

FY 2024-25 Budget Committee Meeting #1

College President Tim Cook, Ed.D

Vice President of College Services/ CFO, Jeff Shaffer

Dean of Business Services, Christy Owen

Budget Committees in Public Sector



Oregon local budget law requirement



In law to ensure public access to information and involvement is included at all levels of local government, including educational institutions, special districts etc.



Members from the public can ask questions and make recommendations to elected bodies in advance of the final adoption of the budget



Must take an action to vote to approve the Proposed Budget and the tax levy

Budget Committee at Clackamas Community College



Who is the CCC Budget Committee?

Membership includes seven community members and seven members of the Board of Education



What Budget Committee Members will receive in support of their work?

Access to CCC staff for follow-up questions
Briefing on the contents of the Proposed Budget



Purpose of Budget Committee Meetings in May

Meeting 1: Brief Committee members on content of Proposed Budget & Financial situation of the college
Meeting 2: Opportunity for discuss and dialogue as a Committee, followed by action to approve the budget

FY 2024-25 Budget Message

Tim Cook, College President

Welcome to FY 2024-25 Proposed

- FY 2024-25 Budget Committee is the first open conversation on the College Proposed Budget
- Dedicated space for conversation and questions on the content, future planning efforts, and policy for use of resources
- The public is invited to watch in-person and virtually on Zoom all Budget Committee Meetings
- Opportunity for public comment and decisions to approve the budget will occur on May 15

President's Message: Board Budget Guidance

- Proposed Budget reflects the Board Guidance from Fall 2023
 - ✓ Prioritizes stability for our students and staff by strategically using the Federal Emergency Retention Credit (ERC Funds) to allow continued program while enrollment continues to recover
 - ✓ Seeks to better leverage time as a tool in pursuit of a two-year development cycle for evaluation of impact of prior budgetary decisions
 - ✓ Dedicates time to focus our capacity for construction bond renewal effort

President's Message: Stability Budget

- Stability Budget refers to the direction for the budget to reflect a Current Service Level operation
 - The College would not seek to expand ongoing programs as there is no new ongoing resource for FY 2024-25
 - The College would not contract program offerings due to financial constraint
 - Focus on development of the renewal of the 2024 Construction Bond
- Processes used by the College to inform the decisions included in the Proposed Budget
 - Budget Advisory Group
 - Executive leadership and guidance

President's Message: Investments and Impact

- Focus on enrollment and responsiveness to student needs in their support of higher education
 - The FY 2023-24 Budget included new resources supporting on-site drop-in childcare and medical partnerships geared towards reducing barriers for students.
 - The Proposed Budget includes continuing one-time funds for peer mental health and Title III navigators to continue
 - The Fall 2023 EYES survey highlighted challenges students are faced with in their pursuit of higher education and the Proposed Budget continues to support these efforts for student progression in 2024-25

President's Message: Time as a Resource

- Value of time in a budget process allows CCC capacity to:
 - Evaluate the impact of program changes, whether its accommodating additional hybrid courses, on-campus childcare support for its utilization and efficacy.
 - Work collaboratively as a team of 17 community colleges to articulate value and impact with our federal and state leadership as we go into the next state legislative long session
 - Involve and engage our staff for informed decisions, implementation of changes, and understanding of future budget decisions on our campus
 - Incorporate enrollment data over the next 18 months, which as this data impacts future financial and operational decisions

President's Message: Working through multi-year strategies

- Challenges in the financial & enrollment landscape for higher education, and community colleges in particular
 - We're not alone when faced with revenue caps determined by the state
 - Enrollment at other community colleges is for most part increasing at a similar rate to CCC.
 - Fortunate to have the ERC as this type of outside resource is somewhat unique and we have a desire to maximize our ability to use these one-time funds strategically.

FY 2024-25 Proposed Budget Process

Process & Calendar

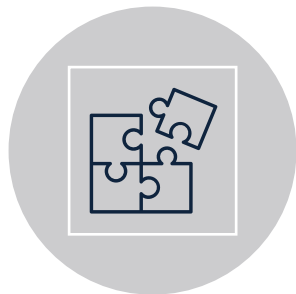
What Happens in a Budget Process



Inputs into the process: College financial picture, Board policy guidance, Executive Team guidance



Legal framework: levy taxes, set appropriation schedule and fees adopted, debt schedule, position authority established

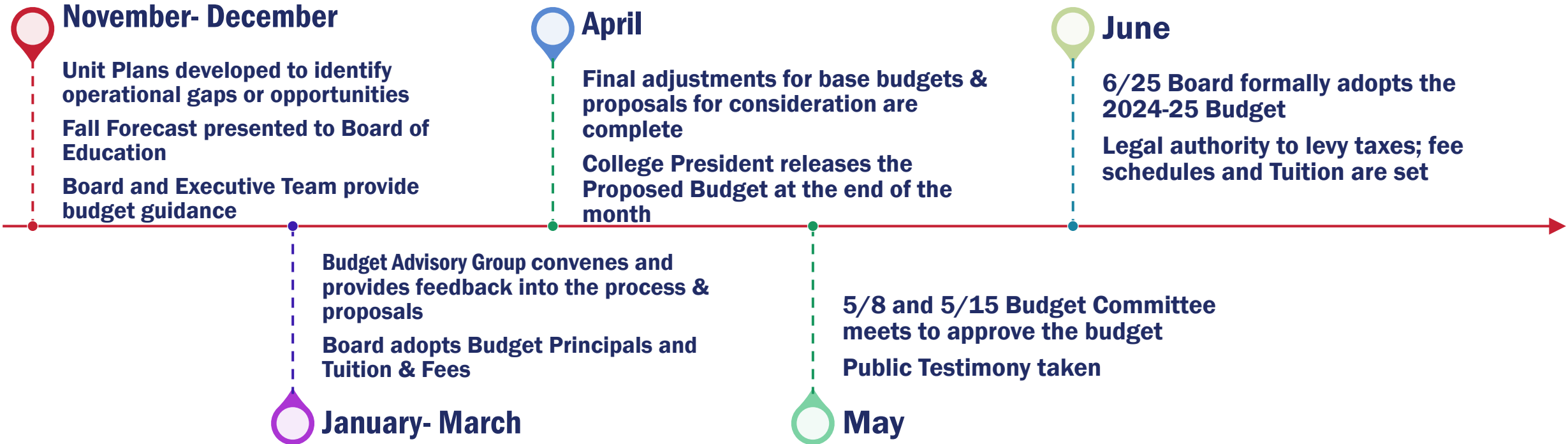


Component Parts from departments come together for the final product- base budget for all funds, plus (or minus) incremental decisions or changes



Opportunity to evaluate and assess outcomes, or make organizational decisions transparent

