



**CLACKAMAS COMMUNITY COLLEGE
BUDGET COMMITTEE
MINUTES, May 8, 2024**

CALL TO ORDER

Budget Committee Chair Michael Morrow called the meeting of the Clackamas Community College Budget Committee to order at 6:00 p.m. on Wednesday, May 8, 2024.

ROLL CALL

PRESENT: 13 – Budget Committee members Christine Didway (via Zoom), David Chitsazan, Irene Konev, Jamie Damon (via Zoom), Jane Reid, Kathy Hyzy, Michael Morrow, Jo Crenshaw, Nancy Bush, Rob Wheeler, Wade Byers, Wade Hathhorn, and Aaron Woods (via Zoom).

ABSENT: 1 – Andrey Chernishov

COLLEGE

REPRESENTATIVES: 5 - President Tim Cook, Vice President Jeff Shaffer, Vice President David Plotkin, Dean Christy Owen, Recorder Kattie Riggs, and other staff and faculty.

APPROVAL OF MINUTES

Chair Morrow asked for a motion to approve the minutes from the May 17, 2023, Budget Committee meeting.

BC-2024-01 Motion made by Wade Byers, seconded by Irene Konev, to approve the minutes of the May 17, 2023 Budget Committee meeting. The motion carried by the following vote:

Aye: 13 – Budget Committee members David Chitsazan, Christine Didway, Irene Konev, Jamie Damon, Jane Reid, Kathy Hyzy, Michael Morrow, Jo Crenshaw, Nancy Bush, Rob Wheeler, Wade Byers, Wade Hathhorn, and Aaron Woods

ELECTION OF OFFICERS

The group considered the selection of the Budget Committee Chair for this year.

BC-2024-02 David Chitsazan was nominated as Chair of the Budget Committee for the 2024/25 budget preparation; Wade Hathhorn seconded the nomination. There were no other nominations. David Chitsazan was elected as Budget Committee Chair by the following vote:

Aye: 13 – Budget Committee members David Chitsazan, Christine Didway, Irene Konev, Jamie Damon, Jane Reid, Kathy Hyzy, Michael Morrow, Jo Crenshaw, Nancy Bush, Rob Wheeler, Wade Byers, Wade Hathhorn, and Aaron Woods

ROLE OF THE BUDGET COMMITTEE

Jeff Shaffer, Vice President of Finance and Operations, reviewed the role of the budget committee and budget process required by state law.

BUDGET MESSAGE

Tim Cook, College President, provided the budget message. He reviewed the guidance the Clackamas Community College (CCC) Board of Education had provided during the Fall of 2023 including stability for students and staff by strategically using the one-time Federal Emergency Retention Credit (ERC) Funds, pursue a two-year budget cycle, and focus resources on the bond renewal. President Cook explained that the proposed budget reflects a “current service level” approach, with no program expansion or contraction due to financial constraints. The budget focuses on supporting student needs, including childcare and mental health resources. The budget acknowledges challenges in the financial and enrollment landscape, but the College is taking steps to ensure continued services to students. The expenses continue to rise and funding continues to decrease.

OVERVIEW OF THE BUDGET PROCESS

Vice President Jeff Shaffer explained that public sector budgeting process involves annual forecasting of revenue and expenses, incorporating policy guidance from the Board and executive leadership compiling departmental information into a base budget. Decisions are made regarding potential resource allocation or spending cuts, all within the legal framework of state/local laws. The Board has the final authority on taxes, spending, fees, and staffing. Finally, the process allows for outcome assessment and transparent decision-making. There's a strict timeline to ensure operational continuity, as detailed in the FY 2024-25 Budget development calendar.

REVIEW OF PROPOSED BUDGET

Christy Owen, Dean of Business Services, reviewed details of the proposed budget including data and trends:

- General Fund (GF) sources of revenue (State appropriation, property taxes, tuition and fees, grants and contracts, and other revenues) (\$68.8 Million (60.7%) supports ongoing Operations)
- GF summary of expenses (Personnel makes up 84%)
- Tuition and fees (CCC Board approved a 4%, or \$5 (instate tuition) per credit increase in tuition for 2024 – 2025)
- History of tuition revenues since 2014 – 15
- All Fund revenues and expenses
- History of primary revenue sources since 2014 - 15
- Special revenue funds, restricted and unrestricted.
- Debt services
- Capital funds

College administration responded to questions from the Budget Committee:

Q. Why was the Ending Fund Balance smaller/lower this current year and in the proposed budget for 2024 – 25 compared to prior years? Where were those dollars moved to?

A. There would need to be clarification of if you were looking at the Ending Fund Balance in our Debt Fund or Contingency Fund/Reserves. If you look in the category for truly Ending Fund Balance that is

solely in our Debt Service Fund, because local budget law does not allow you to budget contingency in a Debt Fund because you are supposed to levy the amount known for the actual expense. Therefore, everything is considered an Ending Fund Balance.

