

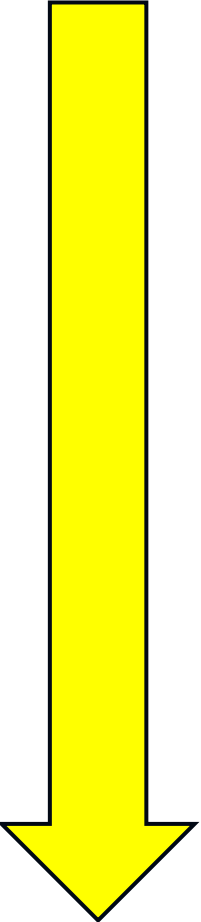
FY 2025-26 Budget Update

January 29, 2025

Introduction & Overview

- **Overview of Budget Process**
 - Process steps & policy guidance
 - Roles
- **Fall Forecast Summary**
 - First forecast point in budget process
- **Reductions and Impacts**
 - Assessments of options to inform decisions
- **Integration of new shared governance**
 - Finance Council and Budget Advisory Subgroup formation
- **Communications for budget decisions**

Roles, Responsibility, and Decision Ownership

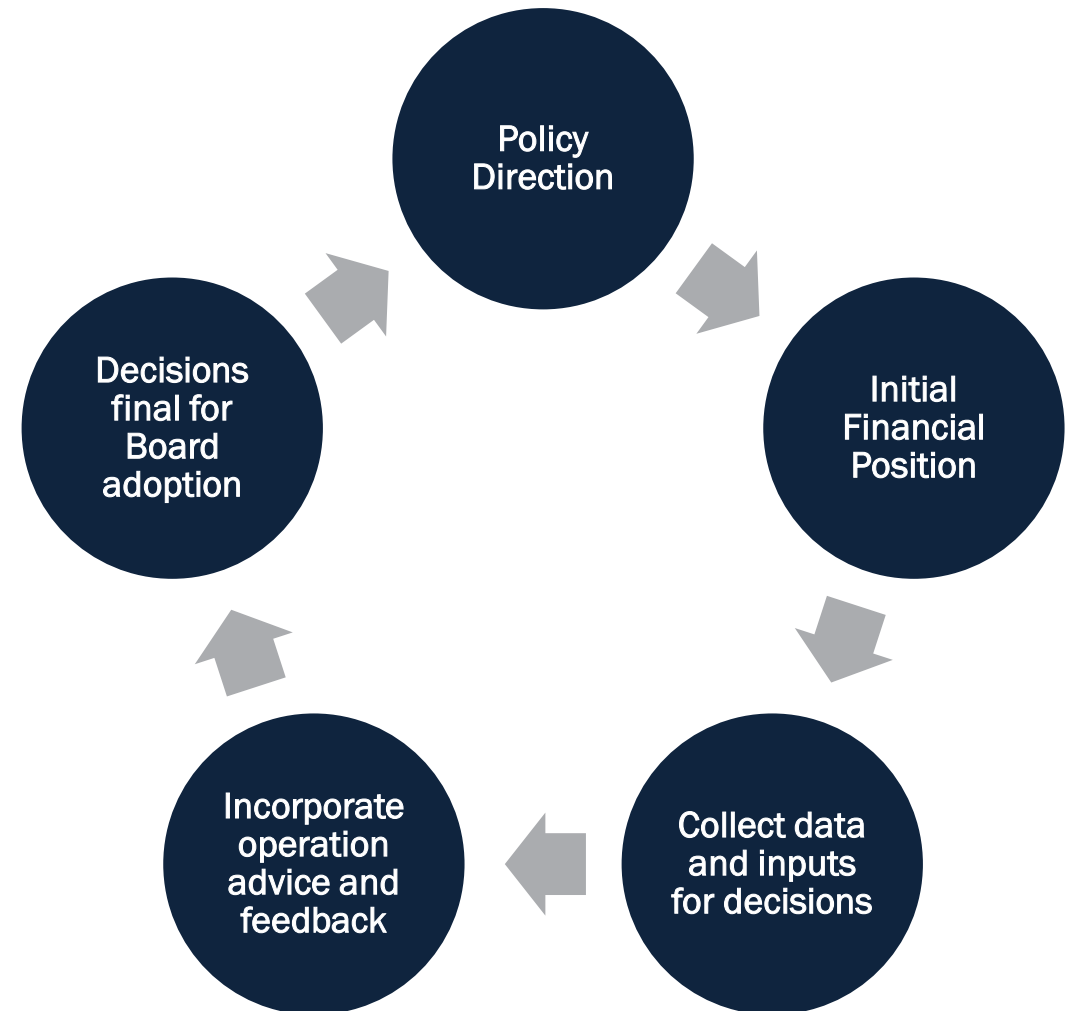


Policy Guidance*	Finance Council*				Executive Team	Board & Budget Committee
Budget Process Development / Management				Business Office	Executive Team	
Reduction Proposal Development			Administrators	Business Office	Executive Team	
Financial/ Operational/ Policy Advice	Finance Council	Budget Advisory Sub-Group	Administrators	Business Office	Executive Team	
Final Decisions					President	Board & Budget Committee
Reduction Implementation / status tracking	Finance Council	Budget Advisory Sub-Group	Administrators	Business Office	Executive Team	Board & Budget Committee

**The Shared Governance structure was implemented in Fall of 2024 - too late for FY 2025-26 budget policy development. Starting in FY 2026-27 Budget Development, Finance Council will have impact during initial policy guidance*