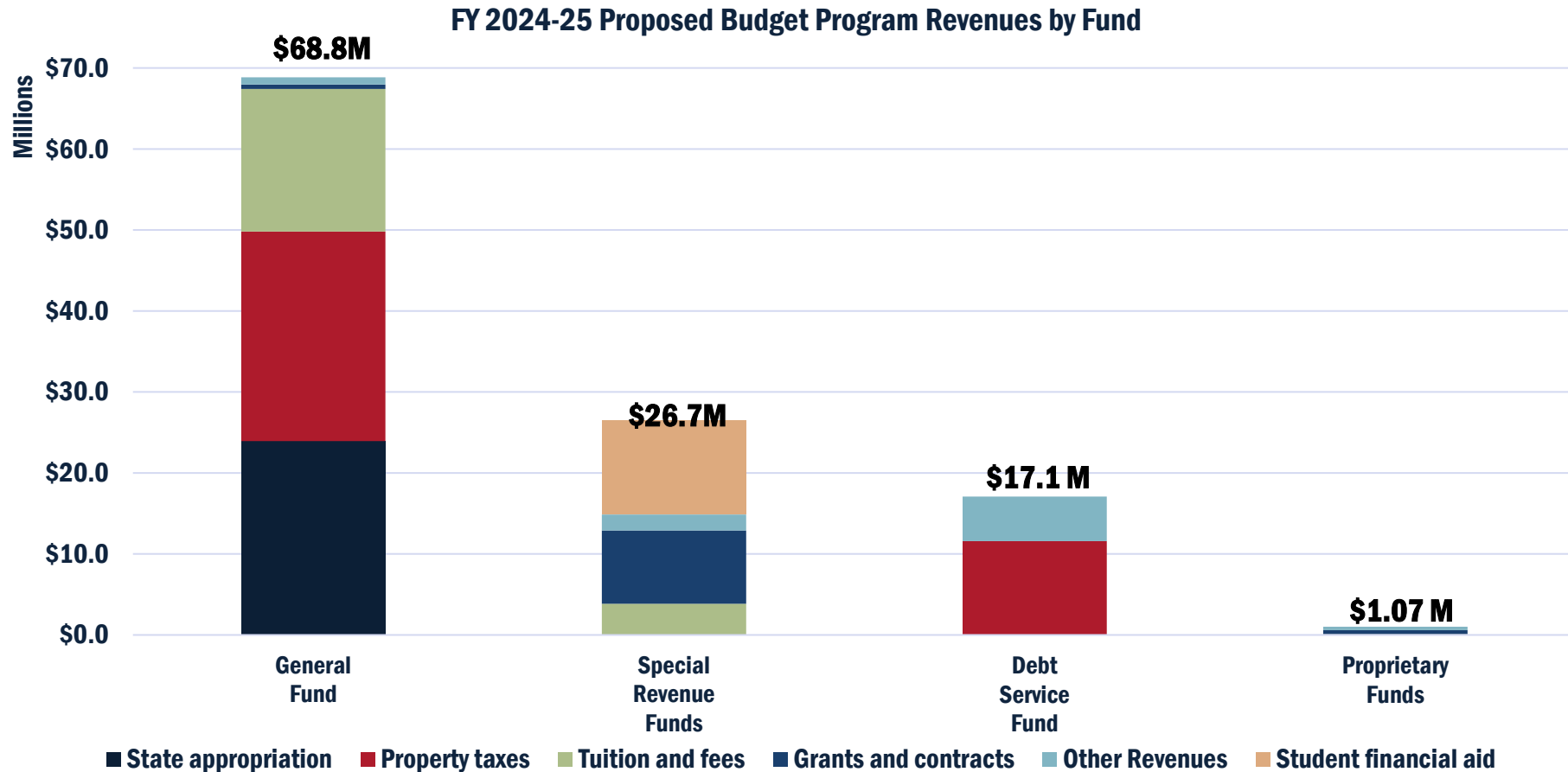
Process Calendar for FY 2024-25



FY 2024-25 Proposed Budget Financial Summary

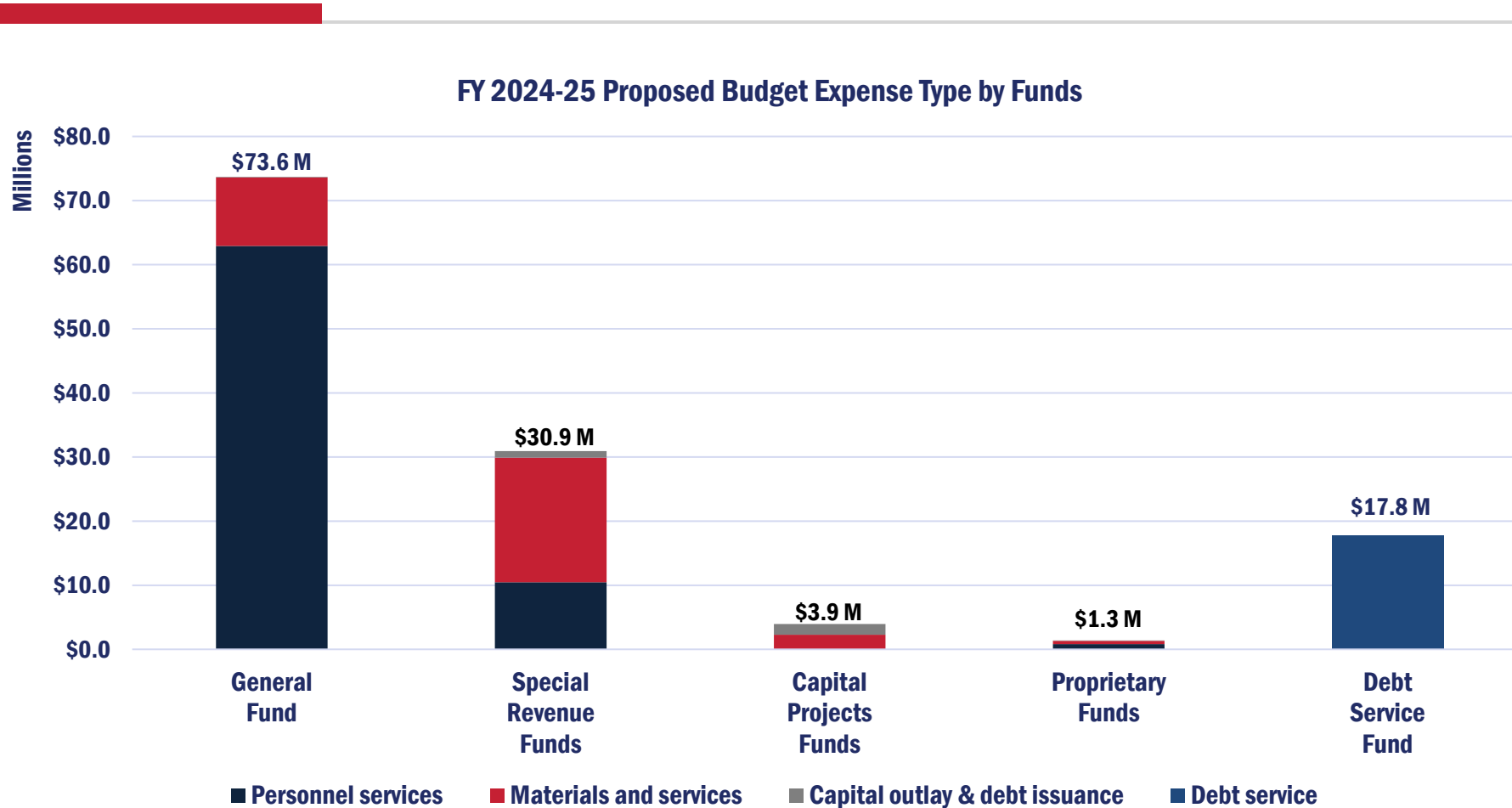
Financial summary of major Fund categories

Summary of FY 2024-25 Proposed Revenues- All Sources



Program Revenues do not include Beginning Fund Balances.

