

Minutes  
May 20, 2020

CHEMEKETA COMMUNITY COLLEGE

**BUDGET COMMITTEE  
MEETING MINUTES**

May 6, 2020

**A. CALL TO ORDER**

Diane Watson, Board Chair, called the meeting to order at 3:04 pm. The meeting was held remotely via Zoom Webinar and it was live streamed and captioned.

President Jessica Howard welcomed everyone to the virtual Zoom Webinar Budget Committee meeting and explained the onscreen viewing. She also noted that public testimony and comments were to be submitted by email or written correspondence by 5 pm yesterday, May 5. Live, public comment will not be accepted from virtual attendees.

**B. ROLL CALL**

**Members in Attendance:** Ray Beaty; Chris Brantley; Ed Dodson; Betsy Earls; Jackie Franke; Ken Hector; Neva Hutchinson; Jenne Marquez; Barbara Nelson; Don Patten, Ron Pittman; Mike Stewart; Joe Van Meter; and Diane Watson.

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

**C. WELCOME OF BUDGET COMMITTEE MEMBERS**

Diane Watson welcomed the budget committee members, and she thanked them for their time and commitment for serving on the Chemeketa Budget Committee.

**D. ELECTION OF BUDGET COMMITTEE OFFICERS**

Diane Watson opened nominations for Budget Committee chair. Ken Hector made a motion to nominate Ray Beaty. Jackie Franke seconded the motion, and nominations were closed.

A roll call vote was taken and the motion CARRIED unanimously. Ray Beaty was declared chair of the Chemeketa Budget Committee for 2020–2021.

Diane Watson opened nominations for Budget Committee vice chair. Ken Hector nominated Ed Dodson. Joe Van Meter seconded the motion, and nominations were closed.

A roll call vote was taken and the motion CARRIED unanimously. Ed Dodson was declared vice chair of the Chemeketa Budget Committee for 2020–2021.

Board chair Diane Watson turned the meeting over to Budget Committee Chair Ray Beaty. Ray welcomed and thanked the Budget Committee for their service. Ray welcomed Jenne Marquez, a new budget committee member. Ray instructed committee members who have questions during the presentation to either wave their hand or unmute themselves and indicate they have a question. There will be time at the end for questions.

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**E. PRESENTATION OF BUDGET MESSAGE**

President Jessica Howard shared highlights from her budget message, which was on pages 8–10 of the spiral-bound Proposed Budget Fiscal Year 2020–2021 book. Jessica was excited to be leading her first budget process as president/CEO of Chemeketa, but at the same time concerned for the college in wake of the COVID-19 pandemic. Although Chemeketa is considering and is cognizant of the short- and long-term impacts of COVID-19, which will be significant, the proposed budget was prepared prior to this crisis and changes to the college's resources and expenditures may be included in the adopted budget or as board-approved adjustments to the 2020–2021 budget.

The budget message covered the General Fund Revenue and Expenditures, Capital Projects, Guided Pathways, Strategic Planning and Visioning, Strategic Enrollment Management Plan and continued long-term planning for the college's financial future. Highlights included:

- The college is faced with potential financial gaps as expenditures grow at a faster pace than revenues. The college is experiencing its ninth consecutive year of declining enrollment and has projected a three percent decline in projected enrollment.
- Several strategies were used to prepare a balanced budget in the second year of the state biennium, including increasing tuition and fee rates, eliminating vacant positions, and strategically investing in positions and initiatives that will further the college's work and positive impact on students.
- In February, the College Board of Education approved a \$4 tuition and \$7 universal fee increase resulting in tuition of \$95 and universal fee of \$31 per credit beginning summer term 2020. Tuition for out-of-state and international students will be \$260 per credit. The differential fee rate remains \$5 per credit and will be expanded into second-year CTE program courses.
- Personnel costs account for the majority of expenditures. The proposed budget includes some reductions and investments in the general fund, which will be detailed in the presentation.
- The Agricultural Complex continues to be the one significant capital project planned for next year. Construction has begun with a completion date of December 2020.
- The college will continue work on Guided Pathways, strategic planning, and strategic enrollment management to increase student success.
- Long term, the college faces a prolonged period that will require continued contingency planning and reassessment each year to position the college to meet changing needs and to contain costs to match revenue sources. This planning will address the implications of the COVID-19 pandemic on our students, community, workforce and budget.

