

**MINUTES OF THE APRIL 25, 2024
BUDGET COMMITTEE MEETING**

BUDGET COMMITTEE MEMBERS PRESENT:

Al Arp, David Oser, Temese Szalai, Richard Winn, Jim Alegria, Jamie Woods, Marcy Dunning

BOARD MEMBERS PRESENT:

Ashley Flukinger, Ed Johnson, Tim Lyman, Lloyd Mueller, Sheila Roley, Jody Stahanczyk, Mitra Vazeen

OTHERS PRESENT:

Helen Keefe, Pat Keefe, Evon Jacobsen, Kinga Sanders, Bill Meck, Board Secretary Felicity Green, Interim President Teena Toyas

Call to Order

Ed Johnson, Board Chair, called the meeting to order at 5:30 pm and asked people to introduce themselves.

Election of Budget Committee Chair and Secretary

Jamie Woods **moved to nominate Jim Alegria as Budget Committee Chair.** Mitra Vazeen seconded the motion. **The motion carried unanimously.**

Ed Johnson **moved to nominate Temmi Szalai as Budget Committee Secretary.** Jamie Woods seconded the motion. **The motion carried unanimously.**

Adoption of Agenda

Ed Johnson **moved to adopt the agenda as presented.** Temmi Szalai seconded the motion. **The motion carried unanimously.**

Review of Budget Message and Related Materials

Teena Toyas thanked the staff and individual department manager for all their work getting the budget to where it needs to be. She said that there was outstanding collaboration and cooperation. She said that they have really only begun and there is more that will need to be addressed in the future. She went over the Budget Message (Appendix A) and explained the meaning of the various funds. She spoke about the process of creating the budget and stressed that this year a very conservative approach had been taken.

Budget Committee Deliberations

Mitra Vazeen thanked Teena Toyas and Bill Meck for the budget message. There were several questions, including what they mean when they say they are cautiously optimistic that FTE numbers will continue to increase, how much enrollment has increased, what the percentage increase was for the tuition increase and what is meant by significant staffing changes.

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- The optimism refers to increasing numbers from dual enrollment and other nontraditional classes which aren't entered until later than transfer classes.
- Tuition was increased by \$9 per credit hour, roughly 7%, which will go into effect in the fall of 2024. This change was approved by the Board in March, 2024.
- Significant staffing changes refer to layoffs, restructuring and hourly time adjustments to some staffing, which occurred last week and will take effect on July 1.

Tim Lyman said that he would like the Budget Committee to get a copy of the positions that were cut. He asked if the Employee Retention Credit (ERC) money was reflected in this budget and whether the \$450,000 in timber money was definitely going to be received. He also asked if there was a contingency plan if these revenues are not received. Felicity Green forwarded the email about the layoffs that was previously sent to the faculty and staff to the Budget Committee. These layoffs are reflected in the 2024/25 budget.

Bill Meck said that the ERC money is not included in the 2024/25 budget. That revenue was supposed to be received in 2022/23 but was not. It was then put in the budget for 2023/24 as a receivable but it has not been received. The timber revenue has been budgeted lower than in past years; it is budgeted at \$450,000. Each of the last two years the College has received over \$600,000. Currently, it is anticipated that will not change until 2025-26. This is not guaranteed and that is why it is a conservative estimate. Jim Alegria said that timber revenue is based on old cuts so there is a delay in the funds. He said that revenues will continue coming in at the same rate for a while. Bill Meck said that the College is using the timber revenue to pay off debt in the plant fund with leftover money being allocated to the operating fund.

Jim Alegria commented that there appeared to be a more than 25% reduction in FTE (full-time employees) in the new budget. Evon Jacobsen answered that this is inaccurate; the number is instead a placeholder for all employees, including part time, but that the 23/24 adopted budget numbers are correct.

Jim Alegria suggested that the committee continue their discussion by asking questions per budget category as written in the main titles. Teena Toyas said that Budget Committee changes to the budget must be done with formal process: nomination, second and vote.

