reserve balance will provide sufficient liquidity to service the debt.

It is projected that total debt will increase $3.2 million by FY2024 due to certificate of participation obligation associated with the new Student Services and Instruction building. Specifically, the student recreational space in the new building is funded by $3.2 million in state general obligation bond funds financed by mandatory student fees. Prior to construction, the college established a dedicated fee revenue stream restricted for Student Building debt servicing, which had a reserve balance in excess of $2 million as of June 30, 2021. It is anticipated that the restricted student building fee revenue and accumulated reserve balance will provide sufficient liquidity to service the student building debt.

Figure 10 - Total Debt

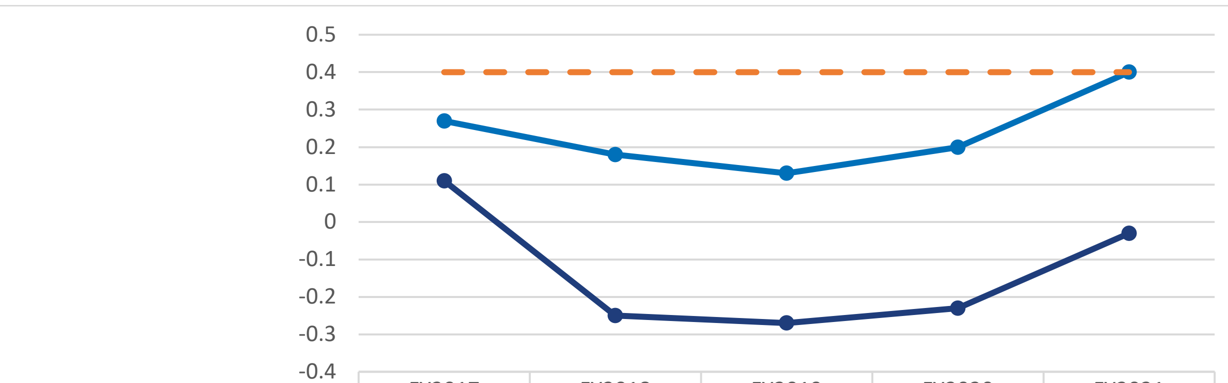


	FY2017	FY2018	FY2019	FY2020	FY2021
Total Debt	$-	$-	$1,074,258	$1,040,953	$1,003,028

Primary Reserve Ratio

Primary Reserve Ratio is a financial stability measure showing adequacy of expendable reserves to carry out the College mission without additional net assets from operations. Figure 11 shows Primary Reserve Ratio with pension/OPEB liability impact and without pension/OPEB liability impact. With pension/OPEB liability impact, primary reserve ratio was in negative trend, but the College has been building back expendable net assets to achieve recovering trend toward positive. Without pension/OPEB liability impact, primary reserve ratio was in positive trend and in FY2021, reached 40%, achieving the recommended industry primary reserve ratio target of 0.4.

Figure 11 - Primary Reserve Ratio



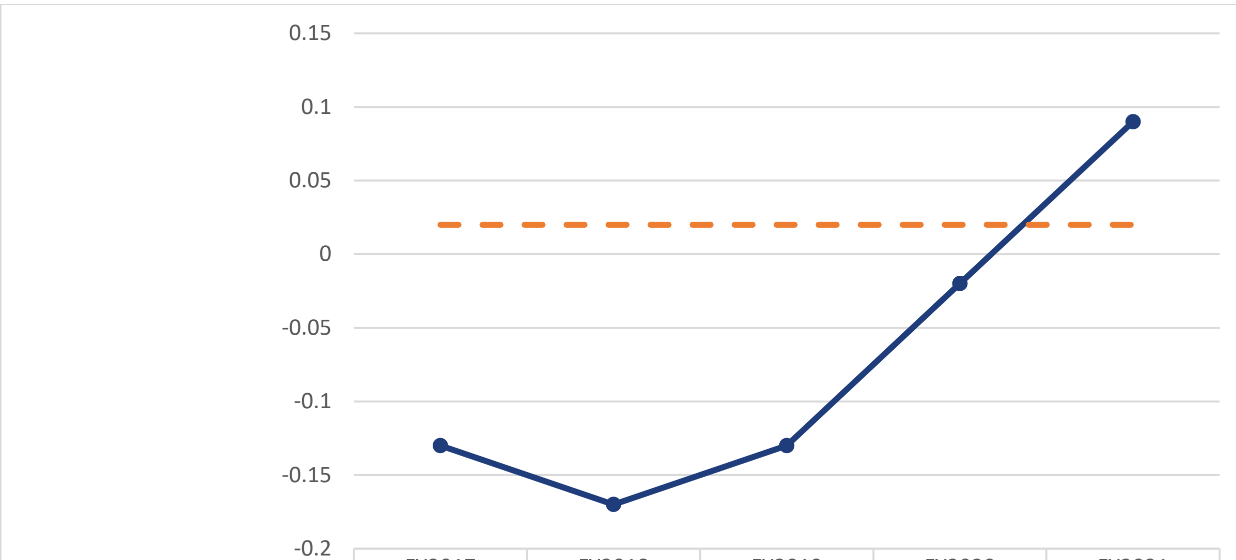
	FY2017	FY2018	FY2019	FY2020	FY2021
Primary Reserve Ratio	0.11	-0.25	-0.27	-0.23	-0.03
With Pension Add Back	0.27	0.18	0.13	0.2	0.4
Target	0.4	0.4	0.4	0.4	0.4

