



Forecast Update Board of Education Fall 2022



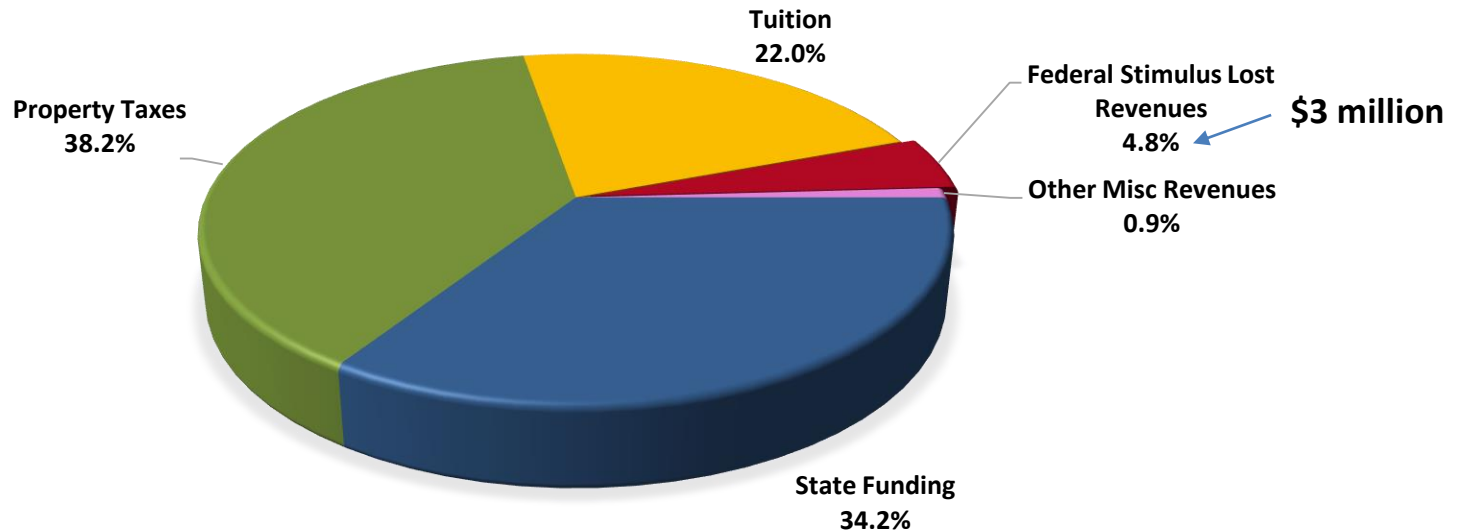
Education That Works



2021-22 Year End Financial Info

Summary of General Fund Revenues

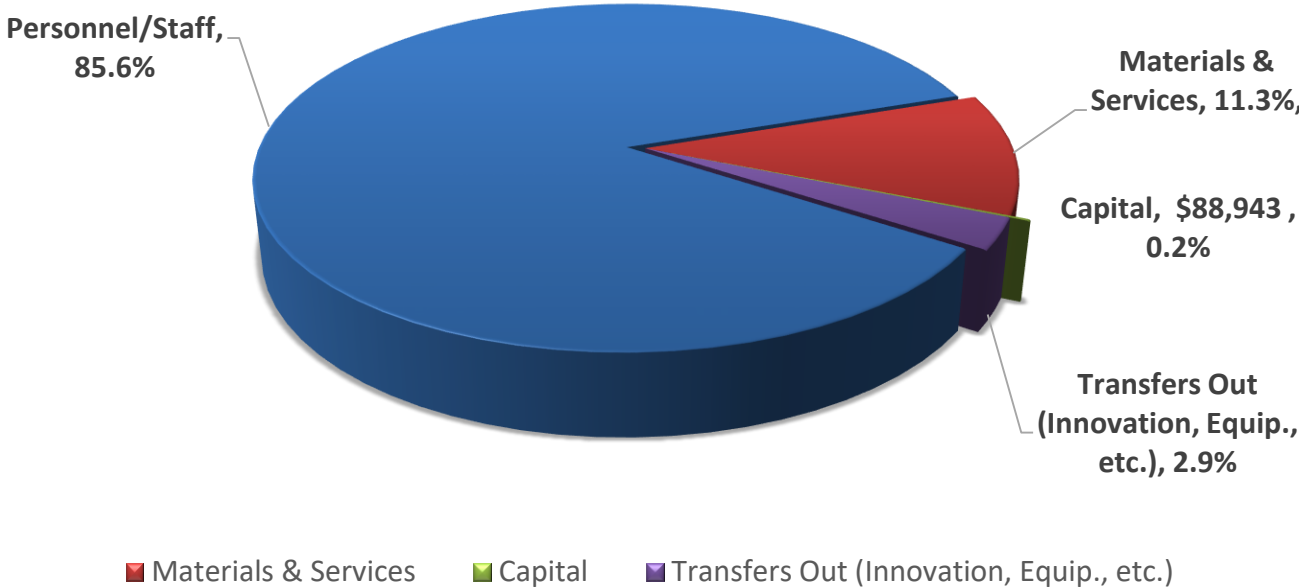
