

**MINUTES OF THE MAY 7, 2019
CLATSOP COMMUNITY COLLEGE
BUDGET COMMITTEE**

I. CALL TO ORDER

The meeting was called to order by Larry Popkin at 6:30 p.m.

Budget Committee Members Present: Rosemary Baker-Monaghan, Karen Burke, Tessa James Scheller, Esther Moberg, Robert Stricklin, Al Arp, Kim Shillinger, Larry Popkin, David Oser, Rachel Jensen, Nicole Williams. Absent: Robert Duehmig, Anne Teaford-Cantor, Andrea Mazzarella. Others Present: Naomi Garbutt, Evon Jacobsen, Stephanie Homer, Deputy Clerk JoAnn Zahn, President Chris Breitmeyer, and Interim 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 Larry Popkin as Chair**. Rosemary Baker-Monaghan seconded. The motion carried unanimously.

Rosemary Baker-Monaghan **nominated Nicole Williams as Secretary**. Robert Stricklin seconded. The motion carried unanimously.

III. ADOPTION OF AGENDA

Robert Stricklin **moved to approve the agenda as presented**. Kim Shillinger seconded. The motion carried unanimously.

IV. INTRODUCTION OF GUESTS

The audience members introduced themselves.

V. APPROVAL OF MINUTES

Robert Stricklin **moved to approve the May 2, 2017 minutes as presented**. Karen Burke seconded. The motion carried unanimously. Robert Stricklin **moved to approve the May 1, 2018 minutes as presented**. Karen Burke seconded. The motion carried unanimously.

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

President Chris Breitmeyer welcomed the members of the Budget Committee and acknowledged them for their service. He said this budget is essentially a rollover budget with no investments and no cuts. The College is hopeful it will see more state support.

President Breitmeyer said the College is looking at funds in two ways with discussion about expenditures on part-time employees (599 hours and less) and seeing if funds can be reallocated to permanent employees. President Breitmeyer added that we are in the process of a program review to identify where our resources are going and what the programs that are receiving resources look like. He noted we have identified programs to review and the criteria by which to evaluate them. The programs will be evaluated on a number of quantitative and qualitative factors to determine the added value each program brings to the College. The program review process will inform next year's budget. President Breitmeyer noted that colleges typically do this process when they need to cut the budget, but CCC is not at that point.

President Breitmeyer then turned the meeting over to Vice President of Finance and Operations JoAnn Zahn.

Vice President Zahn presented information on YTD 2018-2019 Revenue and Expenditures, Ending Fund Balance Estimate, and FY2019-20 Budget Development. VP Zahn acknowledged Evon Jacobsen for her work on the budget.

Some highlights of her presentation from the Budget Message included:

Revenue:

- Legislative state support approved at \$570 million for the FY2017-19 biennium with \$2.620 million and \$3.239 million, respectively
- Tuition and fee estimate reflecting flat revenue estimated at \$3 million
- Property taxes increasing nearly 4% annually

Expenditures added after the start of the fiscal year:

- Extended library hours
- Creation of a Diversity budget
- Two 1,000 hour Classified positions for Patriot Hall and Tutoring
- Spring term hire for QMED faculty position
- Pay Equity Study, including classification and compensation

VP Zahn said we are projecting to have 1,340 FTE students this year and the same for next year. Other institutions have seen steady declines in FTE while CCC has been stable. The completed April financial report shows we are up a bit on tuition and fees.

The College has a Budget Advisory Committee made up of representatives of all employees and is part of the shared governance process at CCC. The Budget Advisory Committee follows a process to prioritize budget requests. There are six requests for the next year which have been prioritized but are not reflected in the proposed budget because of negotiations currently ongoing.

David Oser asked how the budget and strategic plan are tied together. VP Zahn replied that the pay equity study, an HR assessment that was done this year, and the new budget for the Diversity, Equity, and Inclusion (DEI) Council are focused on improving the campus environment for all students and employees and are directly related to strategic planning. The Budget Advisory Committee is focused on immediate needs. The Strategic Plan is more long-term. All budget recommendations have to show how they tie into the strategic planning process. The seven-year accreditation visit takes place in October 2019. The College has really worked to strengthen the Strategic Plan so that it can be measured and is reflected in the budget. Rosemary Baker-Monaghan commented there is a fail-safe that after the budget is approved by the Budget Committee, it goes to the Board for adoption. There are a lot of people with eyes on the budget. David Oser asked if there is money budgeted for community outreach. VP Zahn replied that there are no specific requests related to community outreach within the current budget. The new CCC website has been implemented as part of community outreach. VP Zahn said that several things became a priority after the U.S. Department of Education visit last April. There was also a Civil Rights visit, but the College hasn't yet received the report from that visit.

VP Zahn highlighted the revenue side of the budget. There was a \$3 per credit hour tuition increase with tuition at \$105 per credit hour effective summer term 2019. At this point, VP Zahn said we do not know what the state allocation will be. VP Zahn went over other revenue sources outlined in the Budget Message. She said the College is in the final stages of purchasing the MERTS campus, which it has been working on for four years and is a significant milestone for this fiscal year. VP Zahn added that the College is in a five-school consortium to implement the new ERP which is also reflected in the budget. The College will probably not go live with the new ERP until the fall. VP Zahn said we negotiated a four-year payment plan that will be in the plant fund and not the general fund.