Net Operating Revenue Ratio

Net Operating Revenue Ratio is a measure of how surpluses and deficits from operating activities affect financial viability over time to carry out the College mission. Figure 12 shows Net Operating Revenue Ratio was in negative trend from FY2017 to F20 primarily due to declining enrollment. The trend turned positive in FY2021, reached 9%, exceeding the recommended industry net operating revenue ratio target of 2% due to lost revenue claims on HEERF funds that neutralized the effect of enrollment decline on operating revenue.

Looking forward beyond the expiration or depletion of HEERF funds, the College has strategies to sustain financial health condition by boosting revenue through implementation of an enrollment management plan, solicitation for additional grants and donor funds, utilization of expendable net assets and by executing austerity measures to rationalize expenses to align it to available revenue.

Figure 12 - Net Operating Revenue Ratio



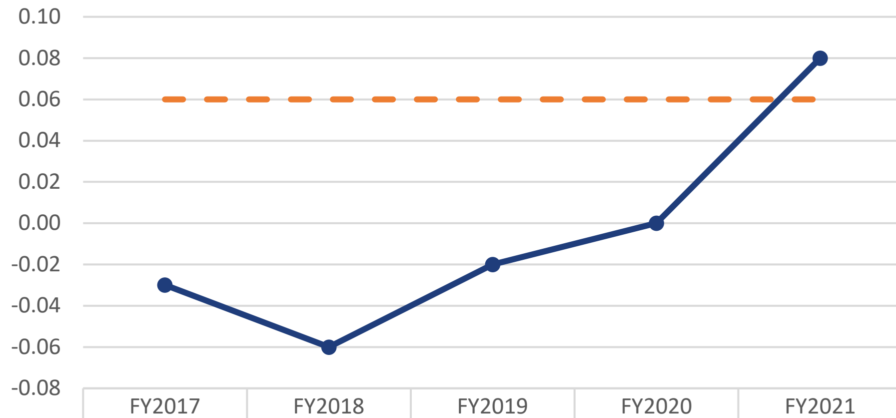
	FY2017	FY2018	FY2019	FY2020	FY2021
Net Op Revenue Ratio	-0.13	-0.17	-0.13	-0.02	0.09
Target	0.02	0.02	0.02	0.02	0.02

Return on Net Assets Ratio

Return on Net Assets Ratio measures economic returns, that is, the increase or decrease in total net assets showing financial viability over time to carry out the College mission. Figure 13 shows Return on Net Assets Ratio was in negative trend from FY2017 to F19 primarily due to declining enrollment. The trend turned positive in FY2020, reached 8% in FY2021, exceeding the recommended industry return on net assets ratio target of 6% due to lost revenue claims on HEERF funds that neutralized the effect of enrollment decline on operating revenue.

Looking forward beyond the expiration or depletion of HEERF funds, the College has strategies to sustain financial health condition by boosting revenue through implementation of an enrollment management plan, solicitation for additional grants and donor funds, utilization of expendable net assets and by executing austerity measures to rationalize expenses to align it to available revenue.