Summary of FY 2024-25 Proposed Expenses All Funds



Program Expenses do not include Contingency Reserves, Transfers, or Projected Ending Fund Balance

The FY 2024-25 Proposed Budget Resource Sources are consistent with FY 2023-24

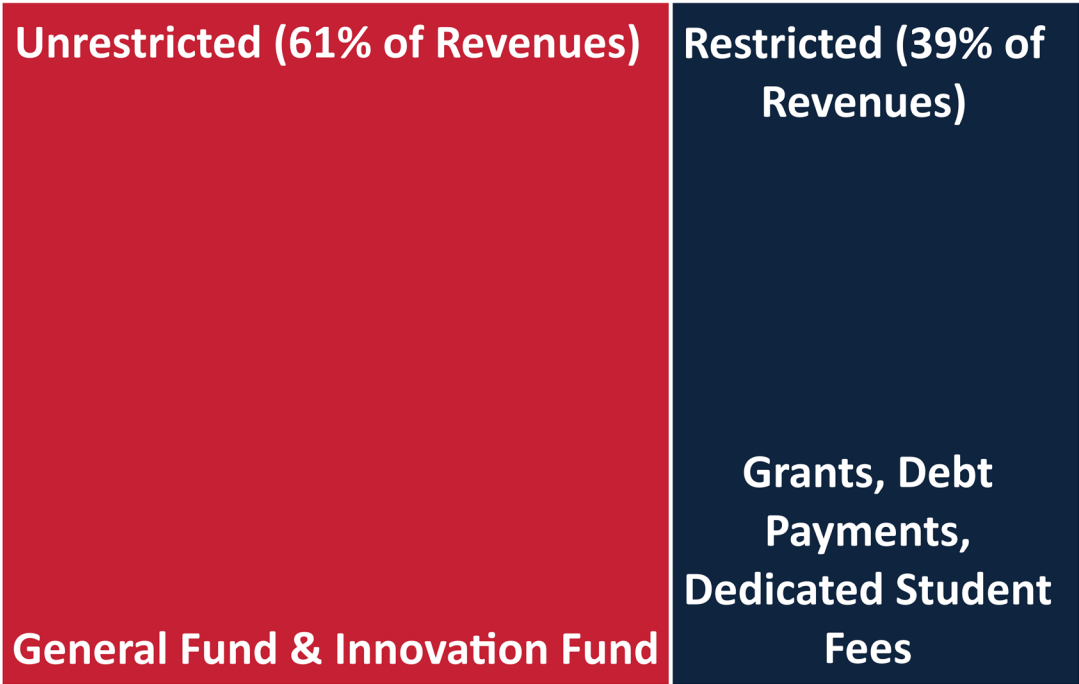
\$68.8 Million (60.7%) supports General Fund ongoing Operations

- The FY 2023-24 unrestricted resource was 62.8%.

Primary Restricted Categories:

- Debt Service Payments (\$17.1M)
- Student Financial Aid (\$11.5 M)
- Grants & Workforce Investment Act (\$10.7 M)
- Dedicated Student Fees (\$3.6 M)

FY 2024-25 Proposed Budget

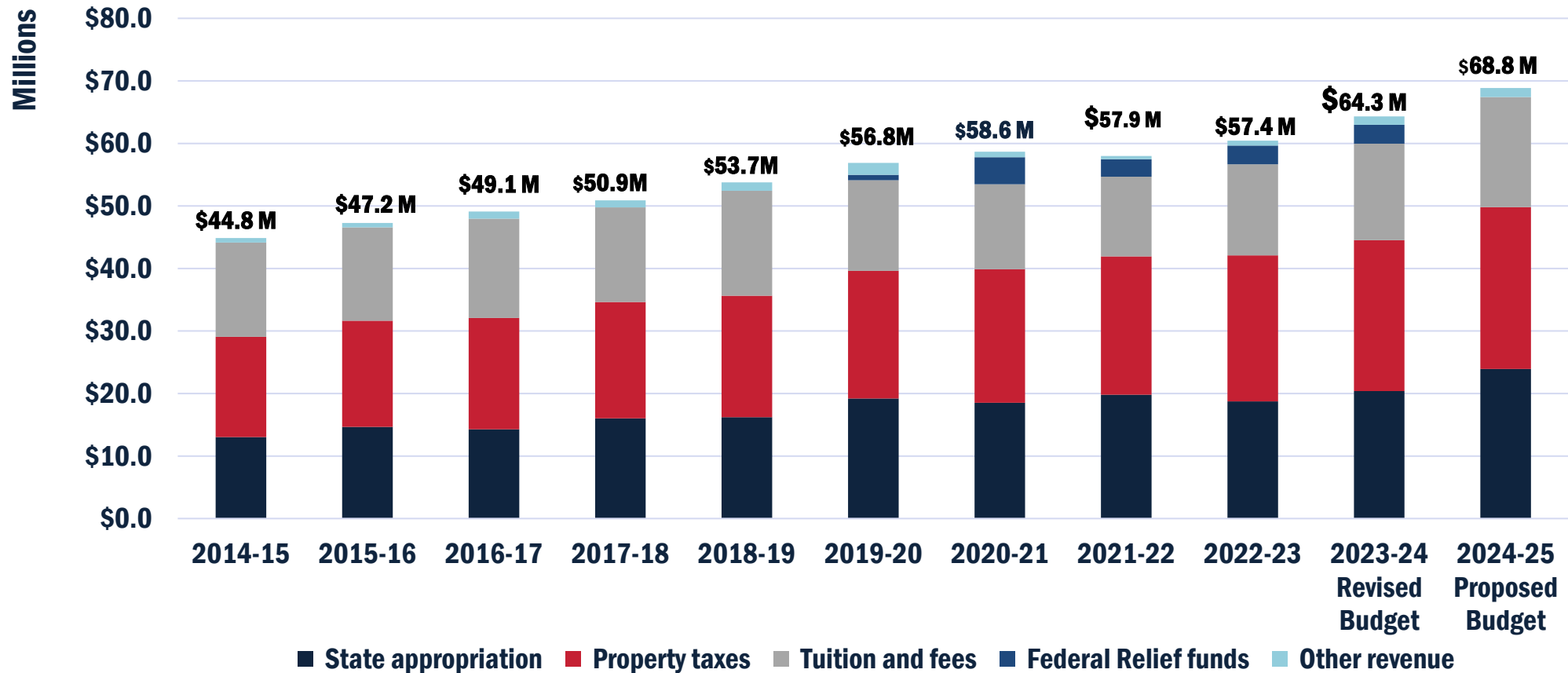


General Fund Summary

- **The College's General Fund is the primary operating fund**
- **Ongoing resources are categorized in three large groups**
 - **Property Taxes**
 - **State Resource Allocation**
 - **Tuition**
- **Less than 2% of resources come from outside of these three categories**
- **The State Biennium allocation is FY 2023-25; the FY 2024-25 Proposed Budget reflects Year 2 of the State allocation supporting Community Colleges**

There is consistency in receipt of primary revenue sources since 2014-15

History of General Fund Program Revenues (Millions)



Tuition and Fees as Adopted in March for FY 2024-25

Historical Tuition Revenues at Clackamas Community College
(45 Credits per Year)



Clackamas Community College is the most affordable of the three community colleges in the Portland metro area (tuition and fees for 45 credits in academic year 2023-24). The FY 2024-25 comparable data will be shared this fall.