However, the college has a long history of strong financial management and the level of reserves is adequate to manage the volatility of general fund revenues to properly fund technology and equipment, and to ensure the repayment of long-term debts, but at the same time will continue to provide quality instruction, workforce training, and student services throughout the district. The college remains committed to students, the community, and employees.

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#### **F. PRESENTATION OF 2020–2021 PROPOSED BUDGET**

Miriam Scharer, Vice President of College Support Services/Chief Financial Officer, introduced herself along with Jim Eustrom, Vice President of Instruction and Student Services/Campus President of the Yamhill Valley Campus, and Rich McDonald, Director of Budget and Finance who will be presenting the budget. Rich displayed the proposed budget PowerPoint slides on screen; however, the slides are also located in the blue-covered Reference Handbook that was mailed out to the Budget Committee members along with a spiral-bound Proposed Budget for Fiscal Year 2020–2021, the meeting agenda, and the motion for approval document.

As President Howard mentioned in her budget message, Miriam reiterated the proposed budget was developed in the fall, winter and early spring terms before the COVID-19 pandemic and, therefore, changes to resources and expenditures may be included in the adopted budget or board-approved adjustments during the 2020–2021 fiscal year. Miriam noted this budget presentation has been abbreviated into one presentation that includes both the General Fund and Other Funds. In the past, it has been two meetings, one devoted to just the General Fund and a second meeting for Other Funds, and approval.

Miriam referred to Slide 6, Summary of All Funds, for a total of \$295,830,000. However, the first part of the budget presentation will focus on the General Fund, which accounts for 32.6 percent, or \$96,560,000. Slide 7, Resources Based on FTE (full-time equivalent) shows 85.8 percent of the funding is based on FTE. Resources from the state funding and property taxes account for 61 percent and tuition and fees from students are 24.8 percent. Slide 8 shows student FTE (enrollment) comparison for the past 15 years. For this year, a three percent enrollment decline was projected, but at the time the proposed budget was prepared, a 7 percent decline was trending for a projected FTE of 9,130. For next year another three percent decline is projected that equates to 8,856 FTE, which has been built into the calculation of revenues. Again, this is pre-COVID-19 impact on enrollment.

Miriam referred to the Budget Principles and Financial Environment for 2020–2021 Fiscal Year on pages 11–12 in the spiral-bound Proposed Budget book. These are the guiding principles on how budget decisions revolve around the college's core themes, values, commitments to protect against unanticipated resource declines or cost increases, and to maintain a balanced operating budget. The only change was the COVID-19 reference under Financial Environment.

Rich McDonald reviewed Slide 11 which identified the Budget Assumptions and Decisions: Resources. He noted the proposed budget is based on state funding of \$640.9 million; a decrease in tuition revenue based on the three percent enrollment decline; a tuition increase of \$4 per credit hour and an increase of \$7 per credit hour to the universal fee; further implementation of differential fees into the second year of high-cost programs; a projected 3 percent growth in property taxes; indirect, interest and miscellaneous revenue; a transfer in from self-support reduced by \$100,000; and an increase of the beginning fund balance of \$1 million. Slide 12, Budget Changes—Resources shows the net changes to revenue sources resulting in the proposed budget for 2020–2021 of \$96,560,000. Slide 13, FY2020–2021 General Fund Resources is a chart showing resources by category. Slide 14, General Fund Resources 2020–21 is a pie chart showing the same resources information but broken down by percentages of each category.

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Following a similar format, Miriam referred to Slide 15 and reviewed the Budget Assumptions and Decisions for Expenditures, which included step increases and salary adjustment for classified and exempt staff, an estimated amount for faculty negotiations that are in progress, an increase in employer-paid health insurance for classified and exempt; targeted increases in materials and services and capital budgets; an increase in non-mandatory transfers; and reduced contingency by \$1 million. Slide 16, Budget Changes–Expenditures shows the net changes from this year’s budget to next year’s proposed budget. Slide 17, 2020–2021 General Fund Expenditures shows expenditures by category. Slide 18, General Fund Expenditures 2020–2021 is a pie chart showing the same expenditure information by type (budget categories) which totaled \$95,060,000 plus \$1,500,000 from the unappropriated ending fund balance to produce a balanced budget of \$96,560,000.