Evon Jacobsen went over the budget document. She offered to answer questions at any time and can give specifics. Temmi Szalai asked about non departmental functions; they are for larger groupings of departments. For example, Student Services contains many individual departments, such as the Registrar's office and Financial Aid, which each have their own budget lines, but there is a budget line for Student Services as a whole as well.

Mitra Vazeen asked about the total amount of salaries and wages that have been cut. Teena Toyas and Bill Meck said that they do not know the exact amount, but the total is roughly \$900,000; the cuts were done to cover the \$900,000 deficit.

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Jamie Woods asked if the full-time faculty contract was still being negotiated? Teena Toyas said that it was but this budget is based on their current contract. If there are changes during the budget year then it will have to be amended. The 24/25 budget does reflect projected increases in gas and electricity. Ed Johnson asked about overtime. Teena Toyas said that it is reflected for full-time faculty but not for classified staff. Their overtime must be approved in advance by a supervisor, who would have to have it in their budget already. If it becomes an issue for some emergency reason, the money would have to be found and the budget amended.

Ed Johnson asked if the budget was balanced. Bill Meck said yes and explained how the budget balanced. Budgeted revenues for 2024/25 exceed budgeted expenses. For the last two years the College has been operating at a deficit but with this budget it will no longer be in that state. A larger contingency fund will be able to cover emergency expenses. There was a question about a targeted amount for the contingency fund. Evon Jacobsen said that over the years different targets ranging from 5% to 15% have been suggested but there is no formal target. Jamie Woods asked why the contingency fund had been increased by about a factor of three in the 2024/25 budget and whether it was motivated by the change in the College's credit rating. Bill Meck answered that the reason was that last year it was lower as reserves were being used to meet expenses instead of that money being held in actual reserve. The contingency fund is the ending fund balance. He spoke about the ending fund balance from 2023/24 and its relation to the contingency fund for 2024/25. It reflected the receivable ERC credit that was never received. He said that the College started the 2023/24 fiscal year \$500,000 in the hole and has been trying to climb out of it all year. He said progress was slowly being made.

Temmi Szalai commented that by the OR Department of Revenue statutes, the College would not be able to put more than 15% of their total budget into a contingency fund. She said that the last few years have been extraordinary, including such things as the pandemic, the failed computer system and the separation from the previous President. She said that in light of these unusual circumstances the College should consider focusing on the students and the community rather than attempting to grow the contingency fund at this time.

Evon Jacobsen explained that some of the money in the capital contingency fund on page 252 is actually restricted fund for the new ERP. Those moneys include payroll for temporary positions associated with the implementation.

Jim Alegria suggested that the Committee now proceed to page 13 of the summary budget and continue the discussion from there.

Jamie Woods asked about professional fees and the next audit. The audit begins in the summer and is presented in the fall. Professional fees are projected to stay the same in 2024/25.

Temmi Szalai asked about technology fees. These are fees that students are charged per credit hour. There are multiple fees, some of which are program specific and others, like the activity fee, which are charged to all students. Last year's fee revenue projection was too high and they have been adjusted for this year. Miscellaneous revenue is also projected lower; some of those

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revenues have been reassigned more accurately. Fund 21 is grant revenue and as the College cannot predict grant revenue, the state allows them to do a general forecast.

There was some discussion of revenues and the impact of an average student. Property taxes are the College's largest revenue source, state appropriations are second and tuition is third. Teena Toyas, Lloyd Mueller and others explained that most community college students are not full-time students and in fact, their courseload can vary significantly across one year. With the tuition increase and mandatory fees, the College charges \$141.75 per credit hour. Information on tuition and fee costs can be found on the College website. This cost places it in the middle of Oregon community colleges. 12 hours or more is considered full time. The College worked with Sarah Geleynse, the Financial Aid Director, as they considered the tuition increase. She felt it would not impact most students who receive financial aid; the majority of CCC students do receive financial aid. To project revenue over the course of the year, the College relies on averages, as do most community colleges. The border states are California, Washington and Idaho and residents of the entire state are eligible for border state tuition. The 2024/25 budget projected tuition revenue assumes the same enrollment as this year.