REVENUES - GENERAL FUND - \$58 MILLION



* Revenues based on FY 2021-22 Annual Report

Summary of General Fund Expenses

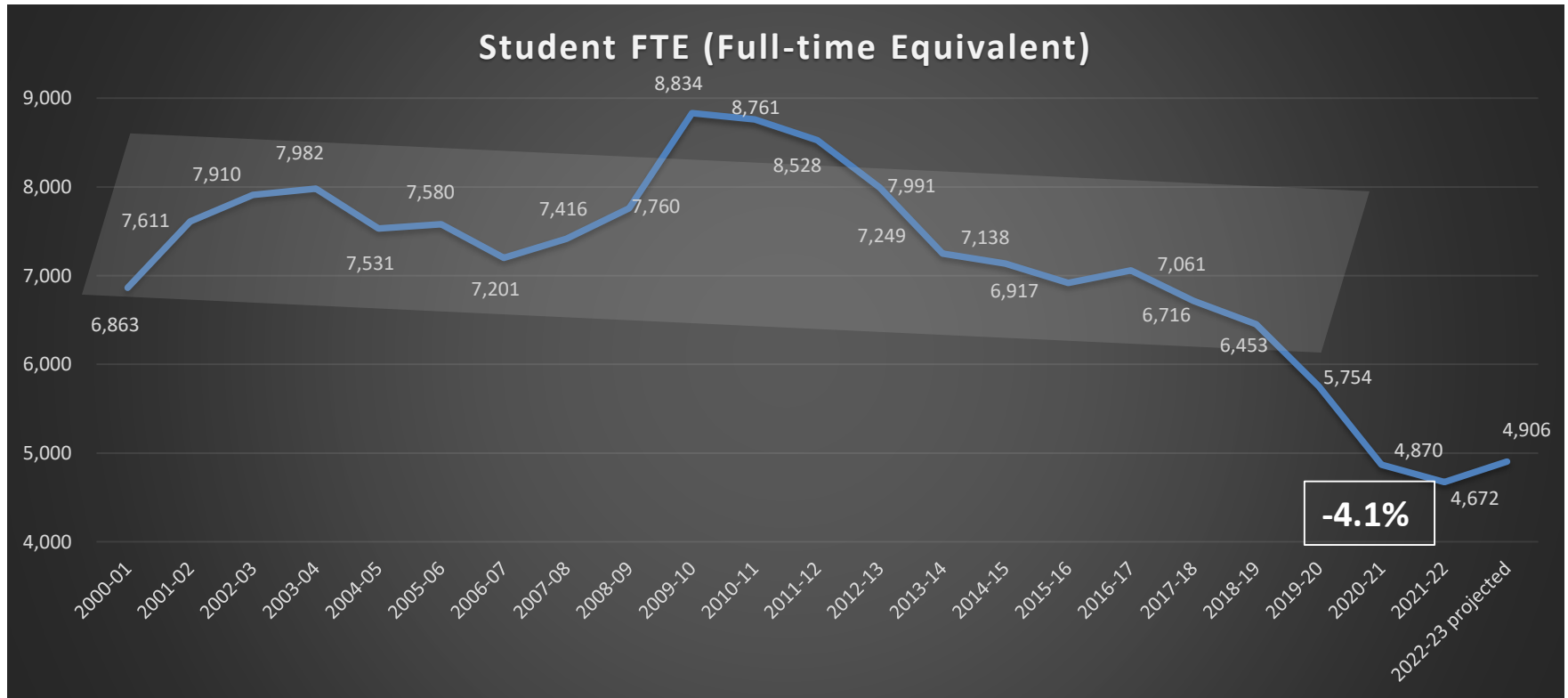
Expenses - General Fund - \$58.3 million



