

**MINUTES OF THE MAY 6, 2014
CLATSOP COMMUNITY COLLEGE
BUDGET COMMITTEE**

I. CALL TO ORDER

The meeting was called to order by Rosemary Baker-Monaghan at 6:30 p.m.

Budget Committee Members Present: Tessa James Scheller, Robert Stricklin, Paul Gillum, Kim Shillinger, Al Arp, Frank Satterwhite, Larry Popkin, Nicole Williams, David Oser, Robert Friedman (via phone), Rosemary Baker-Monaghan, and Karen Burke. Budget Committee Members Absent: Patrick Wingard, Larry McKinley. Others Present: Patricia Warren, Becki Haglund-Smith, Ann Teaford Taylor, Tom Gill, Deputy Clerk JoAnn Zahn, President Lawrence Galizio, and Recording Secretary Pat Schulte.

II. ELECTION OF BUDGET COMMITTEE CHAIR AND SECRETARY

Oregon's Local Budget Law requires the election/appointment of a Budget Committee Chair and Secretary.

Robert Stricklin **nominated Kim Shillinger as Chair**. Paul Gillum seconded. The motion carried unanimously.

Nicole Williams **nominated Larry Popkin as Secretary**. Kim Shillinger seconded. The motion carried unanimously.

III. ADOPTION OF AGENDA

Robert Stricklin **moved to approve the agenda as presented**. Rosemary Baker-Monaghan seconded. The motion carried unanimously.

IV. INTRODUCTION OF GUESTS

The Chair asked audience members to introduce themselves.

V. APPROVAL OF MINUTES

Robert Stricklin **moved to approve the minutes of the May 21, 2013 Budget Committee Meeting as presented**. Tessa James Scheller seconded. The motion carried unanimously.

VI. REVIEW OF BUDGET MESSAGE, PRESIDENT'S MESSAGE, AND RELATED MATERIALS

President Lawrence Galizio welcomed and acknowledged the Budget Committee for their service. He also thanked the members of the Budget Advisory Committee for their service. The Budget Advisory Committee is a representative body of faculty, staff, and students and is part of the participatory governance structure practiced at the College. President Galizio said

we understand that the College still has capacity issues due to dramatic cuts that have been made and there is a completely insufficient ending fund balance. He added that the budget is very conservative and is targeted at serving students and growing capacity to increase enrollment and achieve student success. President Galizio thanked Vice President Zahn and said he feels she is the best budget officer in the state. He then drew attention to a document titled "Clatsop Community College Achievement Compact for 2014-15 (Draft)." The document contained Outcome Measures, 2012-13 Actual, 2013-14 Projected, and 2014-15 Target. As background, SB 1581 requires that community college Boards of Education enter into compacts annually as part of the budgeting process outlined in local budget law. The completed achievement compact must be submitted to the Oregon Education Investment Board by July 1 of each year. This requirement calls for community college boards and budget committees to review achievement compacts along with the annual budget documents. President Galizio said achievement compacts have been instituted at all levels, including school districts, community colleges, and public universities. He added that the achievement compact helps guide the budgeting process, but the most important guidance for decisions regarding the budget is the College's strategic plan.

President Galizio then turned the meeting over to Vice President Zahn. VP Zahn said that even though some things have improved and others have changed, the College still has a very low ending funding balance below 5%. She then asked Dean of Transfer Education and Institutional Researcher Tom Gill to give an overview of enrollment trends. Mr. Gill said that in 2009-2010, FTE enrollment was about 1,500 and this year is ending at 1,300. He explained that 2009 was the beginning of the economic downturn that affected every part of this county, and a large number of students decided to go to school. As the economic problems grew, the College saw enrollment rise until 2010-2011. In 2011-2012, the College made significant changes in staff size which had an impact on enrollment. He said as the economy improves, students are no longer enrolling because of economic circumstances, they are here for school. He added that completion metrics are going up even as enrollment is going down. Robert Stricklin asked if the drop in staff led to a drop in enrollment. Mr. Gill replied that the number of sections has decreased and there has been some decrease in CTE programs. Karen Burke asked if there is data comparing our current numbers with numbers before the economic crash. Mr. Gill replied that we were at 1,400 three years before the crash. VP Zahn said another factor is that the College made a conscious decision not to continue an apprenticeship program. The costs of the apprenticeship program exceeded the revenue. Mr. Gill said summer term 2013 enrollment was 40% down. President Galizio said at the federal level, financial aid changed. The summer term was no longer eligible for Pell grants if students received aid in fall, winter and spring in the same academic year. He added that throughout the U.S., summer term enrollments declined. Mr. Gill said fall term 2013 was up nearly 10%, winter term was flat, and spring term was not what we hoped. Mr. Satterwhite said the other pattern that occurred with the recession in 2008 was that the State reduced funds available for community colleges which shifted the burden to tuition. He added that he thinks the decline is probably multi-factored, and tuition is part of it but is not the whole of it. The projected revenue for next year of \$1.7 million is about half of what the State was providing prior to the recession. Mr. Gill said we are getting a thinner slice of the State pie. Mr. Stricklin asked if there is a declining interest in education. Mr. Gill replied that younger people are starting to awaken to the importance of education and added that the average age of students is 30-32. Mr. Gill said we are getting a better penetration into the younger market, ages 20-25. President Galizio said one great thing about this county is all the scholarship money for students who want to go to