Figure 13 - Return on Net Assets Ratio

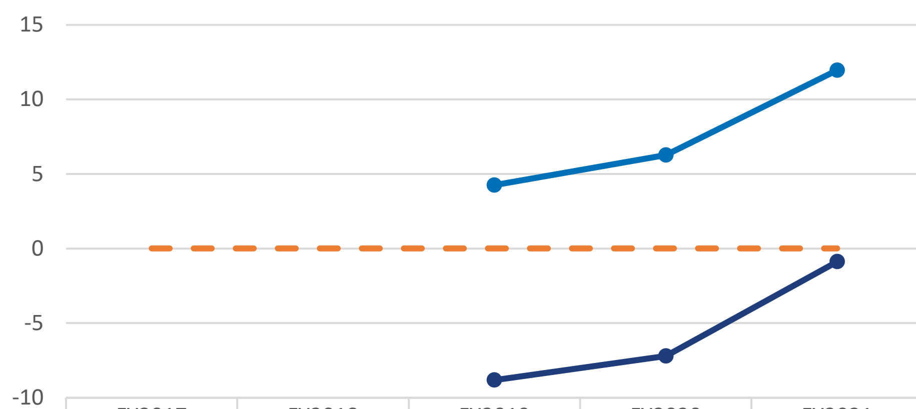


	FY2017	FY2018	FY2019	FY2020	FY2021
Return on Net Assets Ratio	-0.03	-0.06	-0.02	0.00	0.08
Target	0.06	0.06	0.06	0.06	0.06

Viability Ratio

Viability Ratio measures availability of expendable net assets to cover debt as of the fiscal year end date, showing financial viability over time to carry out the College mission. Figure 14 shows Viability Ratio with pension/OPEB liability impact and without pension/OPEB liability impact. With pension/OPEB liability impact, viability ratio was in negative trend, but the College has been building back expendable net assets to achieve recovering trend toward positive. Thus, the viability ratio increased from approximately -8.8 in FY2019 to -0.9 in FY2021. Without pension/OPEB liability impact, viability ratio was in positive trend increasing from approximately 4.3 in FY2019 to 12.0 in FY2021, significantly exceeding the recommended industry viability reserve ratio target of 0.0125.

Figure 14 - Viability Ratio

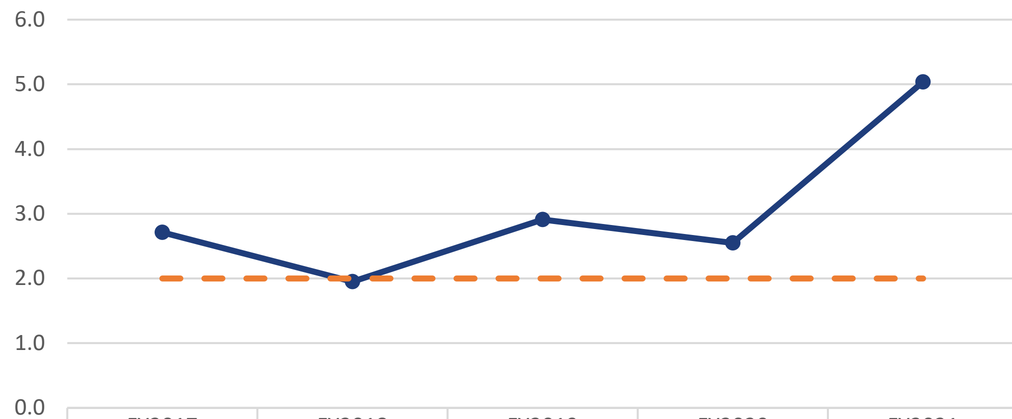


	FY2017	FY2018	FY2019	FY2020	FY2021
Viability Ratio			-8.8	-7.2	-0.9
With Pension Add Back			4.3	6.3	12.0
Target	0.0125	0.0125	0.0125	0.0125	0.0125

Current Ratio

Current Ratio is a measure of short-term solvency or current financial viability, showing availability of liquidity or cash to pay short-term obligations or obligations that are due for payment immediately and within 12 months. Figure 15 shows Current Ratio was in positive trend, increasing from 2.7 in FY2017 to 5.0 in FY2021, exceeding the recommended industry current ratio target of 2.0.