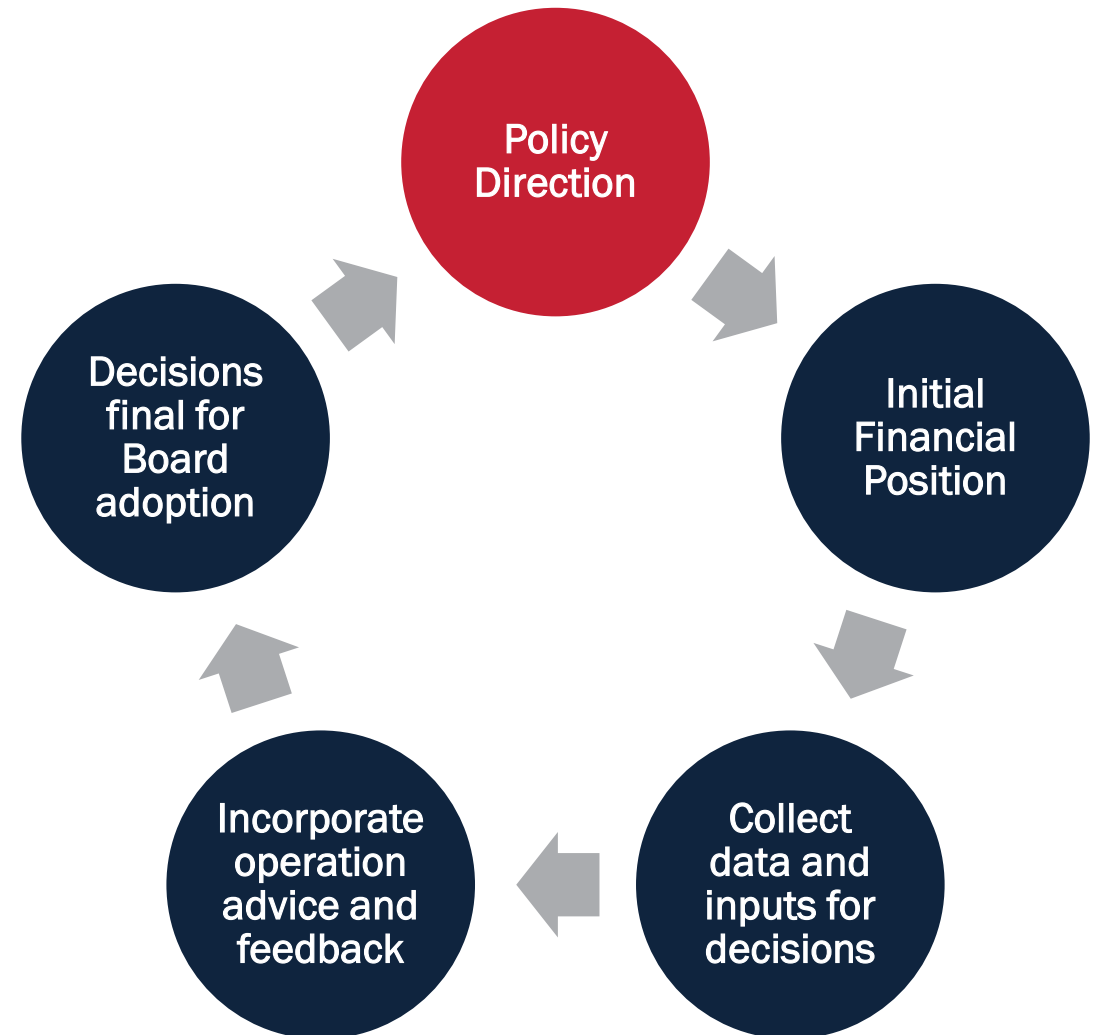
Overview and Process Steps

- Budget processes follow a life-cycle for each coming fiscal year
- FY 2025-26 budget planning follows similar cycle
- This graphic highlights where information comes into the process
- Decisions occur throughout a budget process



Key factors influencing policy directions

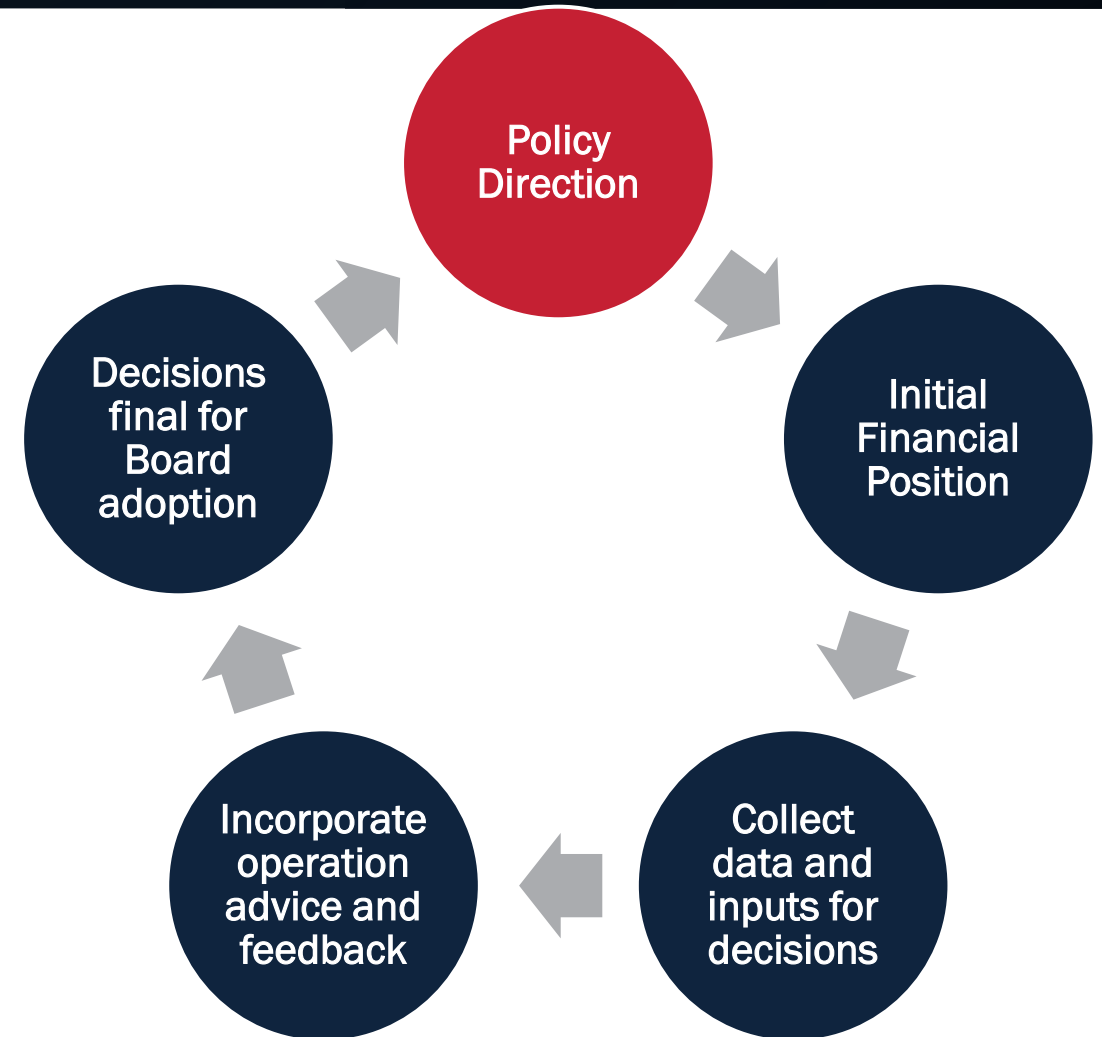
- The college experienced year-over-year decline in enrollment prior to the pandemic in 2020
- The pandemic brought a 35% decline in enrollment, with our lowest point in FY 2021-22
- The college received Federal one-time recovery funds to allow for operations to continue over the last three years
- The remaining one-time funds will be fully exhausted by July 1, 2026



Financial Policy Directions for FY 2025-26

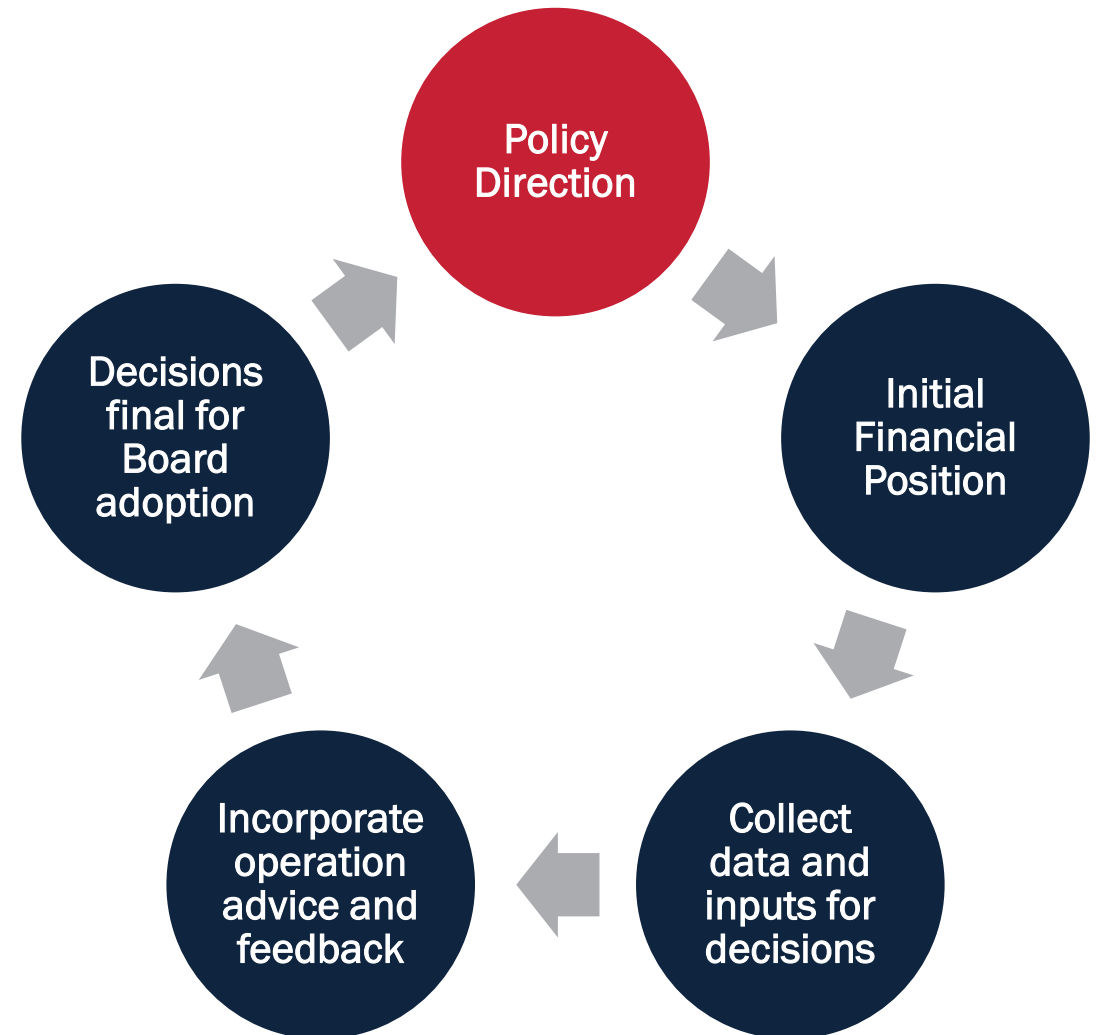
- **Importance of a fiscally resilient budget**