college. Students are going to the universities because they can afford it. If there wasn't that much scholarship money in the community, students might decide to do two years at Clatsop. Mr. Gill said the proportion of students from the Washington peninsula is increasing. Kim Shillinger asked if there is a program to attract more high school dropouts. Mr. Gill replied that high schools are addressing that and added that we are seeing increasing numbers of those students. He said the College has increased by about \$15,000 in Title II money for adult basic skills based on performance in that program.

Vice President Zahn gave a PowerPoint presentation that included information on YTD 2013-14 Revenue and Expenditures, Ending Fund Balance Estimate, and FY2014-15 Budget Development. Some highlights of her presentation included:

- 2012-13 revenue and expenditures. The budget and audit is on the College website.
- The CCWD (Community College and Workforce Development) Formula Allocation worksheet showing the 2013-14 and 2014-15 allocation for all 17 community colleges in Oregon. CCC only gets .67% of the total allocation in 2013-14 and .71% in 2014-15. It had been 1.31% prior to the formula cap being put on and formula allocation.
- Other new revenue in 2013-14 included the Café, Astoria Coffee Bar space rental and sales commission, PAC Partners fundraising to cover operational expenses, and a slight increase in State support.
- The Budget Advisory Committee started meeting in November 2013. Committee members included Jesse Fulton, Carolyn Cazee, Becki Haglund-Smith, Nathan Williams, Hazel Martinez, ASG President Miguel Velasco, Larry Galizio, Donna Larson, Margaret Antilla, Evon Jacobsen, Pat Schulte, and JoAnn Zahn. The Budget Advisory Committee developed the following guiding principles:
 - ✓ What's in the best interest of our students?
 - ✓ Effectiveness and efficiency in decision-making.
 - ✓ Evaluate/consider College-wide reduction impact on all aspects of the organization.
 - ✓ New Programs – Honors program scholarships (reallocated budget).
- The Budget Advisory Committee recommended the following priorities to the President's Cabinet:
 - ✓ Reallocate part-time budget to 1.0 FTE Automotive Faculty, new funding of approximately \$15,000.
 - ✓ Reallocate part-time budget to 1.0 FTE Enrollment Coordinator, new funding of approximately \$15,000.
- 2013-14 changes after budget adoption included:
 - ✓ PERS rates were adopted at 22% and were reduced to 18.2%
 - ✓ \$450 million in State support funding for the new biennium was approved in June 2013.
 - ✓ An additional \$15 million in State support was approved September 20, 2013. CCC's share of the \$15 million is approximately \$190,000 to be received in FY2014-15. A legislative note requires additional funding to be used to lower planned tuition increases.

2014-15 General Fund Budget Assumptions included but were not limited to:

REVENUE

- \$350,000 beginning fund balance
- \$400,000 timber tax
- Reimbursement enrollment stable
- Property tax 3% growth
- State support at \$1.7 million
- Total proposed resources - \$10,255,474

EXPENDITURES

- PERS rate remains at 18.2%
- Steps for eligible employees
- Cost of living increase per agreement(s)
- Employee insurance \$907 cap (5% increase)
- Utilities and insurance adjustments (+/-)
- Total proposed expenditures \$10,277,848
- Total proposed contingency \$362,944

VP Zahn praised President Galizio for instituting the Budget Advisory Committee three years ago. Rosemary Baker-Monaghan commented that having served on the Board through the cuts, she is excited to see that we are adding things back in. VP Zahn said, based on the work completed by the Budget Advisory Committee, we know what our priorities are if grants or additional funding comes in next year.

VP Zahn also provided an overview and answered questions related to the FY14-15 proposed budget document that included: actual revenues and expenditures for FY2011-12 and FY2012-13, the FY2013-14 adopted budget, and the proposed budget for FY2014-15. The College's accounts are maintained in accordance with fund accounting principles to ensure that limitations and restrictions on the College's available resources are observed.

VP Zahn went over the General Fund Historical Expenditures by Category. She said a small institution always wants to have instruction plus instructional support above 50%, and she expects this year to be about 51%. All areas outside of instruction have continued to be extremely frugal and innovative about keeping costs down.

In the General Fund, Vice President Zahn pointed out the \$350K Beginning Working Capital for FY14-15. She said the number will depend on timber and property taxes received in FY13-14 and that she will have a good sense of where we are with this at the September Board meeting.

