Frequently Asked Questions (FAQ) for FY 2026-27 process

As of 1/12/2026

Budget background

What is the state of the budget for 2026-27?

- There are two financial factors impacting the college budget for FY 2026-27 and beyond.
  - The structural deficit is approximately $1.1 million, or one-third of the amount we faced at this point in time last fiscal year.
  - Additional cost pressure is coming from the potential for state legislative action to reduce the amount of resources for all 17 community colleges in Oregon. At present, the Higher Education Coordinating Commission (HECC) has asked community colleges to prepare two possible budget reduction scenarios, one with 5% reductions and one with 2.5% reductions, as part of a broader effort to close a projected shortfall of $888 million. Communications from the HECC are located here on their website. For CCC, these scenarios equate to about $2.0 million at 5% and $1.0 million at 2.5%.
  - The result of these two pressures is the potential for up to $3 million shortfall in the College General Fund.
- Since 2016-17, the college has been spending its reserves to help balance the budget. However, during the pandemic, we were able to delay making significant budget cuts due to one-time funding, which is coming to an end. Enrollment eventually has recovered to levels from early 2020, but despite continued focused efforts the college enrollment is not at pace to generate enough revenue to cover the structural deficit portion of college resource shortfalls.
- The FY 2025-26 Adopted Budget included $2.35 million of reductions to slow the rate of reserve spending, leaving $650,000 from prior year targets to address during the fiscal year. As the deficit has increased to $1.1 million as shared with the Board of Education in November, the ability to use process improvements alone to close the gap is likely insufficient. The growth in the structural deficit is the result of increased forecast expenses and a lower forecast rate of enrollment growth.

What if the state does not require the full 5% reduction for FY 2026-27?

- It is important to note that the state has indicated that their own operating forecast is showing an economic decline, which means there is the potential for reductions in upcoming legislative sessions. Forecast documents for the state of Oregon are on their website and will be updated during the February short session.
- For FY 2026-27, we are working to close that gap so we can not only achieve a balanced budget but also determine what actions would result in the event state resources are lowered during the next biennial budget. The college will need to resolve the structural deficit of $1.1 million irrespective of decisions made for the state Community College Support Fund (CCSF).
- The state has competing interests for its limited discretionary resources, and it is important for the college to be ready if the state reduces resources specific to the CCSF.

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We are still hearing about a structural deficit. What about the reductions from the process last spring?

- Yes, the college has been working through reducing the structural operating deficit for many years. The following points provide the timeline, and include actions taken for FY 2025-26. It has been the central question of every budget process since before the pandemic: How much of an ongoing cut to balance revenues?
    - The FY 2025-26 Adopted Budget included $2.35 million of ongoing reductions and left $650,000 to identify by June 2030. The Adopted Budget for 2025-26 and summaries of the reductions are contained here for reference.
    - Unfortunately, as noted above, the deficit grew to $1.1 million and this amount must be addressed in FY 2026-27.
        - The primary drivers for growth in the structural deficit are tied to expenses being greater than forecasted, and enrollment growth not meeting forecasted estimates.
    - The FY 2025-26 Adopted Budget did not reduce the full amount of the structural deficit with cuts effective June 30, 2025. To minimize additional impacts to students and employees, the college pursued process improvements and took additional time to analyze options. These strategies were referred to as "glide paths," meaning there could be a structured transition during FY 2025-26 as one-time funds were spent down.
- Prior to FY 2025-26, the following actions have occurred with respect to reductions in the annual budget process:
    - The budget as presented to our Board's Budget Committee in fiscal year 2022-23 did include reductions but did not cut enough for the Board's risk tolerance. They directed another $2 million in reductions.
    - These cuts were crafted during the fiscal year 2023-24 budget process, and ultimately $1.5 million was identified for reduction. At the same time, additional resources from the state were received, and $700,000 was added back by the Board as ongoing expenses to address needs like enrollment, infrastructure, and retention of students.
    - The college has strategically used one-time federal funds to cover operating gaps. The goal was to determine how much our structural deficit would be once we factored in ongoing revenue increases (e.g., through enrollment growth) and then make reduction decisions.

Why do we need to take reductions in the General Fund? Are there other funds we could reduce?

- The college has 22 legally defined funds. The majority of these funds are restricted and cannot be used for general operations. It is the intent and purpose of the General Fund to support the daily operations of the college in the fulfillment of our mission. Examples of restricted use funds that cannot cover daily operating expenses:
    - Debt service payments, grants, financial aid pass-through to students; course fee funds, and capital bond funds are all restricted as a legally defined intended use.
    - The Financial Aid Fund, which is a direct pass-through of $21.7 million to students (Federal, State, and local aid), is included in the total 2025-26 budget for the college and cannot be redirected to cover operating expenses.

  - Insurance payments, bargained retirement health benefits (for employees hired prior to 2011), and the PERS obligations account for much of the remaining restricted funds.

What about asset maintenance or less restricted reserves to cover our shortfall? Why can't we use these balances again?