Miriam and Jim Eustrom shared the investments and reductions in the general fund. Starting with Slide 20, Miriam reviewed the Definitions of the acronyms that are used in the slides for division names. Two new names/acronyms have been added—Academic Affairs (AA) and Student Affairs (SA)

Miriam reviewed Slide 21, President’s Office and Governance and Administration Personnel Investments. Added a new classified administrative support position; moved funding for two exempt positions, Foundation director and General Counsel, to General Fund (see slide for details); and additional funding for ADA accommodations for a total of \$228,918. Slide 22, Materials and Services Investments included training and training materials, Skillsoft updates, centralized printing costs, and survey software totaling \$95,500.

Miriam reviewed Slide 23, College Support Services Personnel Investment/Reductions. CSSD added three new classified positions, a new Classroom Support Specialist for Information Technology and two new Public Safety officers; moved funding for one classified position in Budget and Finance from General Fund to Intra-College Services Fund; and one classified position in Business Services to General Fund (see slide for details); and reduced budget in Information Technology to partially fund Classroom Support Specialist for a total of \$165,723. Slide 24, Materials and Services Investments included budgeting and forecasting software, firewall replacements, and computerized dispatching and reporting systems totaling \$135,000.

Jim Eustrom reviewed Slides 25–26, Instruction and Student Services Personnel Investments/Reductions. One new faculty position for Anesthesia Technology and a new classified Student Services Specialist (recruiter) positions were added; the classified Greenhouse Assistant position was increased from .50 to 1.0; and a Horticulture instructor was increased from .50 to 1.0; two vacant faculty positions, ASL and ESOL, were eliminated; moved funding for three classified and one exempt to General Fund (see slide for details) for a total of \$280,354. Slide 27, Materials and Services Investments included increased funding for graduation of \$15,000.

The total net college-wide (includes ISS, CSSD, and President/Governance) Personnel and Material and Services Investments/Reductions amounted to \$920,495. Jim reviewed Slide 28, General Fund FTE Changes FY 2019–2020 to FY 2020-2021 in the classified, exempt and faculty categories from this year to next year of 8.50 FTE.

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Jackie Franke asked if funds should be shifted since this year's graduation is postponed until December, so there will be two graduations next year. Jim Eustrom said there should be funds from other accounts to cover for the additional expenses next year.

Part 2 of the budget presentation are Other Funds. Referring to Slide 31, Summary of Other Funds, Miriam reviewed a pie chart of the Summary of All Funds of \$295,830,000. As noted earlier, the General Fund makes up 32.6 percent or \$96,560,000 of all funds. Other Funds account for the remainder 67.4 percent or \$199,270,000. The chart shows a percentage breakdown of all the Other Funds, as well as the General Fund.

Each slide makes reference to the page number of the Proposed Budget book for detailed information. After the presentation, questions can be asked, public testimony will be shared, if any, followed by the budget recommendation, discussion, and approval.

Rich McDonald, Jim Eustrom, and Miriam Scharer reviewed Slides 32–43. Other Funds covered were: Capital Development; Plant Emergency; Special Projects; Self-Supporting Services; Debt Service; Chemeketa Cooperative Regional Library; Auxiliary Enterprise; Intra-College Services; Student Government, Student Clubs and Student Newspaper; Athletics; External Organization Billing; and Financial Aid. Position changes, eliminations, reductions in force and investments are noted on the slides, as well as the number of exempt, classified, and faculty in these funds. The following highlights or questions were noted:

Special Projects Funds (Slide 34)

- Moved partial funding for five staff to the General Fund from the CAPS grant to start institutionalizing these positions—.25 FTE of a Technology Analyst II; and .25 FTE of four Student Navigator position (see Slide 26)

Self-Supporting Services Funds (Slide 35)

- Moved funding for .50 FTE classified Department Assistant and .50 FTE exempt Associate Dean to General Fund (see Slide 25)

Debt Service Fund (Slide 36)

- There are three types of long-term debt—Certificates of Participation (COPS), General Obligation bonds, and PERS bonds. A table showing the remaining amounts, maturity date, and number of series for each obligation.
- Includes a PERS Reserve fund to help smooth the PERS rates as they increase. One significant change for next year is the college applied for and was approved to participate in the PERS Incentive Fund. A \$5 million payment was made from this fund to help buy down PERS rates.

Auxiliary Enterprise Fund (Slide 38)

- This fund has been reduced by \$2.5 million to account for the continued decline in revenues as the Bookstore has transitioned to alternate course materials and options through digital course fees, lower cost textbooks, and utilizing Chemeketa Press publications and course materials. While the textbook affordability initiatives have been saving money for students, there has been a financial impact to the Bookstore. Ongoing work is being done to ensure the Bookstore is a viable resource for students and the college.