- The college cannot continue with reliance on one-time funds
- Balancing the operations budget without one-time funds will require reduction in ongoing expenditures
- The Board of Education Budget Principles set the direction to bring forward a financially sustainable budget centered on principles of the College mission



Policies Informing Process for FY 2025-26

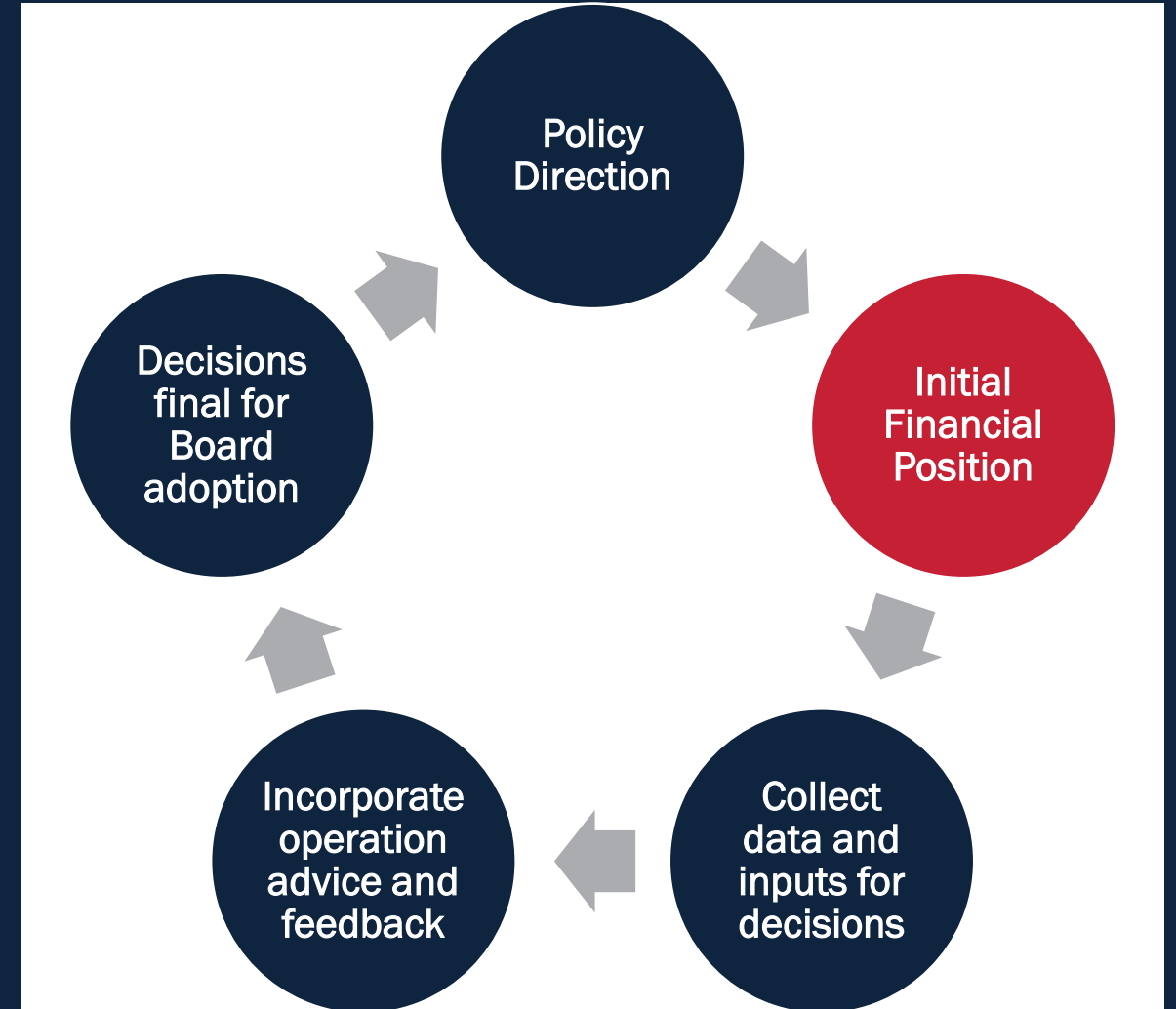
- Start planning for reductions before the state sets its budget
- Will not be a multi-year process
- Prior budget reduction efforts have reduced flexibility
- The Finance Council will be engaged in the budget process
- Equity tools and practices will be used throughout



Financial Information and Forecast

Financial status of General Fund

Fall 2024 forecast and levers of impact



Financial Forecast for 2025-26

Fall Forecast

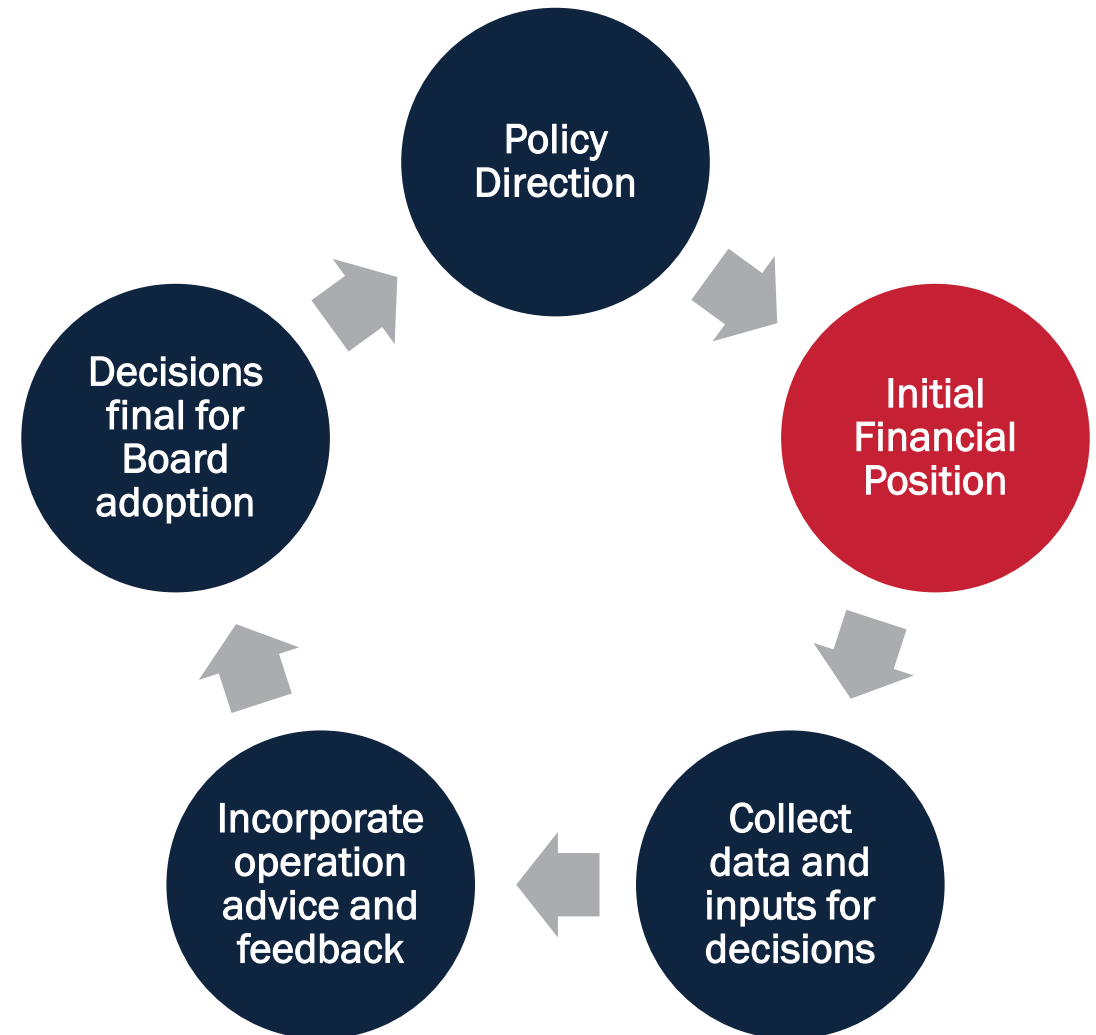
- Incorporates known changes to revenues and expenses as of October
- Rolls off the one-time funds after FY 2025-26