* Expenses based on FY 2021-22 Annual Report

Student Enrollment

Full-time Equivalent (FTE)



Student Enrollment

Reimbursable Full-time Equivalent (FTE) 5-year Trend

Institution	2018	2019	2020	2021	2022	Variance, 2022 to 2021	Variance, 2022 to 2018
Blue Mountain	1,822.2	1,705.3	1,470.6	1,164.1	1,170.1	0.5%	-35.8%
Central Oregon	4,587.2	4,325.0	4,002.0	3,630.1	3,488.2	-3.9%	-24.0%
Chemeketa	9,952.4	9,626.2	8,535.1	7,368.0	6,840.4	-7.2%	-31.3%
Clackamas	6,715.9	6,453.0	5,753.8	4,870.2	4,671.7	-4.1%	-30.4%
Clatsop	1,327.0	1,328.9	1,232.1	829.5	866.2	4.4%	-34.7%
Columbia Gorge	854.5	862.8	803.5	781.6	689.9	-11.7%	-19.3%
Klamath	1,819.2	1,838.7	1,952.5	1,992.6	1,814.7	-8.9%	-0.2%
Lane	7,901.3	7,704.6	7,079.5	6,088.0	5,483.1	-9.9%	-30.6%
Linn Benton	5,483.2	5,194.8	4,588.4	4,047.9	3,659.4	-9.6%	-33.3%
Mt Hood	7,859.8	7,445.4	6,489.8	5,994.2	5,497.7	-8.3%	-30.1%
Oregon Coast	473.9	463.9	468.1	417.3	452.0	8.3%	-4.6%
Portland	25,371.4	23,883.1	21,416.3	19,519.8	18,156.0	-7.0%	-28.4%
Rogue	4,338.6	4,236.3	3,831.4	2,798.9	2,733.0	-2.4%	-37.0%
Southwestern	2,402.2	2,106.4	1,961.7	1,569.2	1,606.3	2.4%	-33.1%
Tillamook Bay	454.0	480.4	463.9	429.1	513.5	19.7%	13.1%
Treasure Valley	1,558.2	1,519.8	1,384.4	1,226.8	1,274.9	3.9%	-18.2%
Umpqua	2,720.5	2,634.7	2,402.6	2,087.3	1,946.1	-6.8%	-28.5%
Total Reimbursable FTE	85,641.5	81,808.8	73,835.9	64,814.7	60,863.2	-6.1%	-28.9%

Changes from Spring Forecast

Slight increase to Community College Support Fund (CCSF) based on CCC having a 4.1% decline in Reimbursable FTE compared to overall 17-college average of -6.1%

Additionally, the assumption for CCSF was increased from 6% to the Dept. of Administrative Services (DAS) CSL that was recently issued by the State at 9.3% (likely driven by inflation, and is likely to be the assumed CSL for all agencies until a new governor rebalances budgets – currently est. February)

Slight decrease to Tuition revenue due to FTE enrollment projections have been lowered from +10% FTE to +5% FTE for 2022-23 given fall enrollment early indications

Budget Committee's recommendation to reduce \$2 million in spending in 2022-23 to help lower deficit has been identified, and is now incorporated into the updated forecast

College filed for a Federal Tax Credit with the IRS this October that is expected to come next summer

The HECC announced their agency budget request to the State for the community colleges

\$2 million one-time savings for 2022-23

Savings related to low enrollment and environmental changes (\$1.2 million in variable cost savings that will happen in current year without doing anything differently than we're already doing)

- \$250,000: Utility savings due to lower utility usage
- \$800,000: Variable Personnel savings due to fewer personnel costs for part-time staffing/associate faculty during emerging environment
- \$150,000: Supplies and Printing savings from decreased spending during the emerging environment