Figure 15 - Current Ratio

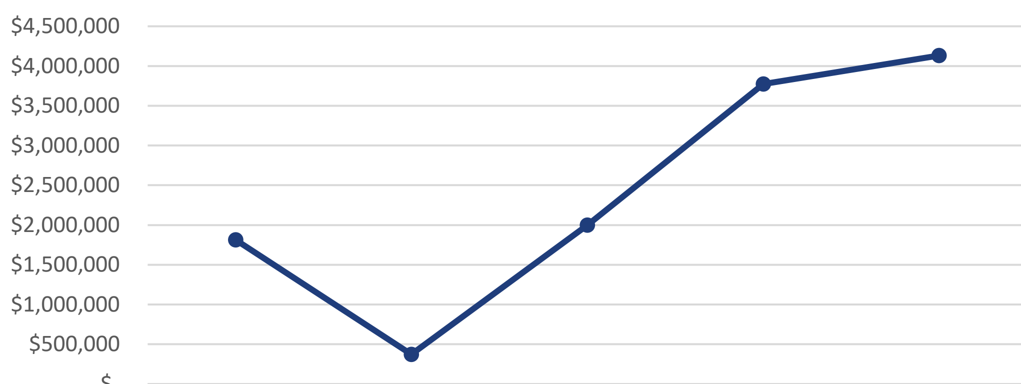


	FY2017	FY2018	FY2019	FY2020	FY2021
Current Ratio	2.7	2.0	2.9	2.5	5.0
Target	2.0	2.0	2.0	2.0	2.0

Expendable Net Assets

Expendable net assets are those assets, such as cash and investments, that are not required to be retained in perpetuity, and therefore, are available to be used for operations. Expendable Net Assets are a measure of financial stability, short-term solvency and financial viability over time to carry out the College mission. Figure 16 shows that the College has built back expendable net position, increasing it from approximately $373,000 in FY2018 to about $4 million in FY2021.

Figure 16 - Expendable Net Assets

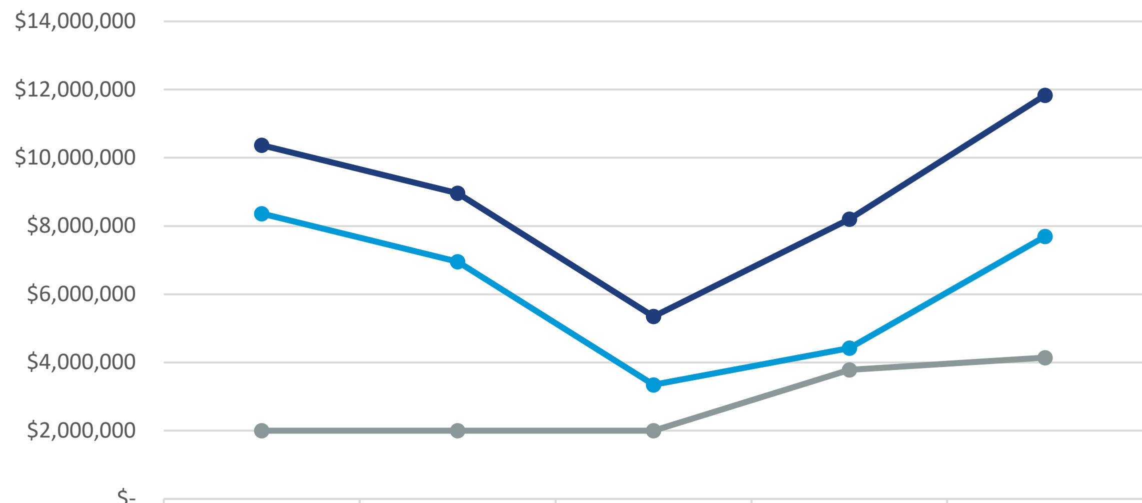


	FY2017	FY2018	FY2019	FY2020	FY2021
Expendable Net Assets	$1,813,290	$373,393	$1,999,978	$3,773,545	$4,132,272

Cash/Investments Balance

Cash/Investments balance is a measure of financial stability, short-term solvency and financial viability over time to carry out the College mission. Cash/Investments at the College represent the amount of money in the bank, certificates of deposit, and money invested in money market funds that are available for use immediately. A portion is restricted for debt service, institutional financial aid to students and student life operations. Figure 17 shows that the College has built back cash/investments balance, increasing it from a low of approximately $5.3 million in FY2019 to about $12 million in FY2021. The unrestricted portion which is available for discretionary use increased from a low of approximately $3.3 million in FY2019 to about $7.7 million in FY2021. Unaudited preliminary annual closing numbers for FY2022 show cash/investments balance of $14.6 million and $9.7 million for the unrestricted portion.

Figure 17 - Cash & Investments Balance



	FY2017	FY2018	FY2019	FY2020	FY2021
Cash	$10,366,199	$8,957,882	$5,347,499	$8,203,989	$11,837,279
Restricted	$1,999,978	$1,999,978	$1,999,978	$3,783,545	$4,142,272
Unrestricted	$8,366,221	$6,957,904	$3,347,521	$4,420,444	$7,695,007

Section 5: Conclusion

The analysis of financial metrics based on data from audited financial statements for the five-year period FY 2017 to 2021 reveals improved financial health of the College. Increasing trends in the primary reserve ratio, net operating revenue ratio, return on net assets ratio, viability ratio, current ratio, expendable net assets and cash/investments balance are evidence that efforts to achieving stable financial base, short-term solvency and financial viability over time to carry out the College mission, are resulting in positive outcomes. While enrollment has been declining due to shifting demographics over the period and COVID-19 disruptions in the past two years, lost revenue claims on HEERF funds had neutralized the effect of enrollment decline on operating revenue.