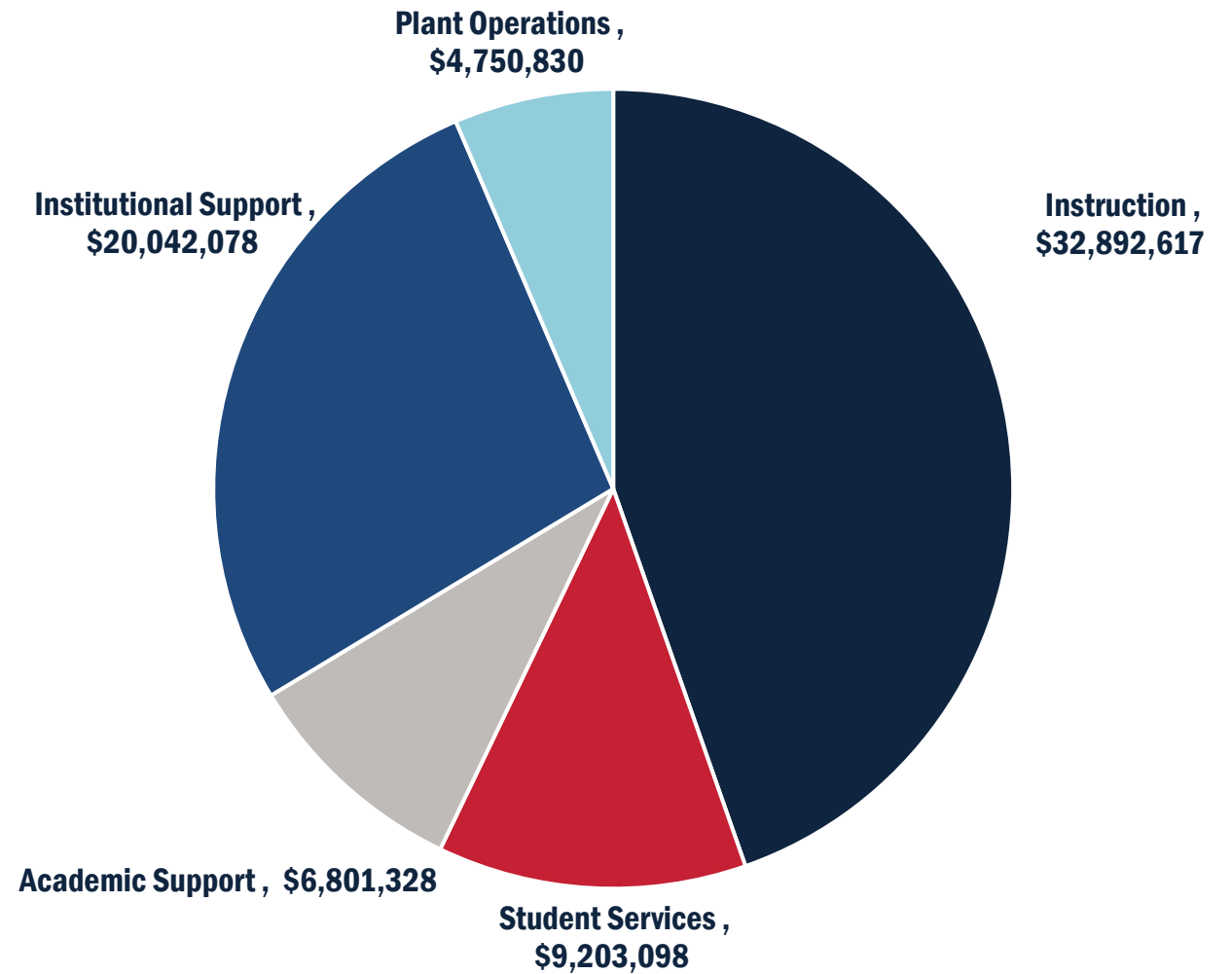
- Mt. Hood Community College \$6,469
- Portland Community College \$6,289
- Clackamas Community College is an average of 4.1% less at \$6,120

Clackamas Community College is the fourth lowest in cost when compared to the other community colleges in the state of Oregon

- Range of cost of tuition and fees for 45 credits is a low of \$5,850 to a high of \$6,941

FY 2024-25 Proposed Budget General Fund Expense by Integrated Postsecondary Education Data System Category

When combined, Instruction, Academic Support, and Student Services account nearly 66% of General Fund expenditures, which is consistent with the FY 2023-24 Adopted Budget at 67%.



Major Expense Categories in the FY 2024-25 Proposed General Fund Budget

Personnel Services (wages and benefits) are the largest expense category in the General Fund at 84%

Total Full Time General Fund backed position count is 361 Staff FTE

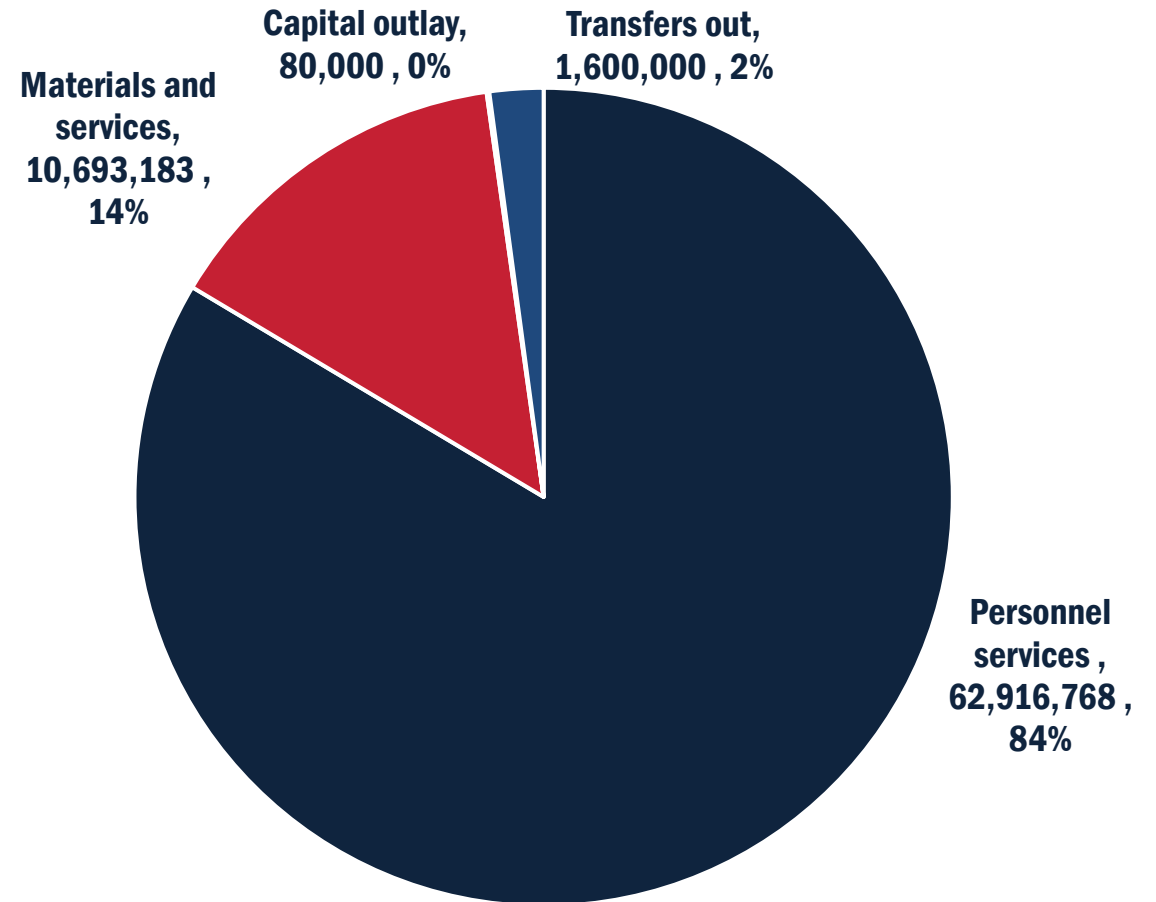
- when including Associate Faculty, the total staff FTE is 490 FTE.