Savings related to one-time planned reductions for 2022-23 (\$800,000 in costs that have already happened or are planned)

- \$150,000: Repurpose dedicated CCC shuttle services to a strategic partnership with the County and other strategies to mitigate student impacts, which will generate savings.
- \$150,000: Administrative position savings by holding a number of specific administrative unfilled positions vacant for 3-6 months.
- \$500,000: Sweep old, completed project funds from other funds

Other Forecast Items to Consider

Employee Retention Credit (ERC)
Federal Tax Credit

HECC agency request of 22% increase
plus \$50 million in transition funding

Employee Retention Credit (ERC)

Overview of Credit

- Created by federal legislation in 2020 (CARES Act)
- Consolidated Appropriations Act in 2021 added in colleges & universities
- To qualify a) fewer than 500 full-time employees, b) 20% decline in revenues, c) Governor's executive order impacting operations (e.g. social distancing)

Clackamas Community College ERC and Next Steps

- Summer of 2022, auditor for Rogue (Eide Bailey) determined some Oregon community colleges could qualify and began working with those colleges in late summer early fall (inc. Rogue, Umpqua, Linn Benton and Southwestern)
- In October of 2022, Eide Bailey completed their analysis for CCC and determined we were eligible for a net **\$9.75 million** based on their analysis.
- Eide Bailey completed filings with IRS a couple weeks ago. But they let us know that the IRS is severely backlogged in processing these filings and are expected to process and send payment to CCC in summer of 2023.
- IRS has two years to audit (which Eide Bailey has promised to defend with their legal team if audited)
- Recommended to phase these revenues in over the next three years

HECC Agency Request

Base Current Service Level (CSL)

- Requested at the very least an increase in base Community College Support Fund (CCSF) of 9.3%, or \$65 million (from \$699M up to \$764M), which is the current Department of Administrative Services (DAS) projected increase in base inflationary costs.
- Additionally, the HECC requested an additional \$91 million in base funding (+13%, up to \$855 million) in order to reflect cost increases and pre-pandemic enrollment drops that had created operating deficits prior to the pandemic.

Transition Funding

- In addition to the above, the HECC requested \$50 million in transition funding, which they define as being needed by the colleges in order to “assist colleges to constrict and transition to a new enrollment reality”. (equates to potentially \$4 million in total transition funding for CCC for 2023-25, but the distribution hasn’t been determined if received).

Forecast Scenario Assumptions

3% Tuition Increase Annually

4.5% Property Tax Increase Annually

5% increase in enrollment annually

CCSF increases at a rate of 9.3% for next biennium (except in 4th scenario which uses the HECC ask of 22%)

At least 5% savings of budgeted expenses (beyond the \$2 million one-time identified in 2022-23)

Forecast Scenarios

Base Forecast with traditional assumptions and \$2 million reductions incorporated one-time

Above Base Forecast with \$2 million reductions incorporated one-time + \$1.2 million of variable reductions incorporated over next biennium

Same forecast as above, but with the \$9.75 million in ERC funds distributed over the next three years at \$3.25 million/year in order to smooth out budget reductions over the forecast

Above again with ERC funds phased in, but also lowering the enrollment assumption to a flat enrollment instead of a +5% for the current year

Base Forecast with the \$2 million list and \$1.2 million in variable costs incorporated, but using the HECC agency request of 22% + transition funding

CLACKAMAS COMMUNITY COLLEGE
GENERAL FUND FORECAST

Base Budget w/ \$2 million shows a \$10M deficit in year-3, or a \$5M/year ongoing reduction needed

In Thousands (000's)