Spring Forecast

- Occurs in April
- Adjustments to Revenue and Expense forecast for new information

History of Reserves & 1-time funds

- 10-year usage of 1-time funds



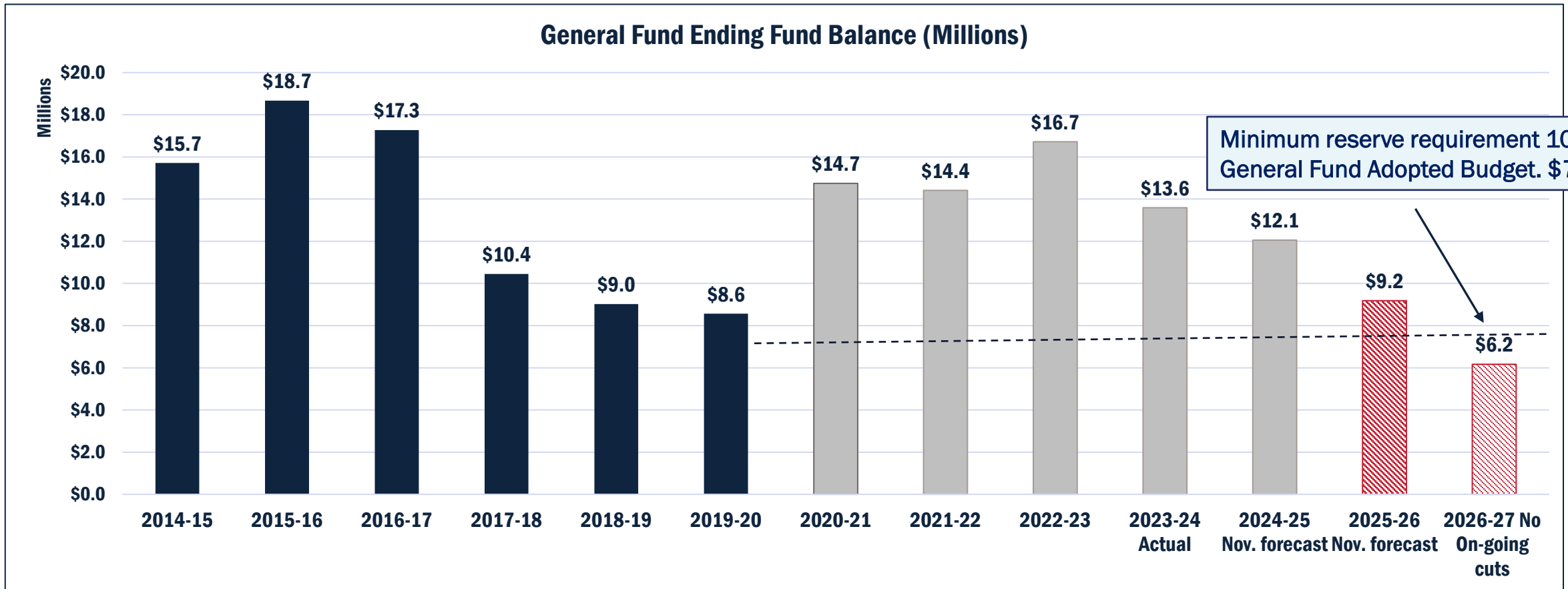
Fall 2024 Forecast: General Fund Resources are Outpaced by Growth in Expenses

General Fund Forecast (Millions)	FY 2023-24 Actual	FY 2024-25 Spring Forecast	FY 2024-25 Revised Forecast	FY 2025-26 Forecast	FY 2026-27 Forecast
Revenues (Ongoing)	\$ 66,556	\$ 68,888	\$ 70,330	\$ 74,065	\$ 76,031
Expenses (on-going)	\$ 69,671	\$ 72,245	\$ 71,866	\$ 76,937	\$ 79,047
Expenses Supported by One-time Funds	\$ 3,115	\$ 3,357	\$ 1,535 *	\$ -	\$ -
Annual Operating Deficit	\$ (3,115)	\$ (3,357)	\$ (1,535)	\$ (2,872)	\$ (3,015)

* Use of 1-time in 2024-25 is mitigated by receipt of resources over Spring 2024 Forecast. Otherwise, would be \$3.0 M for FY 2024-25 Revised Forecast

- **The ability to use one-time funds to support the structural deficit is ending during the next biennium.**
- **The structural operating deficit of approximately \$3.0 million in FY 2026-27**
- **Current Budget Committee instruction is to plan for eventual end of one-time sources in the FY 2025-26 process**

Ten-year History of One-time Reserves



- ❑ Fund Balance growth is driven by bringing in more resource than final expenditures on a sustained basis.
- ❑ The College spent down \$10.0 million in excess balance over a five-year period pre-pandemic while enrollment declined.
- ❑ The forecast balance in FY 2026-27 when pandemic recovery funds expire is \$2.4 M lower than the actual balance in FY 2019-20.