Materials and Services across all departments total 14% of General Fund expenditures

- FY 2024-25 includes notable increases in utilities (over \$2 M, or 20% of the total Materials and Services Budget)

Software maintenance and other contractual agreements are part of the largest Materials & Services category at \$2.7 million.

FY 2024-25 Proposed Budget



Special Revenue Funds

FY 2024-25 Proposed Budget Special Revenue Funds by Resource Category



Innovation Fund: \$150,000

Education That Works



Special Revenue Funds Continued

FY 2024-25 Proposed Budget Special Revenue Restricted & Reserve Funds

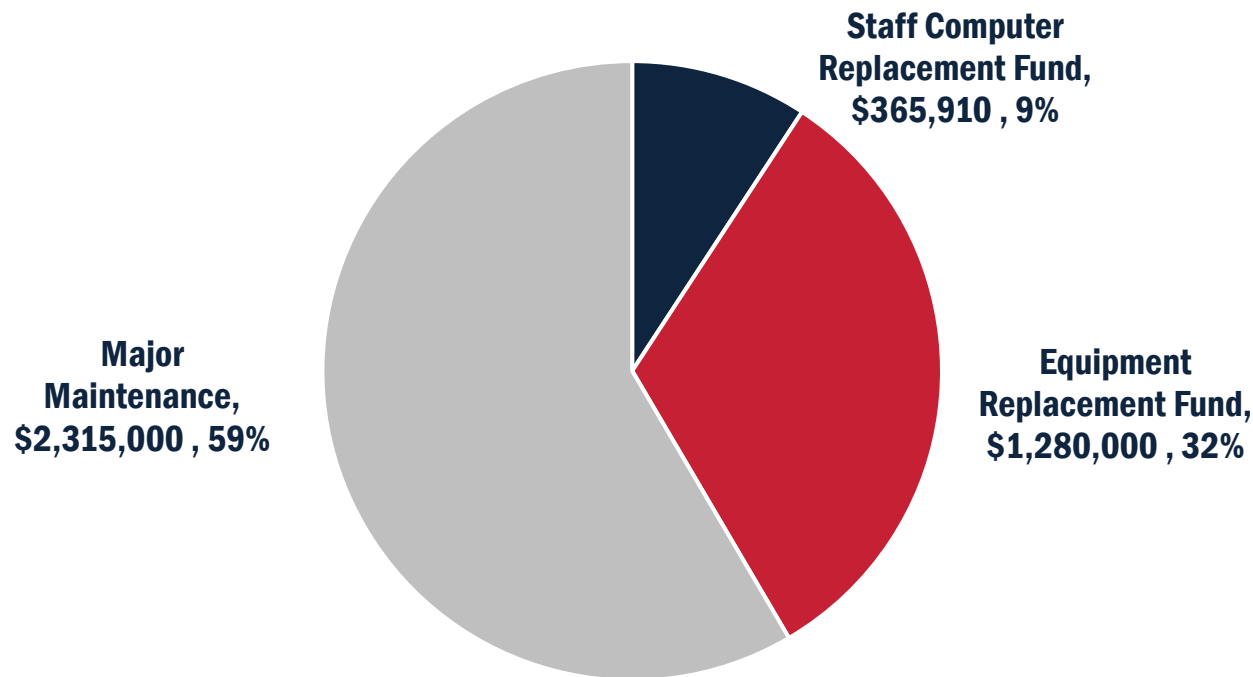
Externally Restricted		Reserve Funds		
		PERS Reserve Fund, \$3,001,071		
		Technology Implementation Fund, \$1,659,240	Retirement Fund, \$1,301,193	
Student Financial Aid, \$11,598,632	Grant & Contract Fund, \$10,705,000			Insurance Reserve: \$240,000

Debt Service

- **Principal and interest for annual debt service payments total \$17.8 million**
- **Fund is resourced through a property tax levy for the General Obligation (GO) Bonds and the self-assessed payroll contributions**
 - **Pension Bond and Interest for FY 2024-25 Proposed Budget is \$6.2 million**
 - **General Obligation Bond principal and interest is \$11.4 million**
- **General Fund resources support the principal & interest as a bank loan for land acquisition in the amount of \$162,052.**

Capital Funds: Major Maintenance, Equipment Replacement, Computer Replacement

FY 2024-25 Proposed Budget Capital Expenditures



The equipment replacement, major maintenance, and computer replacement funds are managed on a multi-year basis.

- larger dollar expenses, such as equipment for instructional and functions like the fitness center occur based on useful life cycles
- Major Maintenance refers to large projects on existing assets, like HVAC or boiler work



Discussion and Questions

Pause for discussion and questions on the summary financial information from the FY 2024-25 Proposed Budget



General Fund Forecast

April 2024 Forecast Update

Balancing the General Fund

Fall 2023 Forecast Assumptions

Incorporates the changes since the Spring 2023 Forecast

4% Tuition Increase Annually

4.5% Property Tax Increase Annually

5% increase in enrollment in the current year

5% enrollment increase in FY 2024-25

The Community College Support Fund increases at a rate of 6.0% for next biennium (2025-27)

At least 5% of savings of current service level budgeted expenses

Spring 2024 Update to Forecast Assumptions

Incorporates updates to the current year expenses

4% Tuition Increase Annually

4.5% Property Tax Increase Annually

10% increase in enrollment in the current year

5% enrollment increase in FY 2024-25

The Community College Support Fund increases at a rate of 6.0% for next biennium (2025-27)

The Updated Model of the Community College Support Fund is Incorporated

At least 5% of savings of current service level budgeted expenses

Spring 2024 Update to Forecast

Enrollment trends remain positive and are outpacing the Fall Forecast of 5%.