	2021-23 BIENNIUM		2023-25 BIENNIUM	
	Projected <u>2021-22</u>	Projected <u>2022-23</u>	Projected <u>2023-24</u>	Projected <u>2024-25</u>
Revenue and Transfers In				
State Appropriation	\$ 19,779	\$ 19,216	\$ 21,075	\$ 20,954
Property Taxes	22,128	23,148	24,204	25,308
Total Public Resources	41,907	42,364	45,279	46,262
Tuition, Net of Waivers	11,679	12,888	13,863	14,902
Other Revenue	4,373	1,610	1,641	1,733
Transfers In, Ongoing	100	-	-	-
Total Operating Revenue	58,059	56,862	60,783	62,898
Change Over Prior Year	-1%	-2%	7%	3%
Expenditures and Transfers Out				
Wages	33,676	35,712	38,817	40,816
Payroll Taxes and Benefits	16,262	17,824	19,080	19,938
Materials & Services/Capital Outlay	6,665	8,522	9,074	9,290
Transfers Out, Ongoing	1,816	1,703	1,656	1,775
Total Operating Expenditures	58,418	63,761	68,628	71,818
Change Over Prior Year	7%	9%	8%	5%
Operating Surplus (Deficit)	(359)	(6,899)	(7,845)	(8,920)
Net Transfers In (Out), One-Time	(9,400)	7,598	7,302	-
Total Surplus (Deficit)	(9,759)	699	(543)	(8,920)
Ending Balance, June 30	\$ 4,987	\$ 5,686	\$ 5,143	\$ (3,777)
Minimum Balance				
Ending Balance, June 30, above	\$ 4,987	\$ 5,686	\$ 5,143	\$ (3,777)
Minimum Balance -- 10% of Revenue	(5,796)	(5,686)	(6,078)	(6,290)
Fund Balance in Excess of Minimum	(809)	0	(935)	(10,067)

CLACKAMAS COMMUNITY COLLEGE
GENERAL FUND FORECAST

Base Budget + \$1.2M variable savings shows a \$7.6M deficit in year-3, or a \$3.8M/year ongoing reduction needed

In Thousands (000's)

	2021-23 BIENNIUM		2023-25 BIENNIUM	
	Projected 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25
Revenue and Transfers In				
State Appropriation	\$ 19,779	\$ 19,216	\$ 21,075	\$ 20,954
Property Taxes	22,128	23,148	24,204	25,308
Total Public Resources	41,907	42,364	45,279	46,262
Tuition, Net of Waivers	11,679	12,888	13,863	14,902
Other Revenue	4,373	1,610	1,641	1,733
Transfers In, Ongoing	100	-	-	-
Total Operating Revenue	58,059	56,862	60,783	62,898
Change Over Prior Year	-1%	-2%	7%	3%
Expenditures and Transfers Out				
Wages	33,676	35,712	38,217	40,216
Payroll Taxes and Benefits	16,262	17,824	18,880	19,738
Materials & Services/Capital Outlay	6,665	8,522	8,674	8,890
Transfers Out, Ongoing	1,816	1,703	1,656	1,775
Total Operating Expenditures	58,418	63,761	67,428	70,618
Change Over Prior Year	7%	9%	6%	5%
Operating Surplus (Deficit)	(359)	(6,899)	(6,645)	(7,720)
Net Transfers In (Out), One-Time	(9,400)	7,598	7,037	265
Total Surplus (Deficit)	(9,759)	699	392	(7,455)
Ending Balance, June 30	\$ 4,987	\$ 5,686	\$ 6,078	\$ (1,377)
Minimum Balance				
Ending Balance, June 30, above	\$ 4,987	\$ 5,686	\$ 6,078	\$ (1,377)
Minimum Balance -- 10% of Revenue	(5,796)	(5,686)	(6,078)	(6,290)
Fund Balance in Excess of Minimum	(809)	0	0	(7,667)

Education That Works



CLACKAMAS COMMUNITY COLLEGE
GENERAL FUND FORECAST

Base Budget + \$1.2M variable savings and Employee Retention Credit phased in shows a \$1.67M deficit in year-3, or an \$835,000/year ongoing reduction needed