Timing of Information for Community College Support Fund (CCSF)

Impact of Legislative Session timing

Fall 2024 Forecast assumes a 100% Current Service Level (CSL) allocation of CCSF. The Governor's Proposed Budget is at the 100% CSL for community colleges

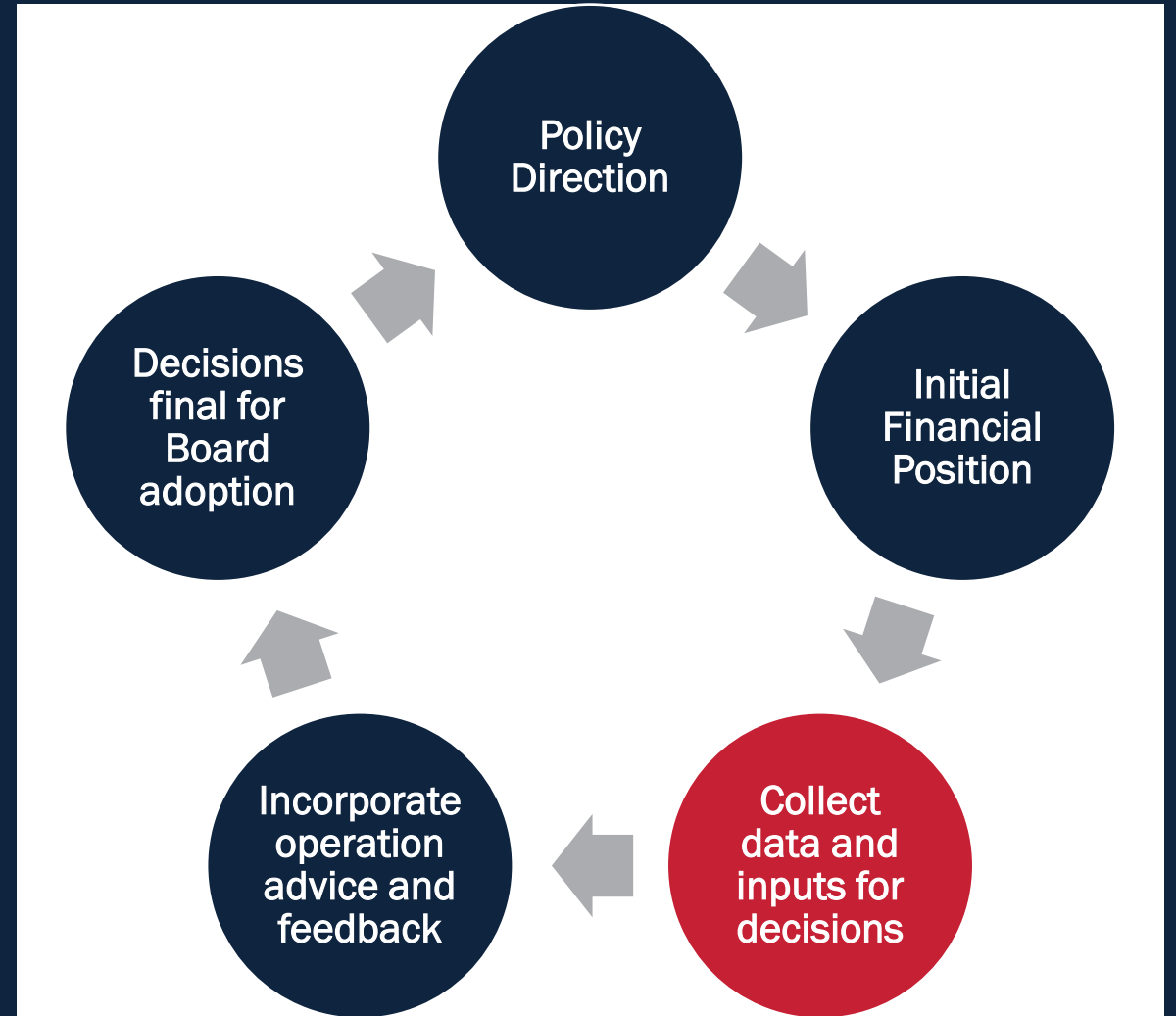
Final CCSF is not complete until later in the process. Additional revenues beyond forecast provide future opportunity should the funds materialize.



Determining where to focus and prioritize

Collection of data

Assessments for results and effect of reductions



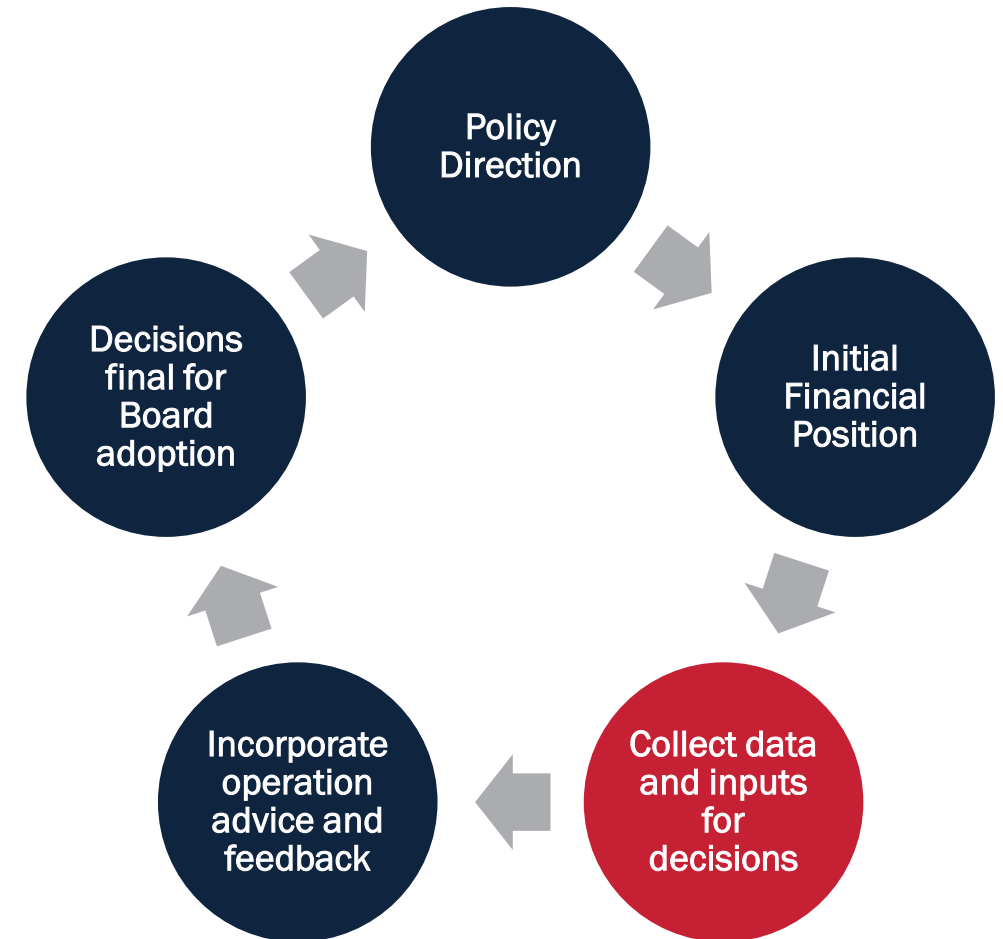
Collecting Data and Inputs

September-December 2024

- Reduction scoping in the 4-5% reduction is balanced against the 95-96% of what CCC delivers with the ongoing resources
- Onboard Finance Council with new shared governance and provide financial update to Council

Example for focus for reduction cost and impact modeling

- Matching capacity to current enrollment
- Conduct work processes assessment
- Review various areas where there is subsidy of General Fund revenues (including tuition waivers)



Decisions & Priority Areas: Discussion Points for Narrowing Priorities

- **Core to Mission** - Understanding the "why":
 - Legal, accreditation/mandates, operation stop without many functions
 - Preserving as best we can the core support for teaching and instruction
- **Equity** - Applying equity impact review by decisions and what actions could mitigate
- **Fiscal Sustainability** - Closing a \$3.0 million deficit requires focused reductions that are ongoing, financially viable, and do not increase future financial risk to the College



Gathering data to inform reductions

- Utilize current data for assessment of what we can afford to teach
- Understand the landscape of course offerings, including enrollment and minimum class sizes
- Determining the affordable level of support at current enrollment levels
- Identify where there is workload consolidation opportunities across work areas
- Recognize the potential for layoffs
 - Intention is to minimize, as much as possible by with hiring freeze



Use of Equity tools and time during budget processes

- The Equity Tool is a transformative resource that can help us break away from ingrained habits.
- These habits perpetuate inequities and hinder our progress and the well-being of our students and communities.
- With consistent use and practice, we can be the change we want to see.
- The presence of impact does not mean an action cannot occur, the intent is for a more informed assessment prior to implementation