The committee discussed the state appropriations and whether they were based on a three year rolling average of FTE (full time enrollments.) Jamie Woods sent a link to the HECC (higher education coordinating commission) report on state funding and appropriations to Felicity Green which she forwarded to the Budget Committee. This is the link:
<https://www.oregon.gov/highered/public-engagement/Documents/Commission/Full-Commission/2023/4-June-8/11.2b%20Docket%20Item%20-%20CCSF%20Review,%20Final%20Report.pdf>

There was also some discussion of how FTE is calculated by the state. It is based on a complex formula which changes regularly. Lloyd Mueller said that it is important to remember that there is no connection between the calculated FTE and the amount of FTE reimbursement the College receives. He said the formula for deciding appropriations per FTE was better for community colleges ten years ago than it is now. He said that a larger share is now awarded to universities than previously and that the awarded amount is not keeping up with costs. There was some discussion of what the College and other community colleges are doing to combat this trend. Temmi Szalai said that it was very important that the College be aware of how these appropriations are calculated. She also said that it would be important to examine what is driving increased enrollment and keep the trends going to add more students and be responsive to the needs in the community.

Temmi Szalai **made a motion that the Board of Education look more fully into how the state awards funding to community colleges and what is really at play in that equation.** Marcy Dunning seconded the motion. Al Arp, David Oser, Temese Szalai, Richard Winn, Jim Alegria, Marcy Dunning, Ashley Flukinger, Ed Johnson, Tim Lyman, Lloyd Mueller, Sheila Roley, Jody Stahanczyk and Mitra Vazeen voted Aye. Jamie Woods abstained. **The motion carried.**

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Temmi Szalai made a motion to request that the Board of Education look into the factors that are driving enrollment with a view towards thinking about priorities and strategy and finances for the college in the future. Teena Toyas said that the previous Dean of Student Success had been tasked with implementing a strategic enrollment plan and although she left before that was fully realized, enrollment is up 5%. Kasey White, Director of Admissions has a report on actions that are being taken, including outreach programs with all the local high schools. As Student Services continues through the restructuring process these and other efforts will be continued and expanded. Temmi Szalai withdrew the motion.

The committee moved on to page 35 and restricted funds. These are grant funds and the \$250,000 amount budgeted is only a placeholder. There was a question about the Meyer Memorial Trust grant. This year that grant consists of \$55,000 from the Alliance for Equity in Education and it is not confirmed yet. Previously, it was a larger three year grant that covered a position. Teena Toyas said she is working with the DEI Council on how those funds will be spent; a faculty member will be the lead.

Revenue for the Unexpended Plant Fund includes money that was borrowed for the ERP. That money has been spent down. The Plant Debt Service Fund on page 67 is used to pay the GO (general obligation bonds) funds. Some of these will be paid off soon; however, the effect is negligible because as a GO Bond it reflects tax money coming in and then going out. When it is paid off the College will no longer receive those tax dollars.

The \$55,000 Clubs and Organizational funds reflect revenue raised by those student clubs except for \$4,750 which is transferred each year from the General Fund for ASG (Associated Student Government.)

Mitra Vazeen thanked Teena Toyas and the other staff, especially Bill Meck, who put this budget and budget message together and Evon Jacobsen for explaining all the procedures. Bill Meck thanked Greg Dorcheus in HR and Sarah Geleynse in Financial Aid for their collaboration and effort as well.

There was a discussion about the next meeting dates for the Budget Committee. The committee decided to have the next two meetings on Tuesday, May 7 and Tuesday, May 14 at 5:30 pm. They tasked Felicity Green with finding an appropriate room if Columbia 219 was not available. They will continue holding Thursday, May 23 as a fourth possible meeting date as well and decide on future dates later.

Jim Alegria adjourned the meeting at 7:39 pm.