<i>In Thousands (000's)</i>	2021-23 BIENNIUM		2023-25 BIENNIUM	
	Projected 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25
Revenue and Transfers In				
State Appropriation	\$ 19,779	\$ 19,216	\$ 21,075	\$ 20,954
Property Taxes	22,128	23,148	24,204	25,308
Total Public Resources	41,907	42,364	45,279	46,262
Tuition, Net of Waivers	11,679	12,888	13,863	14,902
Other Revenue	4,373	1,610	1,641	1,733
Transfers In, Ongoing	100	-	-	-
Total Operating Revenue	58,059	56,862	60,783	62,898
<i>Change Over Prior Year</i>	-1%	-2%	7%	3%
Expenditures and Transfers Out				
Wages	33,676	35,712	38,217	40,216
Payroll Taxes and Benefits	16,262	17,824	18,880	19,738
Materials & Services/Capital Outlay	6,665	8,522	8,674	8,890
Transfers Out, Ongoing	1,816	1,703	1,656	1,775
Total Operating Expenditures	58,418	63,761	67,428	70,618
<i>Change Over Prior Year</i>	7%	9%	6%	5%
Operating Surplus (Deficit)	(359)	(6,899)	(6,645)	(7,720)
Net Transfers In (Out), One-Time	(9,400)	7,598	7,037	6,265
Total Surplus (Deficit)	(9,759)	699	392	(1,455)
Ending Balance, June 30	\$ 4,987	\$ 5,686	\$ 6,078	\$ 4,623
Minimum Balance				
16. Ending Balance, June 30, above	\$ 4,987	\$ 5,686	\$ 6,078	\$ 4,623
17. Minimum Balance -- 10% of Revenue	(5,796)	(5,686)	(6,078)	(6,290)
18. Fund Balance in Excess of Minimum	(809)	0	0	(1,667)

**CLACKAMAS COMMUNITY COLLEGE
GENERAL FUND FORECAST**

Base Budget +1.2M variable savings and Employee Retention Credit phased in, and lowering the enrollment assumption to a flat enrollment instead of a +5% shows a \$3.6M deficit in year-3, or a \$1.8M/year ongoing reduction needed

In Thousands (000's)

	2021-23 BIENNIUM		2023-25 BIENNIUM	
	Projected 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25
Revenue and Transfers In				
State Appropriation	\$ 19,779	\$ 19,216	\$ 21,075	\$ 20,954
Property Taxes	22,128	23,148	24,204	25,308
Total Public Resources	41,907	42,364	45,279	46,262
Tuition, Net of Waivers	11,679	12,304	13,235	14,227
Other Revenue	4,373	1,569	1,590	1,680
Transfers In, Ongoing	100	-	-	-
Total Operating Revenue	58,059	56,236	60,103	62,169
Change Over Prior Year	-1%	-3%	7%	3%
Expenditures and Transfers Out				
Wages	33,676	35,712	38,217	40,216
Payroll Taxes and Benefits	16,262	17,824	18,880	19,738
Materials & Services/Capital Outlay	6,665	8,522	8,665	8,879
Transfers Out, Ongoing	1,816	1,703	1,656	1,775
Total Operating Expenditures	58,418	63,761	67,419	70,607
Change Over Prior Year	7%	9%	6%	5%
Operating Surplus (Deficit)	(359)	(7,524)	(7,315)	(8,438)
Net Transfers In (Out), One-Time	(9,400)	8,161	7,701	5,038
Total Surplus (Deficit)	(9,759)	637	386	(3,400)
Ending Balance, June 30	\$ 4,987	\$ 5,624	\$ 6,010	\$ 2,609
Minimum Balance				
Ending Balance, June 30, above	\$ 4,987	\$ 5,624	\$ 6,010	\$ 2,609
Minimum Balance -- 10% of Revenue	(5,796)	(5,624)	(6,010)	(6,217)
Fund Balance in Excess of Minimum	(809)	(0)	(0)	(3,608)

CLACKAMAS COMMUNITY COLLEGE
GENERAL FUND FORECAST

Base Budget + \$1.2M variable savings with the HECC Agency Request incorporated shows a nearly balanced three year forecast

In Thousands (000's)