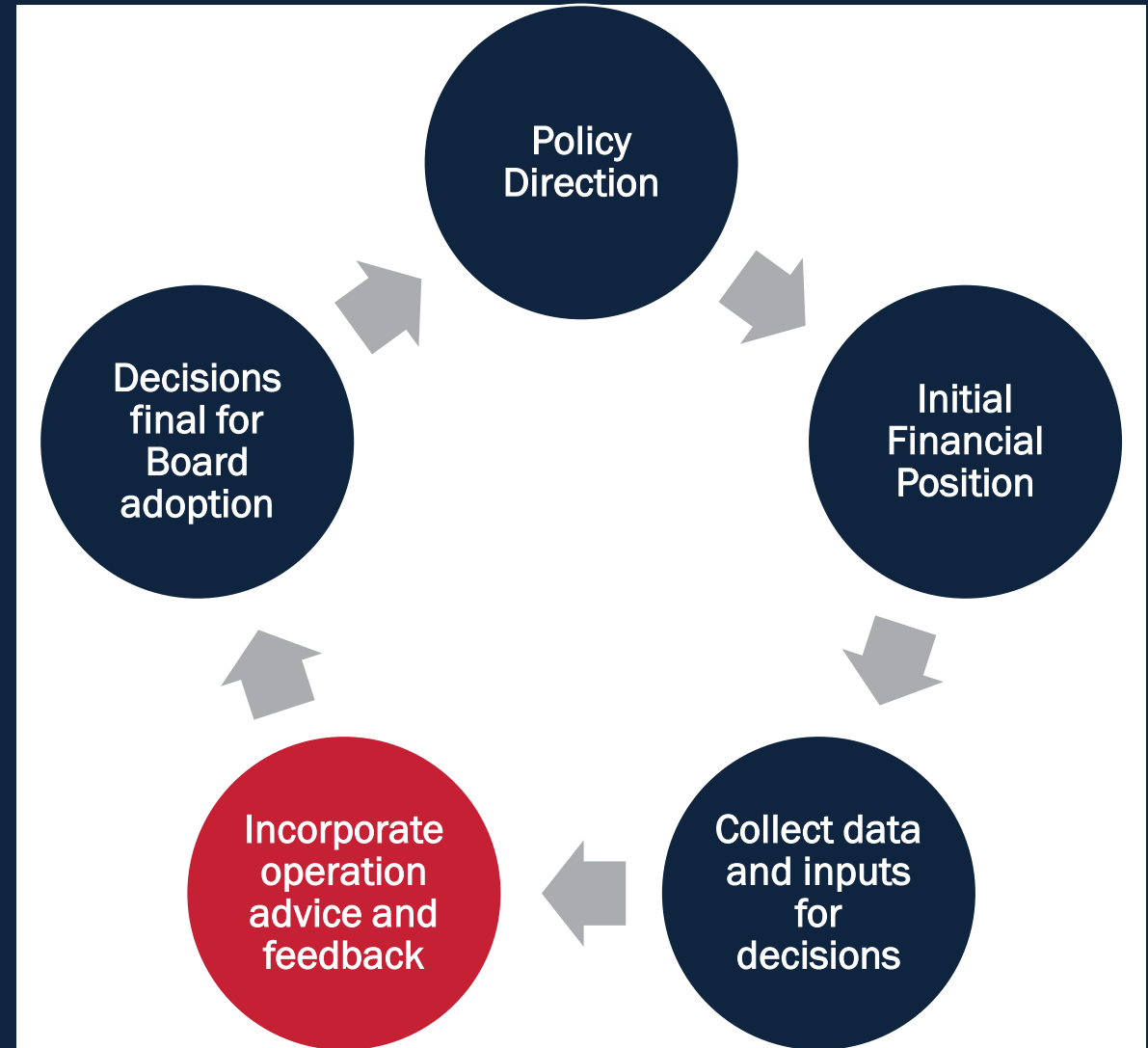


Example of Level of Detail for Assessment and Reflection

- Name the specific groups that are impacted by this decision
- What are the impacts of the specific decision?
- List out how each group may be impacted and the possible outcomes of those impacts.
- What knowledge, insights, biases or assumptions are you bringing into this decision?
- What are the short term and long-term impacts of the decision and when will we revisit?
- Reflection and looking back at our original equity strategic values & determine what is centered, what tradeoffs are present, and what options are not centered.



Formation of Finance Council & Budget Advisory Subgroup



Start-up of a New Finance Council



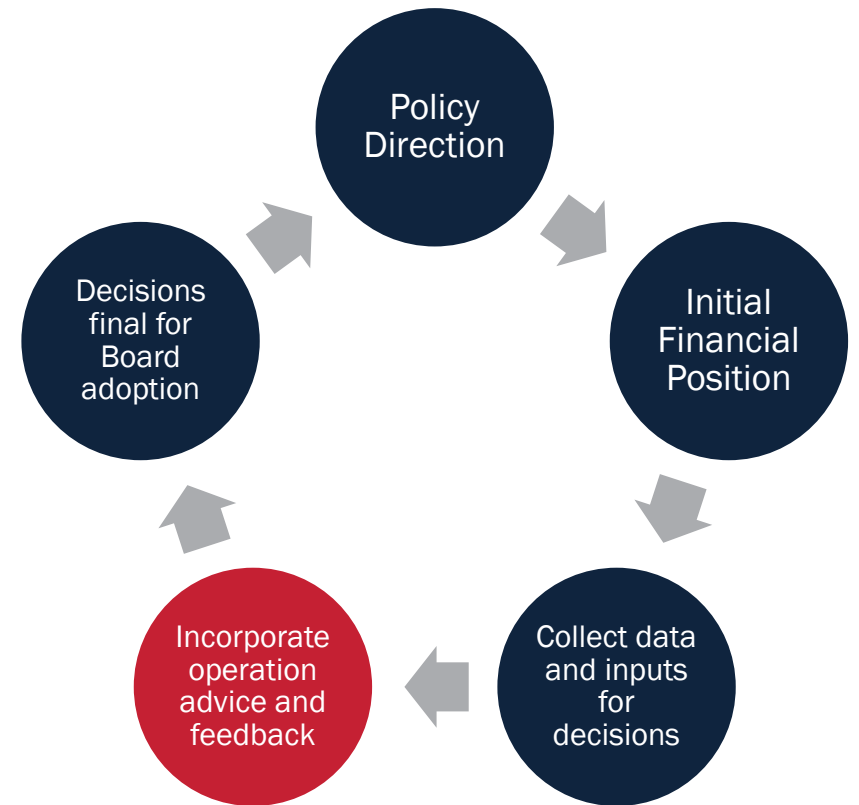
New shared governance model provides dedicated space for a Finance Council starting in the fall of 2024



The Finance Council is a venue for participatory decision-making recommendations related to policies, procedures and the strategic issues related to organizational finance.