- The college's reserve funds for assets including buildings, information technology, and instructional equipment represent a dedicated set-aside for life-cycle replacement and major maintenance. These funds are essential to maintaining our facilities, infrastructure, and long-term institutional sustainability. Reducing or eliminating resources that support assets and infrastructure to temporarily offset operating expenses would be short-sighted.
- The funds contained in the Major Maintenance Reserve and the Equipment Replacement Reserve are already insufficient relative to the total level of need and are less than the amount of reduction being considered. For an institution with approximately $200 million in built assets, the Major Maintenance Reserve is significantly underfunded at current contribution levels, limiting our ability to address both short- and long-term maintenance and life-cycle replacement needs.
- As with the General Fund, the use of reserve funds represents a one-time solution. Redirecting these reserves to temporarily offset General Fund overspending would leave the college without dedicated resources to sustain its buildings, infrastructure, and instructional equipment, ultimately increasing long-term risk, deferred maintenance, and future costs.
- The college spent $4.1 million of its General Fund reserves in FY 2024–25, which is $1.1 million more than originally planned for this period. As a result, the college now has $1.1 million less in current-year contingency, reducing its capacity to absorb unforeseen, urgent, or one-time expenses. This diminished flexibility further underscores the importance of preserving dedicated reserve funds intended to sustain our physical and instructional assets.

Why do we need to make reductions now?

- The one-time federal Employee Retention Credit funds in the General Fund have a planned spend down rate which means they are not available for future use in support of college operations. The Board of Education reserve policy exists to ensure fiscal longevity and to provide a resource to support a small operating contingency. Going below a minimum threshold set by the Board's financial policy is not a responsible use of tax and tuition payer dollars.
- Further, if the college's primary operating fund is overdrawn or spends to a zero balance, there will be material findings in our external audits, which negatively impact credit ratings from financial institutions. Operating contingency funds allow the college to address any one-time, urgent, unforeseen, and unplanned expenses during the fiscal year.
- The Board no longer wants to conduct operations with a structural deficit because of the financial and operational risks contained. They are directing us to move away from one-time stop-gap measures.
- Conducting operations with the ongoing possibility of reductions each year makes planning difficult, hurts employee morale, and prevents us from investing in strategic opportunities should funds become available.

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As of 1/12/2026

We are adding facilities and operations with the passage of the bond. Will we have to cut existing operations to fund new operations?

- The 2024 bond provides funding for both new facilities and the modernization of existing college buildings. A significant portion of the bond is dedicated to renovating, repurposing, and upgrading current facilities to improve efficiency, reduce deferred maintenance, and lower long-term operating costs such as utilities and repairs. While bond funds cannot be used to cover day-to-day operating expenses, the improvements made through the bond are expected to reduce operational pressures over time. As these projects are completed, the college anticipates increased efficiency and cost savings that will help support and stabilize future operating budgets. Additional information and reports on 2024 Bond projects are online and available here.

Budget process

What equity tools are being used in making budget reduction decisions?

- To help guide the budget process, the college will use the Cougar Pause, which is the updated version of our equitable decision-making framework. The Cougar Pause is a guide to help us think through planning and decision-making. The goal of this tool is to pause as we consider concepts and/or lived experiences that are different from our own, leading to making more informed decisions and thoughtful consideration of the impacts and trade-offs of those decisions.

How is Shared Governance being used?

- The Budget Advisory Subgroup (BAS), which is under the Finance Council, will start meeting in February 2026 and will continue through mid-April. They will provide feedback and input to the Executive Team on budget reduction scenarios this spring. The Finance Council will be presented with financial policy questions and topics to bring their perspective to the Executive Team throughout the winter and spring terms.

Why is the college changing its approach to the FY 2026-27 budget process and we're now being informed?

- The budget process for 2026-27 was not originally designed to address significant changes to the college's state funding as the state biennial budget was set in June 2025. The late summer and fall of 2025 was dedicated to continuing focused work on the shortfall remaining from the last fiscal year.
- During this time, the college established several Process Improvement Task Forces to identify changes that would result in additional savings. Over 30 staff from across the college were involved with process mapping of common business practices such as: procure to pay, travel process, accounts receivable, payroll FACs, and tuition waivers. These were identified as the most promising areas for process improvement as decentralized and undocumented practices at CCC.
- Findings and options for consideration were presented to the Executive Team this past December. There is potential for additional savings through more conscious purchasing efforts (central purchasing and contract management), using a consistent approach to tuition waivers, and

modernizing our IT infrastructure. Much of the process improvement work points to opportunities to increase employee capacity by streamlining our processes, which increases our ability to support functions at the college. The positive return on investment for IT modernization will take longer to capture than our current timeline for FY 2026-27 budget development will allow.

- Unfortunately, by late fall 2025, the state had received financial updates and potential impacts from federal level changes that negatively affected the state forecast. The governor has indicated that the legislative short session in February 2026 may result in reductions to higher education funding of 5% of current service levels. As such, the college needs to be prepared for up to a 5% reduction in state funding on top of the structural deficit.
- With this information, the CCC Executive Team had to shift budget priorities. The college needed to re-engage in creating budget reduction scenarios to identify a minimum of another $3 million in ongoing general fund reductions beyond the work done in FY 2025-26.
- At the fall Board of Education meeting, the Board was briefed on the continued deficit and the potential for additional reductions due to the loss of state funding.
- There is a fair amount of uncertainty in state revenues, and President Cook has asked for scenarios to be modeled in January 2026 to address potential state funding shortfalls and to move these scenarios forward to the BAS for their review and to provide input and feedback to the Executive Team as the Executive Team makes their decisions for the FY 2026-27 Budget.