Adjusted the FY 2023-24 Forecast to match the 10% increase as experienced in current fiscal year
Forecast enrollment will be updated in the fall

No Change in ongoing State Resource allocation for FY 2024-25

Small amount of true-up funds due to updated State Funding Formula
Internal decision to “freeze” new Innovation fund proposals to allow prior year work to finish
Result is increase of \$700,000 of one-time sources outside of the Fall Forecast

Challenge to predict future legislative outcomes

Time for stabilization of enrollment and assessment of recent investments allows for business case development in advance of 2025-27

Importance of Enrollment

Tuition payments as a resource for all college operations are impacted by volatility of enrollment numbers

- ❖ Enrollment in 2023 (4,932 FTE) was **26.5% below 2018 enrollment (6,716 FTE)**
- ❖ The rate of decline due to the pandemic is significantly more than the rate of recovery

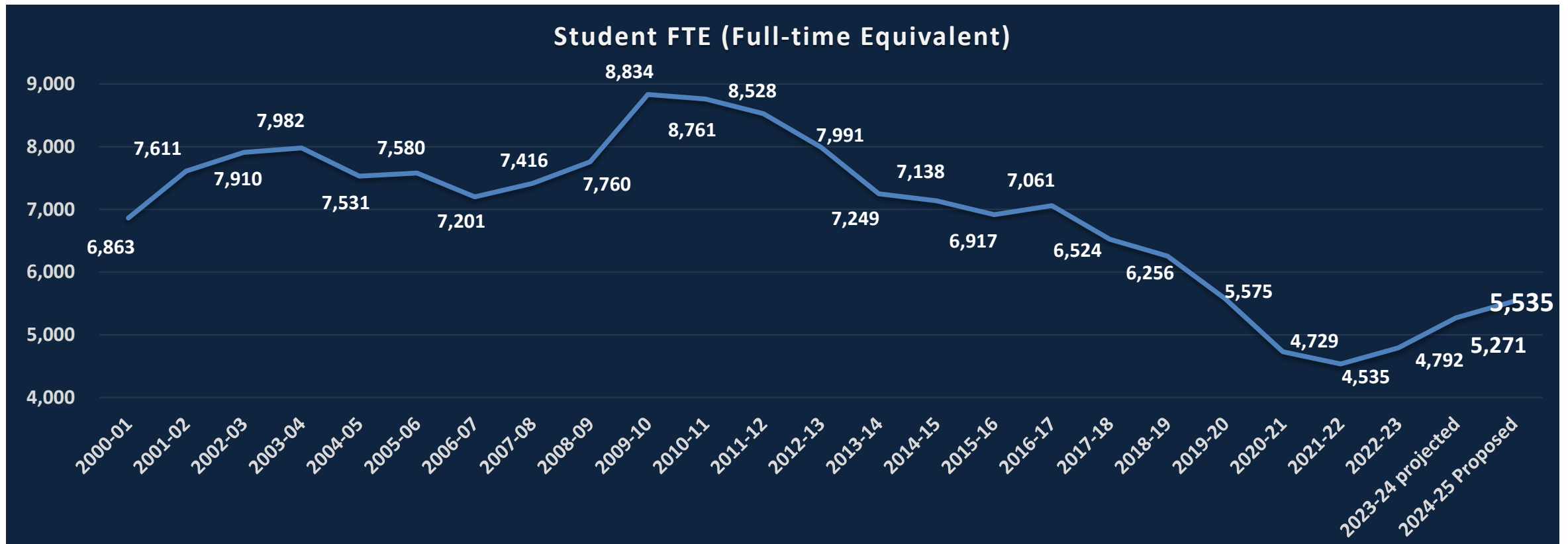
The state shared revenue allocation for community colleges is driven in large part by enrollment & State priorities

Community College Support Fund (CCSF) (roughly one-third of General Fund resources) get combined with local property taxes (over one-third of General Fund resources).

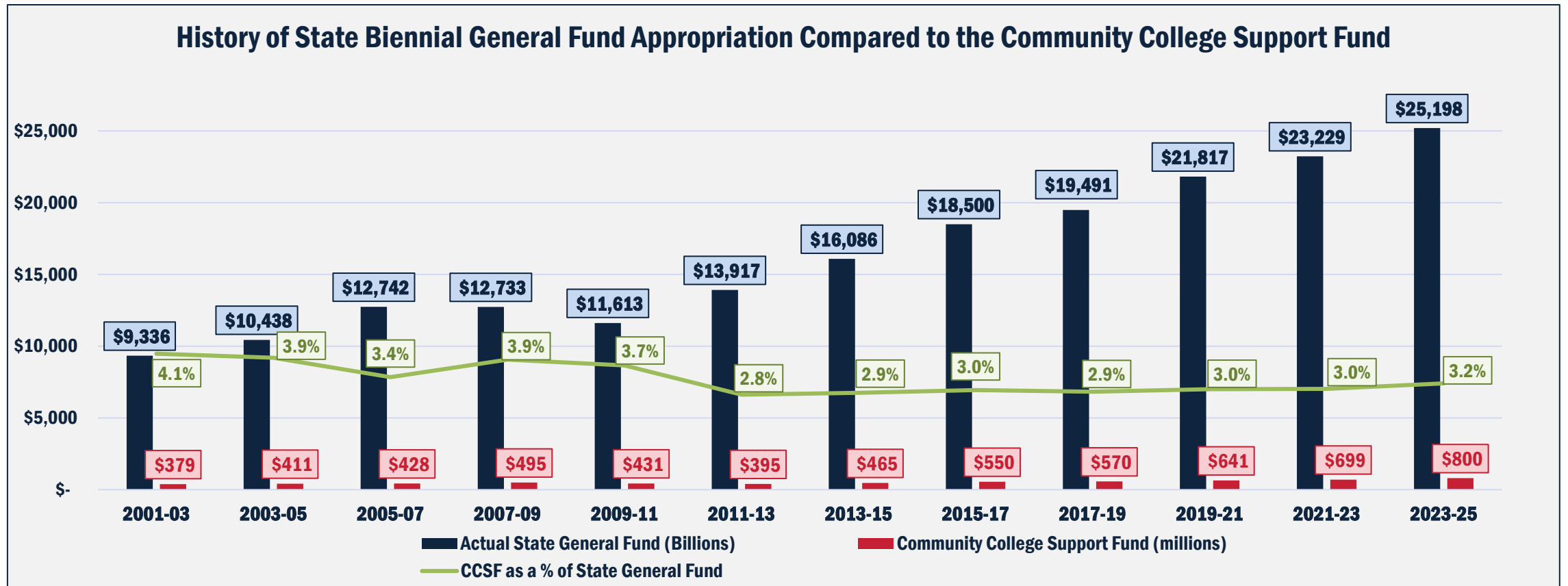
The third major resource in the General Fund is Tuition. There is a one-to-one relationship with enrollment and Tuition.

The result is nearly 97% of operational funding is driven by enrollment.