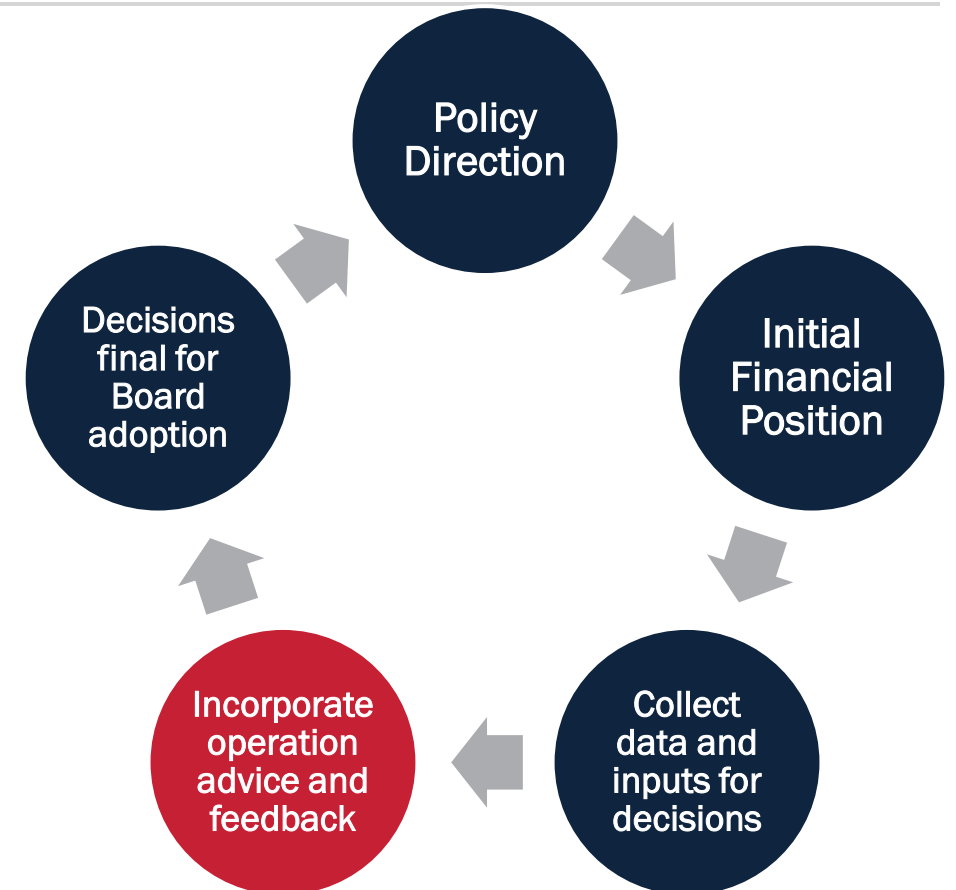


Specific to budget preparations, the Finance Council is an advisory body to the Executive Team during the budget development process. The Council may provide feedback on policy choices, process, and proposals related to the upcoming budget.



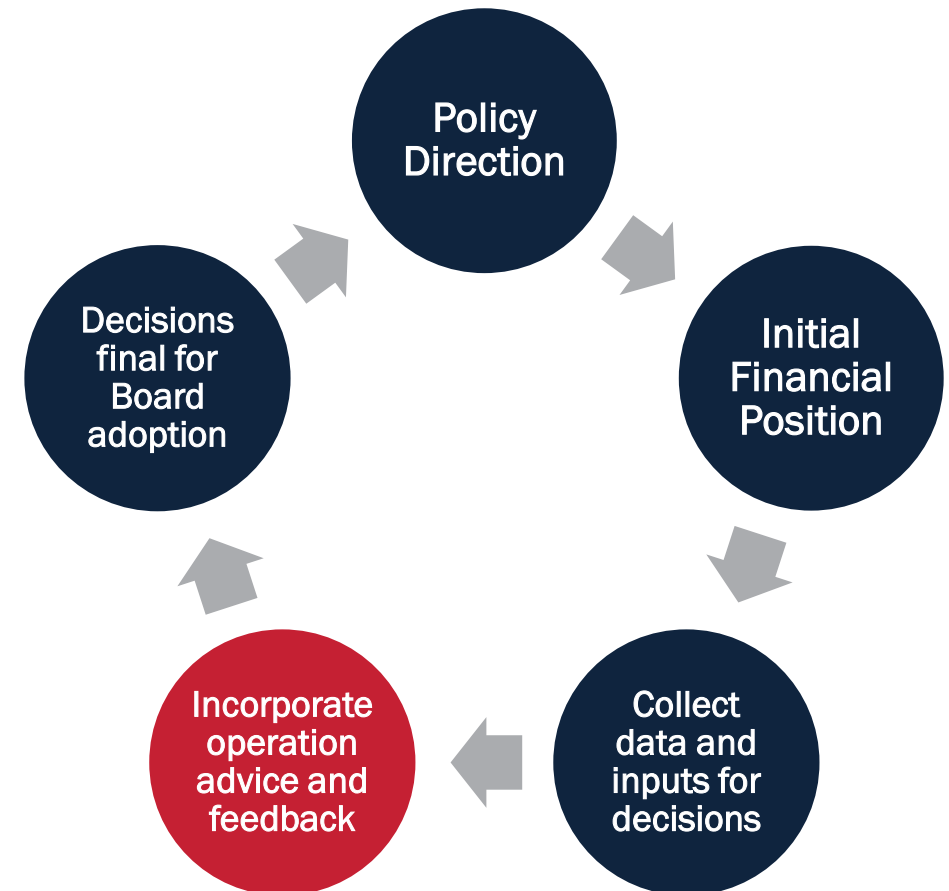
Finance Council: September 2024 --> January 2025

- Onboard the members and refresh the group to the Finance Council Charter
- Identify and determine priorities for the current academic year
- Spend time to learn about the existing financial structure for fund management, & resource allocations
- Support the development of the Budget Advisory Sub-group



Expanding beyond Finance Council

- An early agenda item for Finance Council was to engage with the Oversight Group regarding the need to expand input into the current and future budget processes
- Work and finalization of process went through the Finance Council
- We received 18 applications and 10 member notifications have been sent
- Intend to set the group up to be well supported in their initial year and in its new role as the Budget Advisory Subgroup (BAS)
- Conduct an assessment after the BAS has concluded its work for this budget cycle with a goal of process improvement



