

MINUTES OF BUDGET COMMITTEE

CHEMEKETA COMMUNITY COLLEGE
4000 Lancaster Drive NE

April 10, 2019

A. PLEDGE OF ALLEGIANCE

Neva Hutchinson, led the group in the Pledge of Allegiance.

B. CALL TO ORDER

Neva Hutchinson, Board Chair, called the meeting to order at 6:04 pm. The meeting was held at the Salem Campus in the Board Room, Building 2, Room 170.

ROLL CALL

Members in Attendance: Ray Beaty; Chris Brantley; Ed Dodson; Betsy Earls (arrived at 6:40 pm); Jackie Franke; Gustavo Gutierrez (arrived at 6:15 pm); Ken Hector; Neva Hutchinson; Barbara Nelson; Ron Pittman; Mike Stewart; and Diane Watson.

Members Absent: Joe Van Meter and Don Patten.

College Administrators in Attendance: Julie Huckestein, President/Chief Executive Officer; and Jim Eustrom, Vice President/Campus President, Yamhill Valley Campus; Miriam Scharer, Associate Vice President/Chief Financial Officer, College Support Services/Financial Management; and Rich McDonald, Director, Budget and Finance.

C. WELCOME OF BUDGET COMMITTEE MEMBERS

Neva Hutchinson welcomed the budget committee members, and she thanked them for serving on the Chemeketa Budget Committee.

D. ELECTION OF BUDGET COMMITTEE OFFICERS

Neva Hutchinson opened nominations for Budget Committee Chair. Ron Pittman made a motion to nominate Ray Beaty. Jackie Franke seconded the motion, and nominations were closed.

The vote was unanimous and the motion CARRIED. Ray Beaty was declared Chair of the Chemeketa Budget Committee for 2019–2020.

Neva Hutchinson opened nominations for Budget Committee Vice Chair. Ed Dodson nominated Diane Watson. Jackie Franke seconded the motion, and nominations were closed.

The vote was unanimous and the motion CARRIED. Diane Watson was declared Vice Chair of the Chemeketa Budget Committee for 2019–2020.

Board chair Neva Hutchinson passed the gavel to Budget Committee Chair Ray Beaty. Ray welcomed everyone and thanked the staff for putting together the budget presentation. He reminded the budget committee members to feel free to ask questions.

E. DUTIES OF BUDGET COMMITTEE

Rich McDonald, director of Budget and Finance, referred to the two budget publications—the green covered, stapled booklet is the Budget Committee Reference Handbook that contains

contact information for Budget Committee members, board, and college administrative staff; a summary of local budget law; the budget calendar; budget publications; and a glossary of terms. It also includes a copy of all the slides that will be covered in the budget presentation.

Rich referred to the spiral-bound booklet, the Proposed Budget for Fiscal Year 2019–2020, which is divided into four sections: 1) an introductory section with the college Mission, Vision, Core Themes, and Values, the Budget Principles and Financial Environment 2019–2020 Fiscal Year, Board and Budget Committee names, zones, and term expiration dates, the President’s Message, student and district information, and budget summary highlights; 2) General Fund department budget summaries and budget narratives organized by divisions and then by departments under each division. One change is reductions and investments are reflected at the end of the 2019–2020 Activities bullet list in the division or department narrative. The budget summaries have two years of actual expenditures, plus the current budget and the proposed budget for next year; 3) Other Funds will be reviewed next week; and 4) Appendices and Indexes, which includes salary tables and three different sorts of general fund by department name, manager, and fund name.

Referring to the green-covered Budget Committee Reference Handbook, Slide 3, Rich reviewed the Budget Committee duties to comply with local budget law. He noted that the primary role of the Budget Committee tonight is to receive the proposed budget for 2019–2020. A quorum of eight members must be present at each meeting. Next Wednesday, April 17, at 4:30 pm, Other Funds will be shared, and following the reports, there will be time to hear public comment, the Budget Committee will have final discussion, and will vote on the proposed budget. When the committee approves the budget and the tax rate, a quorum must be present, and no matter how many members are in attendance, approval requires at least eight positive votes. A public hearing on the budget will be held on May 15 to hear any additional comments.

F. PRESENTATION OF BUDGET MESSAGE

Julie Huckestein thanked the Budget Committee for volunteering their time to help the college with this important public process in reviewing the information, listening to the presentation and public comment, and asking questions. This will also give members a better understanding of the college, the operations, and the services that are provided to students and the community in the district. Julie also thanked the college staff in putting the documents and the presentation together. Julie referred to the President’s Budget Message on pages 12–14 of the spiral-bound Proposed Budget booklet. Julie read excerpts from the budget message that covered the general fund revenue and expenses, capital projects, textbook and materials affordability, Guided Pathways, Chemeketa Accelerated Pathways to Success (CAPS) grant, and continued long-term planning for the college’s financial future. Highlights included:

- The college used several strategies to prepare a balanced budget including increasing tuition and fee rates, including implementing a differential fee rate for high cost programs or courses; using carryover funds; eliminating vacant positions; and reducing several currently filled positions, which will be covered in the detailed budget presentation.
- The Governor’s recommended budget for the 17 community colleges was \$543 million, a 4.7 percent reduction from the current biennium appropriation of \$570 million. The Ways and Means Committee included \$590.6 million for the current service level (CSL) funding for community colleges. However, community colleges are advocating for the true CSL of \$647

million plus two policy option packages of \$70 million each for career and technical education and student support services. Chemeketa and the majority of community colleges are using \$590 million to base their projected budgets. Julie said she would provide the Budget Committee with information about the two policy option packages and how the college would use the additional revenue.