Student Enrollment: Reimbursable Full Time Equivalent Students



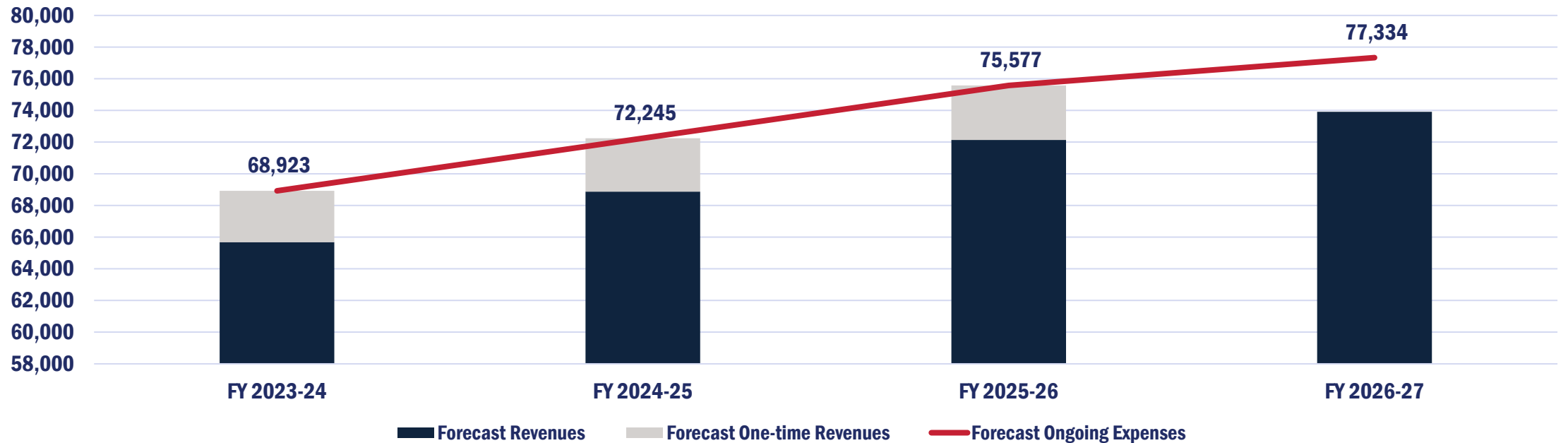
State Biennial Appropriations are flat compared to State General Fund growth



One-time Resources for two more years in the General Fund Forecast

As FY 2025-26 and FY 2026-27 have key revenues determined by state allocation, the use of one-time allows the College to provide current services, and plan for scenario modeling before ending programs without full resource picture

FY 2023-24 to FY 2026-27 Forecast for Onet-time and Ongoing Resources (Millions)



Expense Forecast

Recent inflation will have a lasting impact in primary expense categories

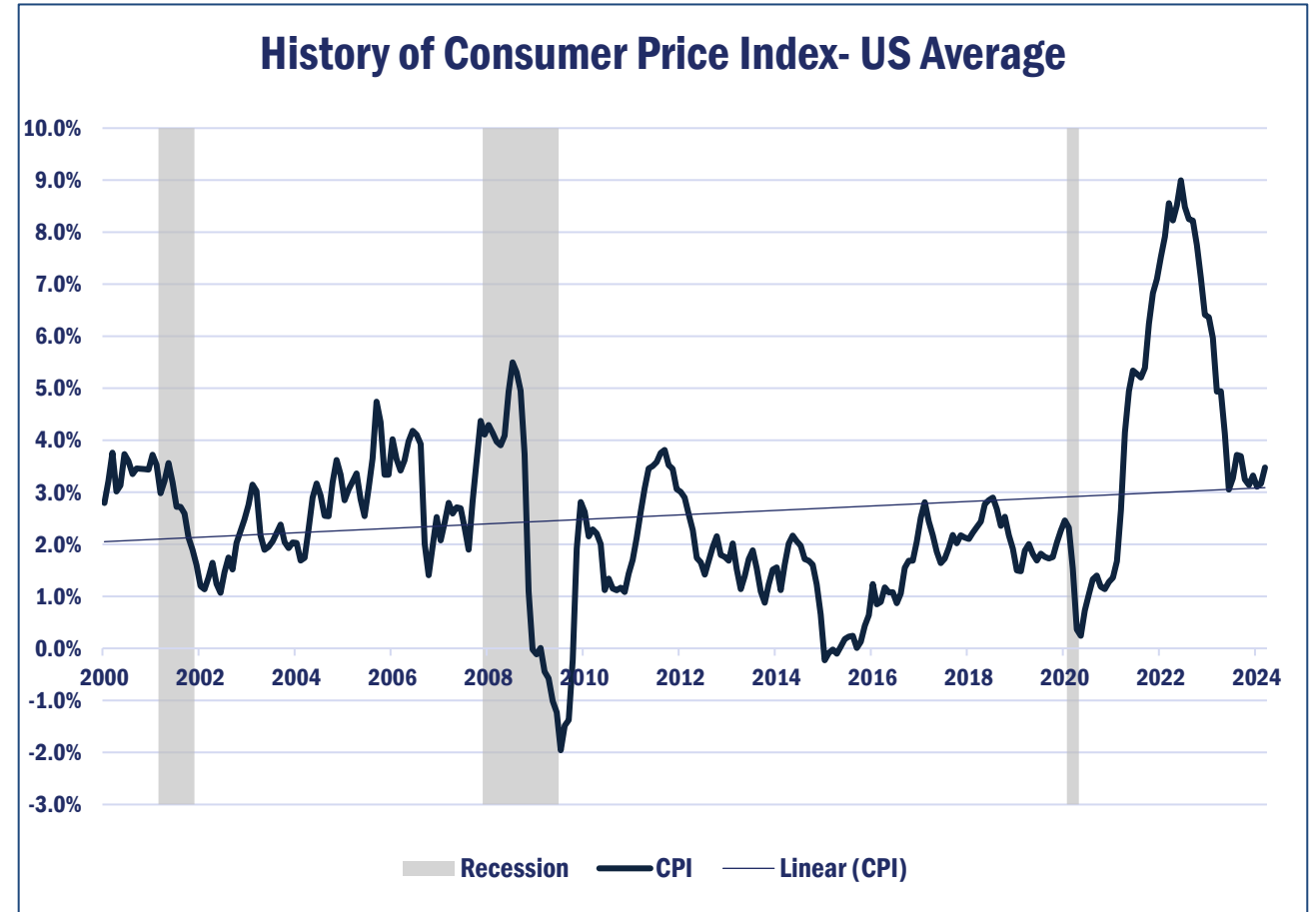
- **Costs of Personnel are increasing by 5.2% in the General Fund, which is a lower rate of increase than prior fiscal years**
 - **Bargained wage increases and the increases from local Consumer Price Index**
- **Cost driver/impacts on “things” is part inflationary and part behavioral**
 - **There is increase on the “non-negotiable” areas, like public utilities, of a blended magnitude of 20% over the prior year budget.**
 - **The actual expenditures are picking up as campus activities, travel, and change-over of instructional equipment and technology**

Trend for Inflation

Payroll and personnel expenses are the largest category of expense at the college.