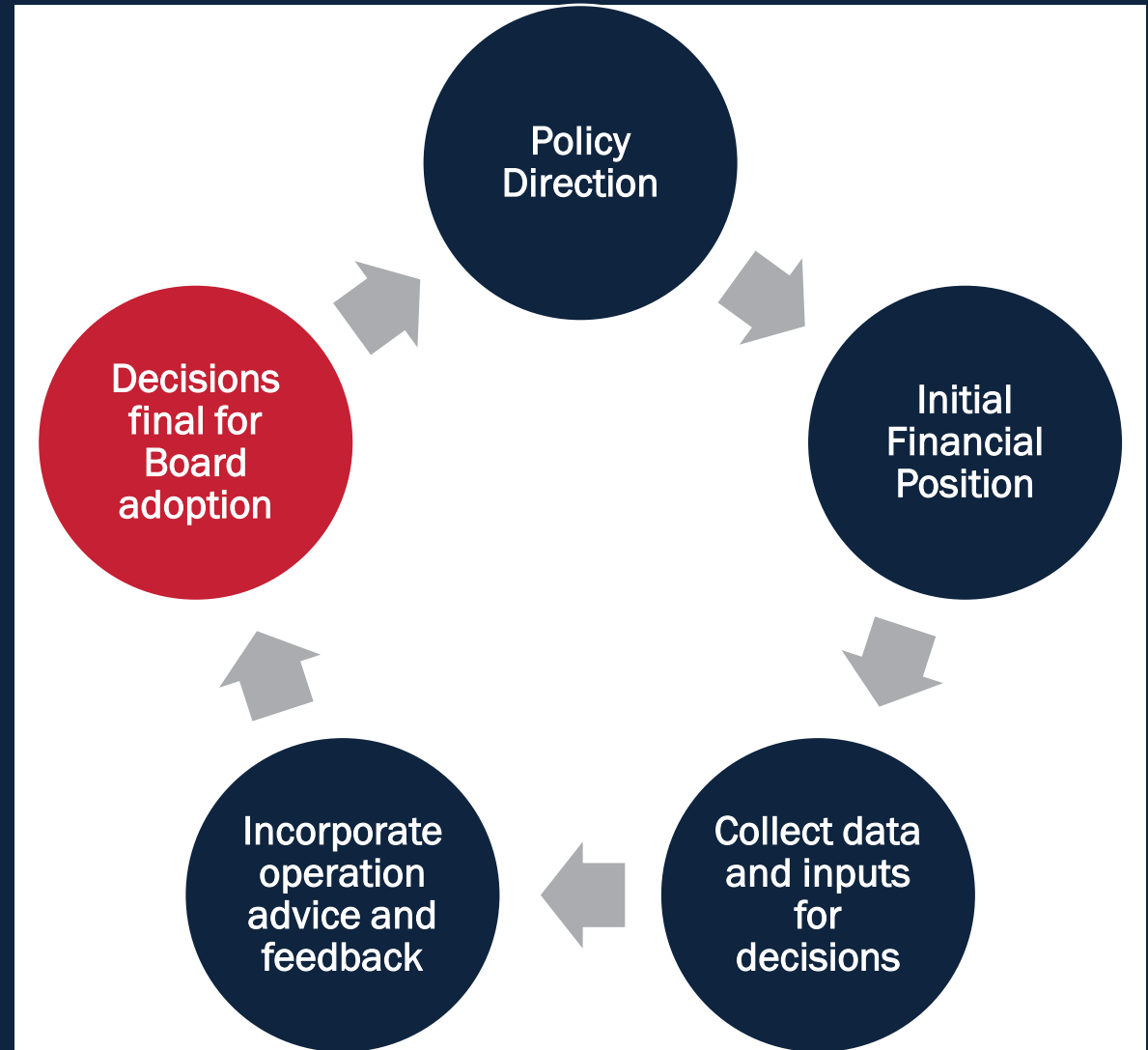


Budget Advisory Subgroup (BAS)

Finance Council		Additional Budget Advisory Subgroup Members	
Jeff Shaffer (Co-Chair)	Mark Yannotta (Co-Chair)	Jennifer Anderson	Armetta Burney
Amy Cannata	Elizabeth Cole	Virginia Chambers	Tina Francisco-Evans
Beverly Forney	Tami Harper	Thomas Frank	Derek Lougee
Julie Hugo	Christy Owen	Dennis Marks	Ron Prince
Gaby Sloss	Jessi Snell	Haley Stupasky	Aschlie Town
Adam Wickert			

Communications During Budget Process

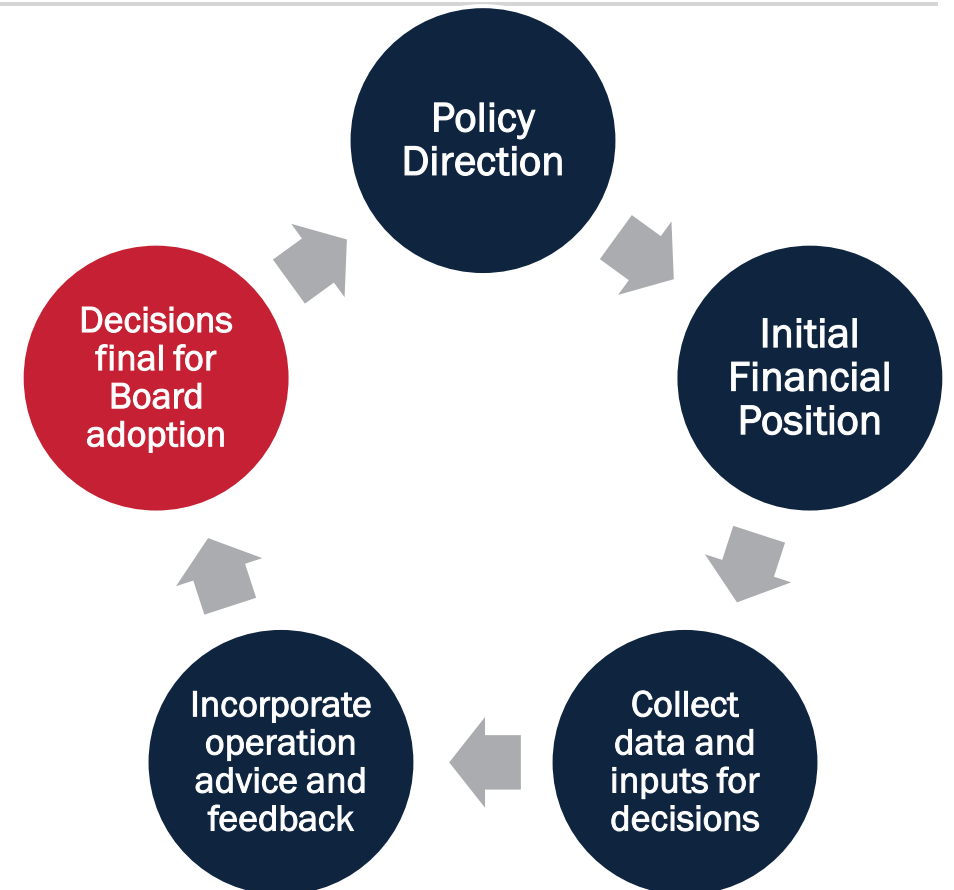
February through June 2025



Communications during FY 2025-26 Budget

Use of the Budget Website for updates
Email Updates from Tim at the end of February, March and April

- Finalization of Proposed Budget
 - Decisions shared with employees (late April)
- Submission of Proposed Budget to Board of Education & Budget Committee
 - Full Proposed Budget is online and available



Websites and Information

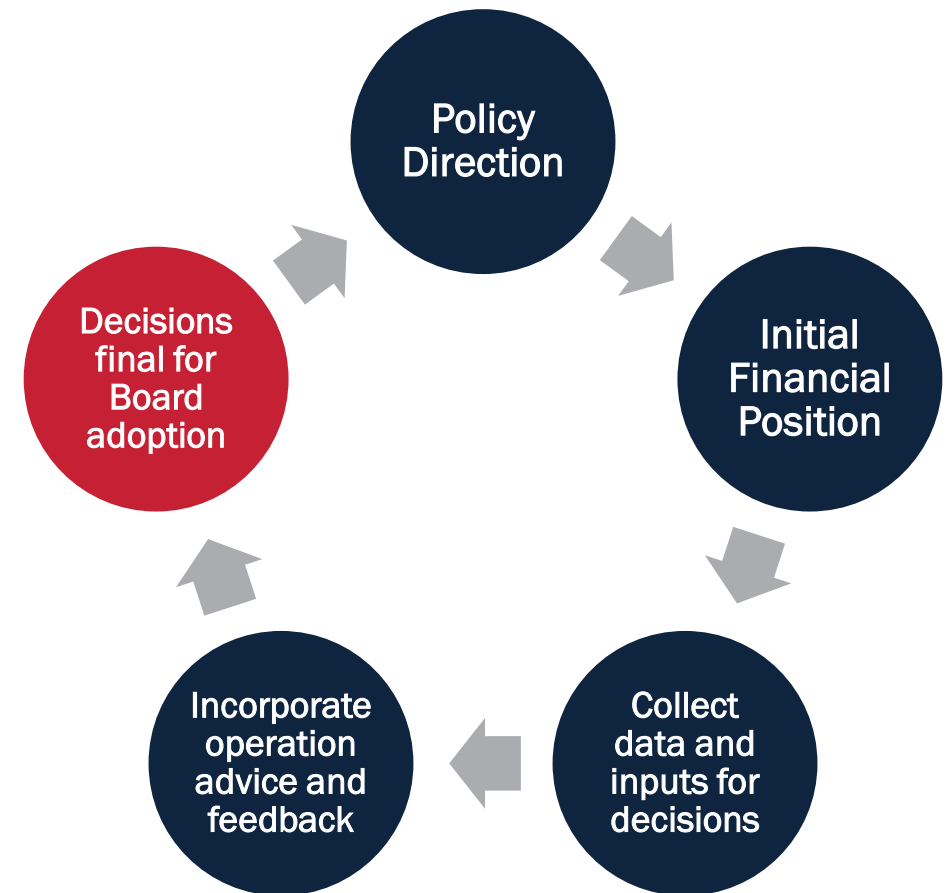
[FY 2025-26 Budget Process Website](#)

Stay informed with Finance Council meeting minutes

MyClackamas > Committees > Finance Council > Meetings

Provide comments and questions directly to the Finance Council

SG_FinanceCouncil@clackamas.edu





Conclusion

Questions