- The College Board of Education approved a \$4 tuition and \$6 universal fee increase in February resulting in tuition of \$91 and universal fee of \$24 per credit. Even with this increase, the college may still be among the lowest cost among community colleges in the state.
- The college continues to experience an enrollment decline which impacts all major sources of operating revenue, including state revenue, property taxes, and tuition and fee revenue. A 3.5 percent decline is projected this year and a 2 percent decline is projected for next year. However, the college continues to monitor enrollment in programs, respond to workforce needs, and implement a few new academic programs.
- The proposed budget includes some reductions and investments in the general fund, which will be detailed in the presentation. Compensation adjustments have been included per the faculty collective bargaining agreement; classified negotiations are in progress so costs are unknown at this time; any exempt or management increases are subject to board approval in June; and estimates have been made for the pay equity act, PERS, and health insurance costs.
- The Agricultural Complex is the significant capital project planned for next year with construction to begin in the summer.
- Guided Pathways and the Chemeketa Accelerated Pathways to Success (CAPS) grant are underway. Both will have positive impact on student success, retention, persistence and completion.

Julie is proud of the college's financial planning and management and feels it is well positioned to continue to provide quality instruction, workforce training, and student services throughout the district. The college remains committed to students, the community, and employees.

Julie introduced Dr. Jessica Howard who was in the audience. Jessica was recently named as the next president of Chemeketa Community College and will start on July 8. She was thanked for being at the Budget Committee meeting.

G. BUDGET PROCESS AND RESOURCES

Miriam Scharer, associate vice president/CFO, referred to the green-covered reference handbook starting with Slide 6, the evolving budget with external factors that may affect revenue or costs; a budget flowchart, and the budget process on how the budget was built. Miriam reviewed Slide 9, Summary of All Funds pie chart, for a total \$293,856,000 of all funds. However, the budget presentation tonight will focus only on the general fund which is 30.4 percent of all funds or \$89,700,000.

Miriam and Rich McDonald, director of business and finance, reviewed a number of charts and bar graphs that showed historical views of General Fund Sources of Revenue, including tuition and fees, state funding, property taxes, and miscellaneous; 2019–2020 Resources Based on

FTE (full-time equivalent) showing 85.9 percent of the funding is based on FTE; Chemeketa Student FTE; Biennial State Allocation to Community Colleges; Annual State Allocation to Chemeketa; bar charts showing historical comparison for Property Tax Revenues; Tuition and Universal Fee Rates plus Per Credit; Tuition and Fee Revenues; and Ending Fund Balance (EFB). Rich noted the black lines on the EFB slide is the desired range, between 10–15 percent of total budget revenues. The college anticipates using \$1 million this year from the EFB and projects \$1.5 million next year which will leave a balance under the targeted 10 percent range.

Miriam Scharer explained the differential fee rate that Julie mentioned in her President's Message. The tuition and universal fee proposal was brought forward as an information item to the board in January and approved in February, and this new differential fee for high cost programs and courses was also recommended based on funding. If state funding is less than \$590 million, a differential fee rate of \$10 per credit was approved; if funding is \$590 million or above, a \$5 per credit was approved.

H. PRESENTATION OF 2019–2020 PROPOSED BUDGET

Miriam referred to the 2019–2020 Budget Principles and Financial Environment document on pages 8–9 in the spiral-bound Proposed Budget book and how budget decisions revolve around the college's core themes, and values; commitments to protect against unanticipated resource declines or cost increases; and to maintain a balanced operating budget. Miriam briefly reviewed the factors in the financial environment and expenses.

Rich reviewed Slide 21 which identified the Budget Assumptions and Decisions: Resources including building the proposed budget on \$590 million; a tuition and universal fee increase of \$4 and \$6 per credit hour, respectively; a new differential fee of \$5 or \$10 depending on state funding; increased tuition due to two trial status positions and the Medical Office Assisting program moving from self-support to general fund; a projected 3 percent growth in property taxes; an increase in indirect, interest and miscellaneous revenue; a transfer from self-support; and \$1 million from the ending fund balance.

Charts for Budget Changes–Resources and FY2019–2020 General Fund Resources amounted to \$89,700,000, along with a pie chart with dollar amounts and percentages for General Fund Resources for 2019–2020 were reviewed and explained.

On the expenditure side, Slides 25–27, Miriam reviewed the Budget Assumptions and Decisions: Expenditures; Budget Changes–Expenditures; and FY2019–2020 General Fund Expenditures by budget category. Slides 28 and 29 contain two pie charts showing percentages for General Fund Expenditures by type (budget categories) and by function were reviewed and explained and showed totals of \$88,200,000 plus \$1,500,000 from the unappropriated ending fund balance to produce a balanced budget of \$89,700,000.