VP Zahn pointed out the Summary of Revenues, Transfers, and Expenditures by fund. She said that the College will not be sponsoring Oregon Coast Community College (OCCC) as of June 30, 2014. In the future, Portland Community College will be sponsoring OCCC. VP Zahn said that no longer sponsoring OCCC will have an impact on the College's revenue. OCCC paid \$165,000 to support two positions related to the sponsorship. She added, however, that the sponsorship had completely overwhelmed the Student Services staff and the two positions that were supported by OCCC didn't come anywhere near the amount of staff time that was required.

Paul Gillum asked about professional development and wondered if it is for new employees. VP Zahn replied that it is not just for new employees. She added that going to quarterly meetings of finance officers is incredibly valuable. President Galizio said the reality is that there is so much flux at the state level that if we don't have a presence at the table, we can be forgotten. He said it's not only professional development for the individual, it's our voice at the table. Larger colleges have different concerns and issues than we do. Mr. Satterwhite said he doesn't think professional development should be subsumed under travel. He said he would like to see it labeled differently than travel and would label it as professional development.

VP Zahn said the College is typically at 92% – 93% of expenditures of what is budgeted. She is estimating an ending fund balance of \$350,000 and said this is what is left after revenues minus expenditures. She pointed out that two years ago the College sold surplus property, Miles Crossing, for \$262,000. She said that \$262,000 of the \$350,000 ending fund balance is the Miles Crossing sale. VP Zahn said, ideally, if the College could keep ten students in school who might otherwise walk away, it could mean \$70,000 in revenue. The College is working on improving student persistence and retention.

Mr. Gill said the College does not have a career planning utility. The grant-funded CASE project has that utility and has been able to demonstrate its value. He added that a placement office and career guidance office is in the queue. He said the College is cognizant of the need for it, but it is still a ways off. President Galizio said the College is part of a state-wide grant that has allowed us to do career planning but it's not part of our general fund. Mr. Satterwhite said there has also been a philosophical shift in that federal and state governments are much more interested in getting people in job slots to boost the economy than in having individuals self-fulfilled. He added that he has seen a real shift over the last 30 years or so.

VP Zahn pointed out the Auxiliary Fund which includes the bookstore. She said the Auxiliary Fund is intended to make money and cover its costs. She added that there is over a \$300,000 negative balance in the Auxiliary Fund carried over from year to year stemming from when the College subsidized the café to keep costs down for students. Karen Burke asked if the bookstore is still making money. VP Zahn responded affirmatively but said it's been a challenge. She said the College is fortunate to have Denise Russell as manager of the bookstore. Ms. Russell is working closely with publishers, is implementing a textbook rental program, and is working with financial aid. VP Zahn said the Café has been good about getting community members to come and have lunch at the College, up to 17 to 20 people per day. The Astoria Coffee Bar has a lot of community members who are coming up as well. Lots of good things are happening.

VP Zahn pointed out the Grants and Financial Aid Fund. She said that many of our students are utilizing financial aid, including PELL and loans. If the student loan default rate exceeds 30%, it is very serious. Clatsop's student loan default rate is down to 22%. If a student comes to Clatsop with debt from other institutions and borrows more money, it goes on Clatsop's default rate if the student defaults and Clatsop was the last institution they attended.

At the conclusion of Vice President Zahn's overview of the proposed FY14-15 budget document, she thanked everyone for participating and stated that the summary and detailed

budget document could be found on the College's website. She said that she would be available if Budget Committee members had any questions about the proposed budget.

VII. BUDGET COMMITTEE DELIBERATIONS

VP Zahn asked the Committee members if they felt they could approve the budget at this meeting or if they needed to meet again on May 20. Nicole Williams said she could not be at the May 20 meeting and would like to voice her opinion. She said she appreciated the conservative revenue projections but is worried about the low ending fund balance. Ms. Williams said she would consider not adding the new positions because the ending fund balance is so low. VP Zahn pointed out that the cost for the new positions is \$15,000 for each position. The balance will be covered by a reallocation of existing funds. Ms. Baker-Monaghan asked if there is an assessment of break-even points for the new positions. VP Zahn said they are expecting better effectiveness and efficiency with enrollment that would cover the additional cost. President Galizio said for the automotive program, the choice was to suspend the program or invest in the program. He added that we have the ability to cost it out. There was general agreement that the May 20 meeting was not needed.

VIII. PUBLIC COMMENTS/CITIZENS TESTIMONY

None.

IX. FUTURE MEETING DATE

None.

X. OTHER

Robert Stricklin **moved that the 2014-15 Clatsop Community College budget in the aggregate of amount of \$19,229,059 for all funds be approved as proposed and that the permanent tax rate of \$.7785 per \$1,000 of assessed value be assessed in support of the General Fund.** David Oser seconded. The motion carried unanimously.

XI. ADJOURNMENT

Without further business, the Budget Committee Meeting was adjourned at approximately 8:45 p.m.

Kim Shillinger, Chair

Larry Popkin, Secretary

Pat Schulte
Recording Secretary