

MINUTES OF BUDGET COMMITTEE

CHEMEKETA COMMUNITY COLLEGE
4000 Lancaster Drive NE

April 11, 2018

A. PLEDGE OF ALLEGIANCE

Ken Hector led the group in the Pledge of Allegiance.

B. CALL TO ORDER

Ken Hector, Board Chair, called the meeting to order at 6:08 pm. The meeting was held at the Salem campus in the Board Room, Building 2, Room 170.

ROLL CALL

Members in Attendance: Ray Beaty; Ed Dodson; Jackie Franke; Ken Hector; Ruth Hewett; Neva Hutchinson; Barbara Nelson; Don Patten, and Ron Pittman.

Members Absent: Betsy Earls, Gustavo Gutierrez, Mike Stewart, Joe Van Meter, Diane Watson.

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, College Support Services/Financial Management; and Rich McDonald, Director, Budget and Finance.

C. WELCOME OF BUDGET COMMITTEE MEMBERS

Ken Hector welcomed the budget committee members, and he thanked them for serving on the Budget Committee.

D. ELECTION OF BUDGET COMMITTEE OFFICERS

Ken Hector opened nominations for Budget Committee chair. Ron Pittman made a motion to nominate Ray Beaty. Neva Hutchinson 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 2018–2019.

Ken Hector opened nominations for Budget Committee vice chair. Ed Dodson nominated Neva Hutchinson. Ron Pittman seconded the motion, and nominations were closed.

The vote was unanimous and the motion CARRIED. Neva Hutchinson was declared vice chair of the Chemeketa Budget Committee for 2018–2019.

Board chair Ken Hector passed the gavel to Budget Committee Chair Ray Beaty. Ray welcomed 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 blue 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, sage colored booklet, the Proposed Budget for Fiscal Year 2018–2019, 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 2018–2019 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. There has been some mid-year reorganization, and the changes are described in the budget narratives. The budget summaries have two years of actual expenditures, plus the current budget and the proposed budget for next year; 3) Other Funds which 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 blue-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 2018–2019. A quorum of eight members must be present at each meeting. Next Wednesday, April 18, 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 16 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 12–13 of the sage-covered 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, and continued long-term planning for the college’s financial future. Highlights included:

- State funding for the 17 community colleges for the biennium was appropriated at \$570 million, four percent higher than the previous biennium and the highest appropriation in history.
- The College Board of Education approved a tuition and universal fee increase in February of \$87 per credit for tuition and \$18 per credit universal fee, which reflects a \$3 increase to both rates. Even with this increase, the college is at or near 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. Another three percent decline in enrollment is projected for next year's budget. 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 for the new three-year faculty collective bargaining agreement; there is limited classified negotiations to address changes to the salary schedule in the classified contract; any exempt or management increases are subject to board approval in June; and adjustments have been made for PERS and health insurance costs.
- Two significant capital projects—the addition of athletic fields for women's softball and men and women's soccer, and the Ag Complex—are in various stages of construction.
- The college has been accepted into the next cohort of Guided Pathways which will include realigning programs and courses into meta majors that will simplify a student's path from college to university transfer.

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.

G. BUDGET PROCESS AND RESOURCES

Miriam Scharer, associate vice president of College Support Services/Financial Management, referred to the blue-covered reference handbook starting with Slide 6 which is an abbreviated timeline of the budget process. A "published budget" will be presented to the Budget Committee next week, which lists the actual budget amount by fund and the tax rate. This is the official budget that will be approved at the April 18 Budget Committee meeting, or at the optional budget meeting on April 25. This will be followed by a public hearing at the May 16 board meeting, and then final adoption by the board at the June 20 board meeting. Finally, the college must submit the budget resolutions to the various governmental agencies by July 15, 2018, in order to assess taxes.

Miriam reviewed Slide 7, Summary of All Funds pie chart, for a total of \$297,897,000. Miriam noted the budget presentation tonight will focus only on the general fund which is 28.9 percent of all funds or \$86,340,000.

Rich and Miriam reviewed a number of charts and bar graphs that showed historical views of General Fund Sources of Revenue, including tuition and fees, state funding, local taxes, and miscellaneous; Property Tax Revenues; 2018–2019 Resources Based on FTE; Chemeketa Student FTE; State Allocation to Community Colleges; Chemeketa's Share of State Funding; Tuition Rate plus Per Credit Fees; Tuition and Fee Revenues; and Ending Fund Balance. Rich noted the green and red line on Slide 16 is the desired range (between 10-15 percent) for the ending fund balance.

H. PRESENTATION OF 2018–2019 PROPOSED BUDGET

Miriam referred to Slides 18–20 and explained the budget is developed around the Budget Principles for 2018–2019, and she briefly reviewed the budget principles. Slide 21 identified the Budget Assumptions and Decisions: Resources. Rich noted the proposed budget was based on state appropriations of \$570.2 million, a tuition increase of \$3 per credit hour as well as an increase of \$3 per credit hour to the universal fee, and increased tuition by \$455,000 due to trial status positions.

Charts for Budget Changes–Resources and FY2018–2019 General Fund Resources amounted to \$86,340,000, along with a pie chart with dollar amounts and percentages for General Fund Resources for 2018–2019 were reviewed and explained. On the expenditure side, Slides 25–27, the Budget Assumptions and Decisions; Budget Changes–Expenditures; and FY2018–2019 General Fund Expenditures by budget category were explained. 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 \$84,840,000 plus \$1,500,000 from the unappropriated ending fund balance to produce a balanced budget of \$86,340,000.