	2021-23 BIENNIUM		2023-25 BIENNIUM	
	Projected 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25
Revenue and Transfers In				
State Appropriation	\$ 19,779	\$ 19,379	\$ 24,977	\$ 24,882
Property Taxes	22,128	23,148	24,204	25,308
Total Public Resources	41,907	42,527	49,181	50,190
Tuition, Net of Waivers	11,679	12,888	13,863	14,902
Other Revenue	4,373	1,610	1,641	1,733
Transfers In, Ongoing	100	-	-	-
7. Total Operating Revenue	58,059	57,025	64,685	66,826
Change Over Prior Year	-1%	-2%	13%	3%
Expenditures and Transfers Out				
Wages	33,676	35,712	38,217	40,216
Payroll Taxes and Benefits	16,262	17,824	18,880	19,738
Materials & Services/Capital Outlay	6,665	8,522	8,674	8,890
Transfers Out, Ongoing	1,816	1,703	1,656	1,775
Total Operating Expenditures	58,418	63,761	67,428	70,618
Change Over Prior Year	7%	9%	6%	5%
Operating Surplus (Deficit)	(359)	(6,736)	(2,743)	(3,792)
Net Transfers In (Out), One-Time	(9,400)	7,452	3,508	3,940
Total Surplus (Deficit)	(9,759)	716	765	148
Ending Balance, June 30	\$ 4,987	\$ 5,703	\$ 6,468	\$ 6,616
Minimum Balance				
Ending Balance, June 30, above	\$ 4,987	\$ 5,703	\$ 6,468	\$ 6,616
Minimum Balance -- 10% of Revenue	(5,796)	(5,703)	(6,468)	(6,683)
Fund Balance in Excess of Minimum	(809)	0	0	(67)

Education That Works



Summary of Scenarios

Base Budget w/ \$2 million shows a \$10M deficit in year-3, or a **\$5M/year ongoing reduction** needed

Base Budget + \$1.2M variable savings shows a \$7.6M deficit in year-3, or a **\$3.8M/year ongoing reduction** needed

Base Budget + \$1.2M variable savings and Employee Retention Credit phased in shows a \$1.67M deficit in year-3, or an **\$835,000/year ongoing reduction** needed

Base Budget +1.2M variable savings and Employee Retention Credit phased in, and lowering the enrollment assumption to a flat enrollment instead of a +5% shows a \$3.6M deficit in year-3, or a **\$1.8M/year ongoing reduction** needed

Base Budget + \$1.2M variable savings with the HECC Agency Request incorporated shows a nearly **balanced three year forecast**

Forecast Uncertainties

- Current Forecast assumes a +5% increase in enrollment from the 2021-22. At present we've been hovering closer to flat.
- State economic forecast is showing all-time high revenues, but the HECC request of 22% likely is more funding than the State can balance to. Additionally, there will be a lot of new legislators for the 2023-25 legislative session, which creates high variability and unknowns in the CCSF.
- Inflation is projected between 4% to 4.5% for next biennium in the forecast, but current Consumer Price Index (CPI) is above that rate. Unknown how that impacts outer forecast years at this point.
- Tuition is forecasted at a 3% increase, but with increases to minimum wage, annual household incomes and CPI index being much higher than 3%, the BOE could choose to increase tuition more than 3%.

Initial Budget Guidance

- CCC Leadership and the Budget Advisory Group (BAG) met and discussed options and scenarios
- Preference was to recognize the \$1.2 million of variable costs from the \$2 million list previously discussed. And additionally division managers would move ahead with an additional new \$2 million budget reduction process over the coming months (IE – a combined ongoing reduction of \$3.2 million).
 - This will create capacity for funding additional priorities identified through unit planning, and allow for additional flexibility for prioritization of reductions for our BAG and Budget Committee if additional CCSF funding doesn't come through.

Fiscal Year 2023-24 Budget Process

Budget Process Highlights

Summer BAG Meeting Pre-Work	July – Oct., 2022
BAG Meeting – Fall Forecast – Process Kick Off	November 10, 2022
Board of Education (Forecast Update)	November 16, 2022
Ongoing BAG meetings, Drop in Sessions, Communications	November, 2022 – April, 2023
Unit Planning and Budget Reduction Development	November, 2022 – December, 2022
Board of Education (Budget Principles)	December 14, 2022
Board of Education (Tuition and Fees)	February 15, 2023
Board of Education (Tuition and Fees vote, Spring Forecast Update)	March 15, 2023
College Proposed Budget	April, 2023
Budget Committee Meetings	May 10 & 17, 2023
Public Hearing/Board adoption	June 28, 2023

Questions?