That state proposed funding cuts in spring 2020 in response to the COVID pandemic. How are you improving the process that occurred in 2020?

- We started the budget process much earlier. In spring of 2020, we were reacting to what we were being told at the state and federal level with very little time to respond.
- The amount of the reductions scoped in March 2020 were responsive to a direction from the state to prepare for a 20% reduction in state allocations. This amount was significantly more than the current structural deficit. The current amount to reduce in the General Fund represents 4-5% of the operating budget.
- We are using the Cougar Pause equity tool to help guide decisions.
- We have included deans and leadership earlier in the process.
- We have a newly redesigned Shared Governance process to help inform decisions and recommendations.

What are the next steps?

- **January- February**: Reduction scenarios developed. The state legislature will make any adjustments to current allocation models by the middle of February 2026.
- **February-mid-April:** review and recommendations conducted with the Finance Council and BAS.
- **Mid-April:** Recommendations and additional opportunities for input into the process are finalized and presented to the Executive Team.
- **First week of May:** The proposed budget book will be published and available online.
- **May 13:** Budget Committee meeting – first read of the budget.
- **May 20:** Budget Committee meeting – second read, opportunity for public testimony, and budget approval occurs.

- **June 24:** Final opportunity for public testimony and the Board of Education formally adopts the FY 2026-27 Budget.

Employee impacts

Am I going to lose my job? Will my team be cut?

- There are a limited number of vacant positions that may help reduce the number of employees affected by layoffs. The hiring freeze implemented in fall of 2024 remains in place as a useful tool to increase the total number of vacant positions.
- Unfortunately, it is possible the college may have to lay off employees to meet the budget deficit.
- We will focus on vacant positions and other ongoing cost savings as much as possible, but there may not be enough of these savings to support the level of reductions needed.

What process will the Administration follow to notify employees of layoffs?

- For represented ACE (Association of Classified Employees) and Full-Time Faculty, the Administration will follow the layoff provisions in their respective collective bargaining agreements which can be found here:
  - ACE Bargaining Agreement – Article 6, Layoff/Reduction-in-Force/Recall
  - Full-Time Faculty Bargaining Agreement - Article 21, Reduction-in-Force

Administrators are subject to language in the Administrative Employee Handbook

- The potential impact to Associate Faculty would not be in the form or layoffs. Rather, the college may not be able to offer as many sections of courses as we have in the past which, of course, will affect the Associate Faculty who would teach these sections.

Budget reduction ideas

Will we raise student tuition? Can raising tuition help close the gap?

- The forecast does include increasing tuition by 3% (or $4/credit). A moderate increase in tuition beyond inflation is part of the scenarios the Executive Team is considering. However, these will not be sufficient to negate the structural deficit or close any resource shortfall from the state.
- It is not fiscally realistic or in keeping with our values around student accessibility or success to increase tuition and fees to completely address our shortfall. We would need to raise tuition by at least $16/credit to balance the full potential reduction of $3 million.
- The general fees have not been increased in over three years, and we do seek to have periodic reviews and adjustments, so the fees keep pace with inflationary expenses. The general fees are part of the revenue review process for the Executive Team and the Board for consideration this spring.

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Can we use the Fund Balance to cover the gap?

- The Fund Balance is another way to restate the reserve account in the college's legally defined funds. These reserves, or prior year ending fund balance, have been used to cover the gap since FY 2022-23 continuing through the current FY 2025-26.
- We will run out of fund balance by the end of the next biennium if we don't structurally take ongoing reductions to our expenses. The current pace of spending compared to revenues is unsustainable.
- Reducing the General Fund deficit was the specific action our Budget Committee and Board of Education directed us to do last spring for this year's budget process.

What about raising other revenues to close the gap?

- We have very limited additional revenue streams.

Are there budget reduction strategies that are off the table?

- The Executive Team decided the following are not equitable or strategic:
    - Across the board, %-based cuts for every department.
    - Use and reliance on one-time funds to subsidize ongoing operations.
    - Cuts that compromise legal mandates, financial stability, or increase risk to the college.
    - Furloughs, as this is a strategy that produces one-time salary savings.

Why are we not just cutting the remaining vacant positions?

- There are not enough vacancies in the General Fund to close any current scenario for the shortfall range of $1.1- $3 million.
- The action of cutting open vacant positions without a review is another form of an "across the board" reduction tactic that does not consider the workloads or outcomes of the reduction.

I've got a good idea of how to save money. What should I do?

- Cost savings should be at least $100,000 and ongoing in nature.
- Bring a proposal to your dean or executive director for review, to understand if it is already being considered or does not meet the goals of our current expense reduction process.