The impact of lower Consumer Price Index (CPI) has lowered the cost pressure on resources as compared to the historic CPI between 2021 & 2023

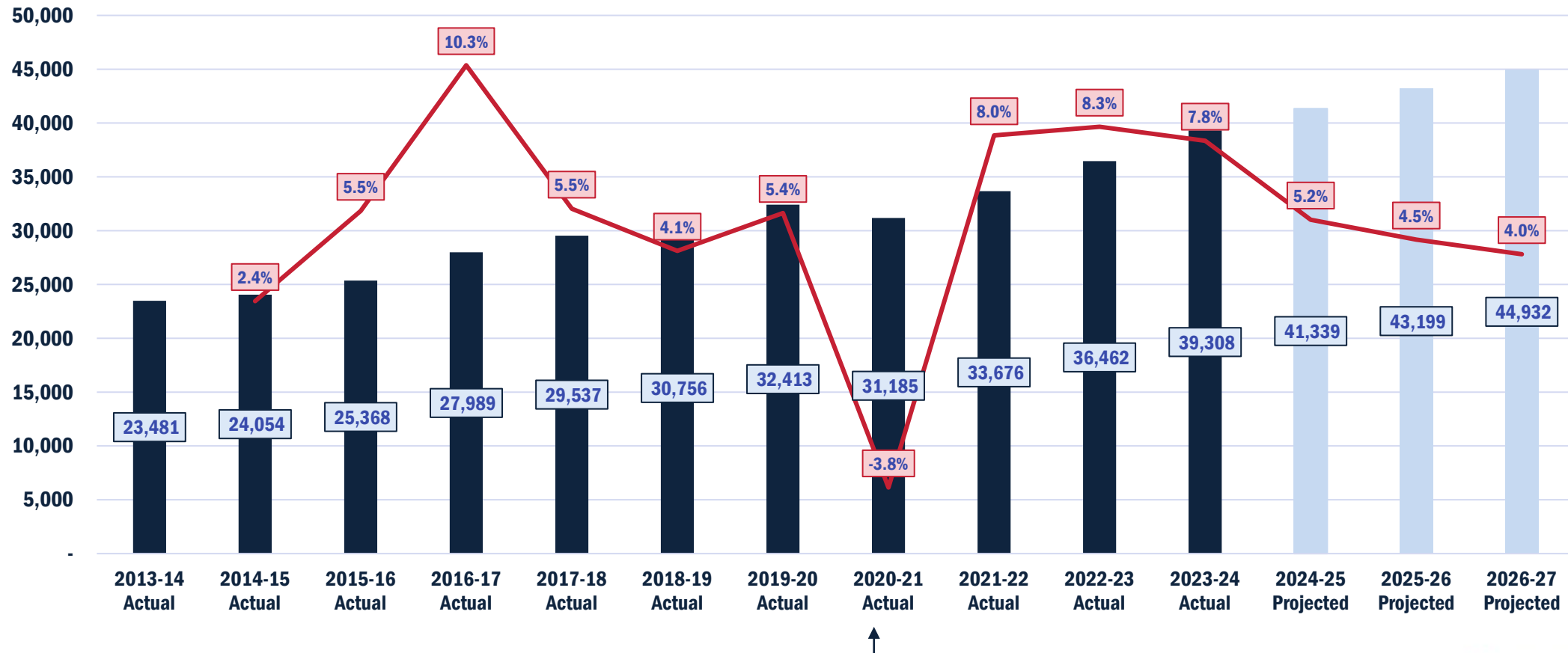
For FY 2024-25, inflation is 3% based off the 2024 CPI for the Western US Region.



CPI - <https://fred.stlouisfed.org/series/CPIAUCSL#0>
Core CPI - <https://fred.stlouisfed.org/series/CPILFESL#0>

Ongoing impact of three years of base wage increases

Ten Year Historical Wage and Salary Expenditures and Year-over-Year Percentage Change (In Millions)



↑
Impact of furloughs and attrition during COVID



Discussion and Questions

Pause for discussion and questions on the General Fund Forecast



Summary of Proposed Budget & Next Steps

One-time additions for 2024-25

Set-up for 2-year cycle

One-time funding supporting continuity of current operations

Amount	One-time Budget Proposal
TBD*	Bridge funding for Career Connected Learning Systems Navigator between October of 2024 to June of 2025
\$100,000	Extend Critical CrowdStrike End-point Cyber Protection through 2024-25
\$11,000	Extend Ease Learning Help Desk – Grant funds are ending/will end
\$85,000	Extend Limited Duration Human Resource Front Desk Coordinator Position through 2024-25
\$25,000	Extend Pilot Program for New Student Mentors through academic year 2024-25
\$165,000	Bridge funding for two Title III Navigators through June of 2025 as the Title III grant ends in September of 2024
\$135,000	Replace VDI Computer Labs with Desktop PCs
\$26,000	Temporarily increase Counseling hours of service for students due to high demand
\$35,000	Transcript Transfer Evaluation Software Pilot

*** Currently working with outside funding partner to share expense. The college will provide resources for this if the funding partnership does not materialize**

Budget Development: Two Year Budget Cycle



Summary of FY 2024-25 Proposed & Next Steps



Adheres to Board Guidance for a Stability Budget



Use one-time funds sparingly as a bridge source or for urgent issues supporting cyber security



Set structure for evaluation of impact of prior investments on a two-year budget cycle



Capacity for future financial picture is centered on renewal of the now-expired 2014 Construction Bond

Discussion

Appendix

Financial terms and definitions at Clackamas Community College

Budget Terms

Oregon Local Budget Law

Budget Advisory Group

Current Service Level (CSL)

- Base Budget components

Fund Accounting

- Restricted
- Unrestricted

Resource Terms

- Ongoing Funds
- One-time Funds



Sets legal timelines and structure for public involvement and notice



Gives clear expectation for compliance and prioritizes sound financial management



Provides instruction for a Budget Committee to receive the Proposed Budget



Ensures opportunity for community members and students to ask questions and provide comment



The Budget Committee approves the budget, the local rate of tax to levy, and the amount for General Obligation Bonds

Budget Terms

Oregon Local Budget Law Budget Advisory Group (BAG)

Current Service Level (CSL)

- Base Budget components

Fund Accounting

- Restricted
- Unrestricted

Resource Terms

- Ongoing Funds
- One-time Funds



Advise the Executive Team and the College President



Prepares budget recommendations for their consideration



Considers the big picture for College-wide recommendations



Brings more than one department or perspective to decision making process



Provides longitudinal framework in addition to near-term decisions

Budget Terms

**Oregon Local Budget Law
Budget Advisory Group**

Current Service Level (CSL)

- **Base Budget components**

Fund Accounting

- **Restricted**
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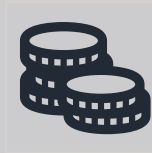
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- **Ongoing Funds**
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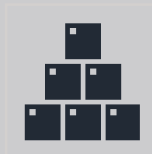
Current Service Level

Central Management of the General Fund



Base Budget Development

Personnel, including Associate Faculty, is projected by the Business Office



Materials and Services

**Varies by department
Dollar amounts range in size**

Budget Terms

Oregon Local Budget Law

Budget Advisory Group

Current Service Level (CSL)

- Base Budget components

Fund Accounting

- **Restricted**
- **Unrestricted**

Resource Terms

- Ongoing Funds
- One-time Funds

Restricted Resources

- Expenditures are dictated by the type of revenue
 - Example: grant funds for specific programs, course-specific fees, or Bond funds for dedicated projects

Unrestricted Resources

- Most flexible resource in use
 - This is the College General Fund
 - Still subject to Oregon Budget Law and applicable College Board or Financial Policies

Budget Terms

Oregon Local Budget Law
Budget Advisory Group

Current Service Level (CSL)

- Base Budget components

Fund Accounting

- Restricted
- Unrestricted

Resource Terms

- **Ongoing Funds**
- **One-time Funds**

Ongoing Funds

- Ongoing funds are generally more stable and predictable
- Used to fund core General Fund programs that do not have a direct user-based revenues source

One-time Funds

- The resource is more volatile or less predictable
- Lessens financial risk and exposure by using these resources on one-time initiatives or purpose
- Examples: capital investment projects, or resource stabilization/ smoothing.