If you're looking at the what is blended into our Contingency Reserves, that's basically where everything else is located. The Ending Fund Balance in the Debt Service Fund is in the 2-million-dollar range and significantly lower. In Budget Law, Ending Fund Balance is not an appropriation category, and you're unable to access that resource in the fiscal year, if you needed to; whereas contingency resources, are a more appropriate place and allow for access. Contingency Funds are generally used for those urgent and unforeseen things.

Q. When looking at the proposed budget, the College is asking the Budget Committee to approve a budget where the expenses exceed the revenues. What is the risk to that?

A. The College gets funding from property taxes, tuition and fees, and from the state. The state funding comes in 2-year intervals and makes sense to do strategic budgeting processes where the college works on reductions based on scenarios. It is different from an organization that has the same consistent revenue source and can be more predictable from year to year. The College is also in a unique environment that we have lost a lot of enrollment and its coming back but not at the same rate as was gone. Then there is one-time Federal funding that came in to help bridge the gaps and create opportunities for strategic budgeting, while still meeting our needs. Essentially the risk is over on the expense side and not in the contingency where it would appear to be more balanced of the expenses and revenues. The College is relying heavily on the beginning fund balances. This is really the contingency, its built into the ending fund balance which then becomes the contingency for the next year or built into those expenses. The College has a policy that requires it to have 10% in its ending fund balance at all times for emergency purposes. The College is following its policy.

Q. What has been the beginning fund balances, as a whole, over the last 10 years? Is it generally higher due to COVID?

A. Yeah, essentially, the College was fortunate because we started freezing payroll, doing furloughs, and taking early steps to mitigate a lot. Actually, when there's not a lot of students on campus saving and printing and things that we didn't even realize we were going save yeah, so we started saving a lot of money. And then suddenly ARPA funds came from the Federal Government allowing us to be able to pay all of our employees, save on spending and all of our expenses. Those savings went to ending fund balance, which then becomes next year's beginning fund balance. And then that happened another year to a certain extent. Then the College got the Employee Retention Credit. Those are all a lot of one-time things.

Q. What are you doing in the upcoming bond projects and other things to help mitigate the rising utility costs?

A. There are about \$12 Million in slated projects on the bond renewal regarding energy efficiencies. The current staff are also working diligently with utility companies on any discounts and programs that help with providing credits during low usage.

Q. What is the percentage of FTE that comes from high school classes? Has this fluctuated? What's the trend for dual credit programs (overall percentage of mix of FTE)? Is this becoming a greater proportion of current enrollment figures for reimbursable student FTE?

A. The College will research and come back with some responses to these questions.

Q. What have been the changes in demographics of CCC students over the last few years? What percentage are students of color? Where has the growth in the community been?

A. There have been an increase in the students of color and the latinx students, but the College will come back with more concrete numbers.

SPRING 2024 GENERAL FUND FORECAST

Vice President Jeff Shaffer discussed the General Fund forecast and assumptions:

- Current years expenses
- 4% Tuition increase annually
- 4.5% property tax increase annually
- 10% increase in enrollment in the current year and assume a 5% increase in FY 2024 – 25
- The Community College Support Fund increase at a rate of 6% for next biennium (2025 – 27)
- Incorporating the updated model for the Community College Support Fund
- At least 5% of savings of current service level budget expenses

Jeff also discussed the importance of enrollment. CCC's enrollment in 2023 (4,932 FTE) was 26% below 2018 enrollment (6,716 FTE). The rate of enrollment decline due to the pandemic is significantly more than the rate of recovery. At CCC nearly 97% of operational funding is driven by enrollment. Jeff went on to review the expense forecast and how recent inflation will have a lasting impact in primary expense categories. Costs of personnel are increasing by 5.2% in the General Fund, which is a lower rate of increase than the prior fiscal years. There is a increase on the "non-negotiable" areas, like public utilities, of a blended magnitude of 20% over the prior year budget.

GENERAL FUND ADDITIONS AND NEXT STEPS

President Cook walked through some one-time funding additions to the budget including extra cyber security protections, limited duration Human Resources position, pilot programs and software, and gap funding. He summarized and explained next steps including that the Budget Committee would be meet again the following week. Send any questions and comments to President Cook and Vice President Shaffer, so they can be addressed during the next meeting.

ADJOURNMENT

Chair Chitsazan expressed his appreciation for the work in preparing the budget. There being no further business to come before the Budget Committee, at 7:39 p.m. he declared the Budget Committee adjourned until the next meeting on May 15, 2024.

Kattie Riggs, Recorder

Date