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Intra-College Service Fund (Slide 39)

- Moved partial funding for .15 FTE exempt General Counsel (see Slide 21), .35 FTE classified Financial Services Technician II (see Slide 23); and .25 FTE classified Financial Services Analyst I (see Slide 23) from the General Fund.

Athletics Fund (Slide 41)

- Increased dedicated Universal Fee distribution by 10 cents per credit to support the women's cross country and women's long-distance running programs

Financial Aid Fund (Slide 43)

- This is the second largest of all the Other Funds, representing 22.5 percent of the total budget. This is primarily a pass-through for federal, state, private, and college paid tuition scholarships, including Chemeketa Scholars and the Oregon Promise.

Slide 44 is a table of All Funds FTE Changes for both the General Fund and Other Funds by employee group. It reflects an increase of 8.50 in General Fund and a reduction of 2.50 FTE in Other Funds and an overall increase of 6.0 FTE.

Slide 45 is a Summary of All Funds FTE broken down by employee category by General Fund and other Funds. Overall, there are 225.50 Faculty, 364.90 Classified, and 110 Exempt for a total of 700.40 FTE salaried positions for the 2020–2021 fiscal years.

**G. QUESTIONS**

The meeting was open for questions from the Budget Committee. Ray Beaty referred to Slide 28, General Fund FTE Changes with an additional 8.50 FTE change. With the continual decline in enrollment, is the college locked into adding those additional personnel? Jim noted currently there are 30 unfilled positions that are on hold depending on the budget and enrollment. This was the staffing that was deemed necessary at the time the budget was developed. Jessica added the picture has changed since COVID-19 so it is likely that adjustments will be made. Miriam noted that the 8.50 increase in General Fund positions are not all new employees, but a number of existing employees transitioning from Other Funds to the General Fund.

**H. PUBLIC TESTIMONY**

Ray Beaty announced that written public testimony or comments were due yesterday, May 5, by 5 pm. No testimony or comments were received.

**I. BUDGET RECOMMENDATION, DISCUSSION AND APPROVAL**

Ray Beaty referred to the Motion for Approval document that lists the amounts by fund. This is the budget that the college recommends to the budget committee for approval, which will go to the board for adoption. It also lists the property tax rates and amount to be imposed. The following budget recommendation for the 2020–2021 proposed budgets was submitted for approval, including the following totals by fund:

General Fund	96,560,000
Capital Development Fund	23,600,000
Plant Emergency Fund	750,000
Special Projects Fund	16,325,000

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Self-Supporting Services Fund	27,372,500
Debt Service Fund	36,250,000
Chemeketa Cooperative Regional Library Service Fund	4,300,000
Reserve Funds	450,000
Auxiliary Enterprise Fund	7,100,000
Intra-College Services Fund	15,330,000
Student Government, Clubs, and Newspaper Funds	300,000
Athletics Fund	375,000
External Organization Billing Fund	550,000
Financial Aid Fund	<u>66,567,500</u>
Total All Funds	\$295,830,000

And that the Budget Committee establishes and approves the following property tax rates and amount to be imposed:

Chemeketa Community College	\$0.6259/\$1,000
CCRLS	\$0.0818/\$1,000
General Obligation Bonds	\$10,650,000

Joe Van Meter moved and Ken Hector seconded a motion that the 2020–2021 proposed budget of \$295,830,000 be approved and the property tax rates for Chemeketa Community College at \$0.6259/\$1,000; CCRLS at \$0.0818/\$1,000; and General Obligation Bonds of \$10,650,000 be imposed.

A roll-call vote was taken and the motion CARRIED unanimously.

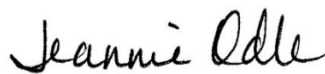
Ray thanked the Board and Budget Committee members for their service and the college administration for all the work they put into this clear and concise presentation with all the variables and adjustments that had to be made. Ken Hector thanked Ray for being chair and Ed as vice chair this year.

Jackie Franked asked if the May 20 meeting will have a new Zoom link. Yes, a new Zoom link will be sent to board members. Miriam noted the May 20 board meeting will also be the public hearing for the budget so information will be posted on the college Website on how to submit written public testimony.

**J. ADJOURNMENT**

The meeting adjourned at 4:20 pm.

Respectfully submitted,



Board Secretary



President/Chief Executive Officer



Budget Committee Chair

May 20, 2020

Date