From an expenditure standpoint, all steps for eligible employees are included. There is a 5% increase in medical, dental, and vision insurance. PERS increased from 21% to 22% which is a smoothing rate and something the Director of Accounting put into place 10 years ago. The increases for PERS costs were built into the budget. Property taxes are increasing more than 3% annually. The College is seeing state support at 30% of total resources which is a significant increase over previous years. David Oser asked about the benefit of raising tuition. VP Zahn replied that CCC is at the lower end of tuition for Oregon community colleges. CCC will be below the average cost of tuition by about \$5. From a compounding basis, it's important to raise tuition. This increase is less than the increase that students are seeing in their financial aid package, including Pell grants and Oregon Promise. Table tents have been put on all the tables on campus letting students know that if the tuition increase is a problem, they should see Lloyd Mueller in Financial Aid.

Tessa Scheller said she still has concerns that it's hard to get humanities classes scheduled. President Breitmeyer replied that we only have one full-time faculty in humanities and one full-time faculty in art. He said the College is really lacking in the social sciences. The plan is to send out a survey to area high schools, employer partners, and the community in general to identify what courses the College should have that it doesn't have. The results of the survey will help identify needs and guide us in the next budget process. What do students really want?

Nicole Williams asked how the College decides to allocate timber revenue into the general fund. VP Zahn replied that it is subjective. Ideally, we don't want to have timber revenue in the general fund. Ms. Williams encouraged the College to adopt a policy on allocation of timber revenue. Don't use timber revenue to backfill operations. Many public entities develop a policy regarding timber revenue. It's important so you can establish a reserve account without being discretionary. VP Zahn said the practice is that timber revenue goes to lower debt. Rosemary Baker-Monaghan commented that the Board of Education voted to allocate timber revenue to debt service. VP Zahn said for the past four years, \$450,000 of the timber revenue has gone to the general fund. The balance of timber revenue went into the plant fund.

VP Zahn said that all budget and audit information is available on the College website. She shared the names of the members of the 2019-2020 Budget Advisory Committee which included representatives from Faculty, Classified, Service and Supervisory, and Administrators.

The 2019-2020 General Fund Budget Assumptions included but were not limited to:

REVENUE

- State support appropriations based on a \$590 million community college allocation; \$3.644 million allocation for CCC
- \$3 tuition increase to \$105 per credit effective summer 2019
- Timber revenue at \$450,000
- \$100,000 transfer from the Plant Fund to the General Fund related to the Pay Equity Study

EXPENDITURES

- PERS rate at 22%
- Steps for eligible employees
- Salary adjustment increases for full-time faculty; all other employee groups to be determined
- 5% increase for medical, dental, vision
- Annual renewals (+/-)
- Increases for fixed cost items such as utilities and insurance

FY2019-2020 PROPOSED BUDGET

- \$4.656 million in property taxes
- \$3.275 million in student tuition and fees
- \$3.644 million in state support based on a \$590 million community college funding allocation
- \$450,000 in timber revenue
- \$179,000 in other revenue
- \$1.1 million beginning fund balance

VP Zahn then moved into the more detailed parts of the budget starting with a summary by fund and explanation of the types of funds: (11) General, (12) Auxiliary, (21) Grants/Financial Aid, (41) Unexpended Plant, (42) Plant Fund Debt, (54) Clubs and Organizations, and (60) Non Plant Debt Service. The Auxiliary Fund has a negative fund balance, and there continues to be a budget transfer from the general fund to the auxiliary fund so the balance can be taken care of over the next four to six years. VP Zahn then went through the budget, breaking it down from the overall General Fund to the expenses in the areas of Instruction, Academic Support, Public Service, Student Service, Institutional Support, Plant Operation and Maintenance, Scholarships, and Reserves.

David Oser said he is troubled by the tuition increase at this stage in the College. VP Zahn replied that we tried to keep it low. The College is trying to invest in adding faculty back for students as well as providing sustainability and building for the future. From a fiscal standpoint, it was a wise management decision. Robert Stricklin asked about the strategy of not hitting students with a big tuition increase. President Breitmeyer said there are some colleges in the state that increase tuition every year. He noted that we had conversations with students about the increase and held student forums to discuss the increase. The majority of students who responded said they were okay with the tuition increase. A few students said they might not be able to come to school if tuition increased.

VII. BUDGET COMMITTEE DELIBERATIONS

There were no other comments aside from the discussions during the presentation.

VIII. PUBLIC COMMENTS/CITIZENS TESTIMONY

None.

IX. FUTURE MEETING DATE

None.

X. OTHER

Robert Stricklin moved that the 2019-20 Clatsop Community College budget in the aggregate of amount of \$24,970,168 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. Rachel Jensen seconded. The motion carried unanimously.

XI. ADJOURNMENT

Without further business, the Budget Committee Meeting was adjourned at approximately 8:05 p.m.

Larry Popkin, Chair

Nicole Williams, Secretary

Pat Schulte, Interim Recording Secretary