Ruth Hewett had a question about the universal fee and that it has tripled since it started. Miriam explained that it is a per credit fee that was implemented in 2004 that is paid by all students including those who are on tuition waivers, scholarships, etc. Funds from the universal fee are allocated to about 11 funds.

Ken Hector asked if the number of Chemeketa Scholars has declined similar to the decline in the overall enrollment at the college. Jim Eustron noted the numbers have increased each year; however, when the Oregon Promise was implemented, it did affect the numbers in Chemeketa Scholars. Even though students could apply and receive benefits from both the Oregon Promise and Chemeketa Scholars, there was confusion by parents and students who thought they could only get one or the other. There has been better communication about this so the college is hopeful that Chemeketa Scholars numbers will increase.

Julie noted next week information about financial aid will be shared which will include Chemeketa Scholars. Information including a trend line since Chemeketa Scholars started, or at least the last five years, will be shared.

Miriam reviewed Slide 30, Chemeketa Forecasted General Fund Revenues and Expenses, which is a new slide. Where the two lines intersect (2018–2019) to create an X is the point that represents the college's balanced budget and the projected forecast for the following four years if everything stays the same. To clarify, the green revenue line represents flat enrollment, no increase in tuition and fees, flat state funding, and a slight increase due to the three percent property tax. On the expenditure side, the red line represents employee costs with current agreements in place, no changes to PERS or health insurance, no utilization of the ending fund balance and a slight increase in materials and services. Julie said this chart helps Exec Team to look 4–5 years out and plan for different scenarios. This is another reason to have a healthy contingency or ending fund balance to help the college through funding issues or shortfalls. Ken Hector suggested a notation on the slide with an explanation in case those who see the slide won't misinterpret the information.

Miriam and Jim Eustrom shared the investments and reductions in the general fund. Starting with Slide 32, Miriam reviewed the Definitions of the acronyms that are used in the slides for division names. Miriam reviewed Slide 33 describing the two reductions in the President's Office and Governance and Administration. One exempt and one classified vacant position in Human Resources will be eliminated for a total reduction of \$182,917.

Miriam reviewed the investments and reductions in College Support Services, Slides 34 and 35. Two investments were made in Facilities and Capital Projects and Public Safety in the amount of \$59,253. There were five reductions of vacant positions, two classified in Business Services and two classified and one exempt in Facilities and Capital Projects for a total net CSSD reduction of \$311,996.

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 investments and reductions in the Instruction and Student Services for next year, Slides 36–39.

Investments included a new classified position (partial to be paid from self-support) in the Agricultural Science and Wine Studies; two new faculty positions—one faculty in Diesel Technology and one faculty in Anesthesia Technology—in two new programs; and a partial exempt position in Education, Languages and Social Sciences (move funding from self-support to general fund) for a total ISS investment of \$246,306.

There were 12 reductions of vacant positions including one classified and one faculty in Academic Development; one faculty in Agricultural Science and Wine Studies; one exempt position at the Yamhill Valley Campus; one classified in Business and Technology, Early Childhood Education and Visual Communications; one faculty in Health Services; one faculty in Liberal Arts; one exempt position in Instruction and Student Services; one classified in Advising and First Year Programs; one faculty in Counseling and Student Support Services; and one classified in Enrollment Services. Unfortunately, one currently filled faculty position in electronics was eliminated due to a decline in program enrollment. Also, there was a reduction in adjunct faculty dollars. Total net ISS reduction amounted to \$940,118, for an overall total net college-wide reduction of \$1,435,031.

Referring to Slide 40, Trial Status Position from Self-Support 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 was 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 instructors. 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).

Jackie Franke asked if the instructors are permanent employees and what happens if it's not successful after the two years. Jim said the trial status faculty are not permanent employees

until they are in the general fund and finish the third-year of their probation. However, they are covered by the faculty contract so they receive the same benefits, but they do not have bumping rights. If they were not successful in sustaining enrollment to cover their costs after two years, they would be cut.

Slide 40 has five trial status faculty positions that will move from self-support to general fund for physics, life science, psychology, music, and science/geology for a total of \$454,639.

Jim reviewed Slide 41, General Fund FTE Changes FY 2017–2018 to FY2018–2019 in the classified, exempt, and faculty categories from this year to next year of -10.05. Slide 42 was a pie chart of the General Fund by Core Themes showing 41.2 percent fall under Academic Quality; 27percent Student Success; 23 percent Access; and 9.7 Community Collaborations. Slide 43, the final slide, was a bar graph that showed Net Investments and Reductions by Core Themes.

I. QUESTIONS

No other questions were heard. However, if there are questions, send them to Jeannie Odle, who will forward to the appropriate person for a response at next week's budget meeting.


J. SUMMARY OF NEXT MEETING

The next Budget Committee meeting is next Wednesday, April 18, at 4:30 pm. Other Funds will be presented, followed by public testimony, final discussion, and action will be taken on the recommended budget.

K. ADJOURNMENT

The meeting adjourned at 7:37 pm.

Respectfully submitted,



Board Secretary



Budget Committee Chair



President/Chief Executive Officer

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Date