Looking forward, the College foresees a slight abatement in the financial health condition due primarily to projected drop in enrollment and expiration or depletion of HEERF funds. The College has strategies to balance the budget and sustain the financial health condition by boosting revenue through implementation of an enrollment management plan, solicitation for additional grants and donor funds, utilization of expendable net assets, and execution of expense rationalization austerity measures to align expenses to available revenue. What exactly does this mean to GHC?

First, the efforts described above to recruit new and returning students will continue and remain one of the College's highest priorities. These efforts will be supported and enhanced by the college's Guided Pathways implementation, which is focused on supporting and retaining student from first enrollment to goal completion.

Second, the hard work to diversify revenue, one of the goals of College Priority #4, will continue. The Grays Harbor College Foundation leads with the efforts to increase donor solicitation. Currently, the Foundation has about $14 million in endowments and other donor funds. Foundation fundraising goals and how it supports financial health of the College are discussed in this FRR report starting on page 15. Additionally, efforts to increase solicitation for additional grant funding is ongoing and resulting in positive outcomes. In FY2021, the existing two federal TRIO programs were successfully renewed in the amount of $2.7 million for five years. In FY2022, the College was awarded $1.2 million to start a new federal Education Opportunity Center program. For FY2023, the College has been awarded $2.9 million to start two new five-year federal Upward Bound programs. The College completed a proposal for the Title III grant and is awaiting word of funding. The director of grant development will continuously review the federal grant register to identify qualifying grant opportunities to boost revenue.

Third, as analyzed on page 28, the College has built back expendable net position, increasing it from approximately $373,000 in FY2018 to about $4 million in FY2021. Combining utilization of expendable net assets with austerity measures to rationalize expenses, the College should be able to maintain financial stability, short-term solvency and financial viability over time to carry out its mission.

Finally, GHC's Executive Leadership Team, led by President Brewster, is committed to monitoring revenue, driven largely by enrollment, and spending to maintain financial solvency. Rather than waiting for the annual budget cycle, as was practice prior to 2019, GHC's leadership, supported by its Board of Trustees, discusses its budget position at least quarterly and is committed to acting to mitigate potential shortfalls before they materialize.

In a nutshell, the State of Washington is committed to developing and enhancing its skilled workforce through the Community and Technical Colleges (CTC) system. Therefore, the state provides consistent financial support to Grays Harbor College, which is one of 34 institutions in the CTC system. In the past five years, state operating budget support to the College has increased from $10.7 million in FY2017 to $13.4 million in FY2021. Current state operating budget support to the College for FY2023 is $14.5 million and expected to further increase in FY2024. While increases in state allocation are typically tied to earmarked programs, the College is able to leverage the new funds to substitute existing expenses through re-purposing of existing programs and functions to meet the new allocation intent. In FY2022, the state provided capital budget allocation of approximately $44 million to support the College to construct a new Student Services and Instructional building. Upon completion, it will renew the campus, provide modern equipment and infrastructure, and increase the College's total net assets from approximately $68 million in FY2021 to about $115 million in FY2024.

Section 6: Appendix Table of Contents

Note: Appendices are in a separate document.

In order to productively engage with equity, diversity and inclusion (EDI) issues, it is important to have a shared understanding of the language that we use. The Diversity Advisory Committee developed a glossary of Diversity Definitions during the 2021 academic year. To access this glossary, please visit https://www.ghc.edu/edi/diversity-definitions.

Grays Harbor College does not discriminate on the basis of race, color, national origin, sex, disability, sexual orientation, creed, religion, marital status, veteran status, genetics, or age in its programs, activities, and employment. The following person has been designated to handle inquiries regarding the non-discrimination policies:

Title II/Section 504 Coordinator - Darin Jones, Chief Executive of Human Resources
Grays Harbor College
1620 Edward P. Smith Drive
Aberdeen, WA 98520
360-538-4234

Title IX Coordinator – Kari Collen, Dean Of Student Access And Success
Grays Harbor College
1620 Edward P. Smith Drive
Aberdeen, WA 98520
360-538-4121

Your Community. Your College. Your Future.