Miriam and Jim Eustrom shared the investments and reductions in the general fund. Starting with Slide 31, Miriam reviewed the Definitions of the acronyms that are used in the slides for division names.

Miriam reviewed Slide 32 describing the four reductions in the President's Office and Governance and Administration. One exempt position will be eliminated and reductions in part-time hourly and materials and services were made for a total reduction of \$230,736.

Miriam reviewed the reductions in the College Support Services Division (CSSD) on Slides 33 and 34 which included eliminating one vacant classified and one vacant (retirement) position; and reductions in part-time hourly, materials and services for a total reduction of \$534,617. Slide 35 had one investment of a classified administrative support for \$61,389. The net CSSD reductions and investments totaled \$473,228.

Jim Eustrom, vice president of Instruction and Student Services, drew attention to the last column, Core Themes. All budget investments and reductions are aligned to one or more core theme. Jim reviewed the reductions in the Instruction and Student Services for next year on Slides 36–41. In summary, there were 20 ISS vacant positions eliminated, 9 faculty, 5 exempt, and 6 classified; and 6 reductions in force, 2 exempt and 4 classified for a total of 24 positions. Details on each position are on the slides. Reductions were also made in materials and services and the Apprenticeship adjunct budget for a total ISS reduction of \$2,109,054.

ISS investments included two new exempt dean positions—one for Mathematics and one for Sciences—a new classified Department Technician II for the Mathematics dean, and moving a classified position from self-support to general fund in the Education, Languages, and Social Science department for total investments in ISS of \$411,794. The net ISS reductions and investments totaled \$1,698,260.

The total net college-wide (includes ISS, CSSD, and President/Governance) reductions amounted to \$2,401,224.

Julie Huckestein shared that when the college realized there would be funding issues, and with the decline in enrollment, every position that was vacant or became vacant was scrutinized by Exec Team on whether to refill, pause and hold open the position, or to look at other creative ways to do the work. The college is at a crossroad on what is the right-size of the institution and to look at ways to contain costs. Drastic changes are coming at the state level (e.g., College Credit Now), along with Guided Pathways that will affect enrollment and the college needs to be mindful on how to balance these efforts to make sure we don't lose enrollment as a result of cuts, but still be financially stable, and to be good stewards of taxpayers, students and the resources the college receives.

Referring to Slide 45, Positions from Self-Support to General Fund, Jim reported the Medical Office Assisting program at Yamhill Valley Campus (YVC) has been operating on self-support for a number of years and has been successful so the college proposed moving the program to general fund.

Jim briefly explained that trial status positions are usually created for: 1) specialized courses or areas that are difficult to find a part-time instructor; 2) when there are many part-time instructors in high enrollment courses, and 3) for new program areas that may generate interest. In order to determine if a new faculty position is viable, self-support trial positions are created and monitored

for two years. The revenue from tuition and fees from those classes are put into a self-support account which is used to pay for the instructor and supplies. After two years, the positions are reviewed and a decision is made to move the position into the general fund or to terminate the trial position(s). Slide 45 also lists two trial status faculty positions Pharmacy Technology and Engineering that have been successful and are moving from trial status to general fund.

Jim reviewed Slide 46, General Fund FTE Changes FY 2018–2019 to FY2019–2020 in the classified, exempt, and faculty categories from this year to next year of -19.27. Slide 42 was a pie chart of the General Fund by Core Themes showing 41 percent fall under Academic Quality; 27 percent Student Success; 23 percent Access; and 9 Community Collaborations, which is exactly the same from last year.

In reference to enrollment being around the 1995–1996 levels and the expansion of the physical buildings, Ray Beaty asked if the infrastructure is becoming too large of an expense and if the college should aggressively look at partners to lease space or utilize space. Julie noted that lease revenue from Brooks, Chemeketa Center for Business and Industry (CCBI), YVC, and Woodburn is used for building support. However, the hope is to grow enrollment to help pay for operational costs. Jim noted that while there is a big push for more CTE programs, state-of-the art and specialized equipment is very expensive which adds to costs. Julie shared another unanticipated operational cost of providing a temporary public safety officer for CCBI to address the increase of the homeless and transient population who have been using the restroom facilities, loitering, camping, and disrupting business for the staff and partners at CCBI.

I. QUESTIONS

No other questions were heard. However, if there are questions, send them to Miriam Scharer at 503-399-8486 or miriam.scharer@chemeketa.edu so she can have a response at next week's budget meeting.

J. SUMMARY OF NEXT MEETING

The next Budget Committee meeting is Wednesday, April 17, at 4:30 pm. Other Funds and updates on Guided Pathways and the Chemeketa Accelerated Pathways to Success (CAPS) grant will be presented, followed by public testimony, final discussion, and action will be taken on the recommended budget.

K. ADJOURNMENT

The meeting adjourned at 7:56 pm.

Respectfully submitted,



Board Secretary



President/Chief Executive Officer



Budget Committee Chair

Date