

Forecast

Board Update

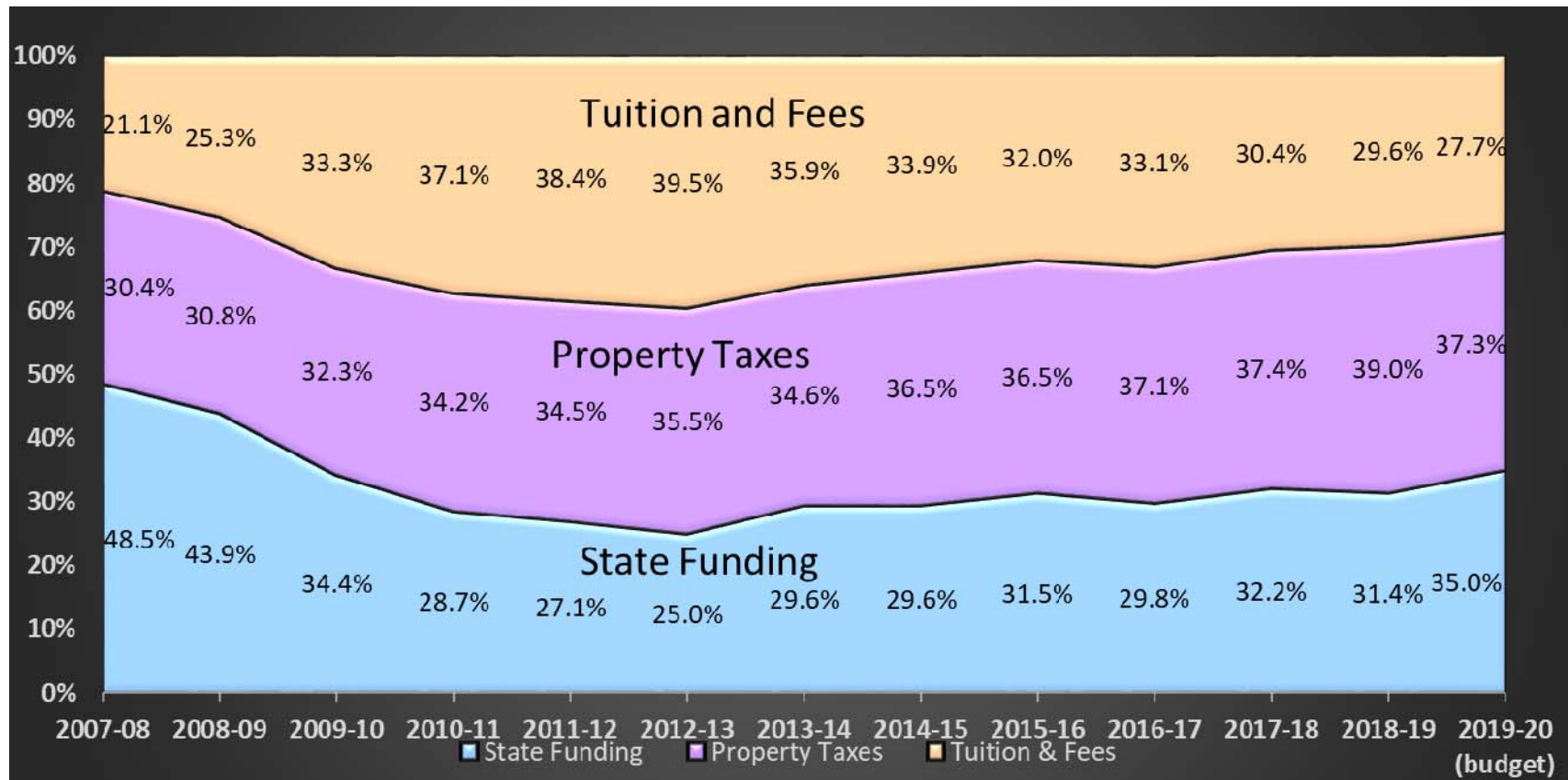
November 13, 2019



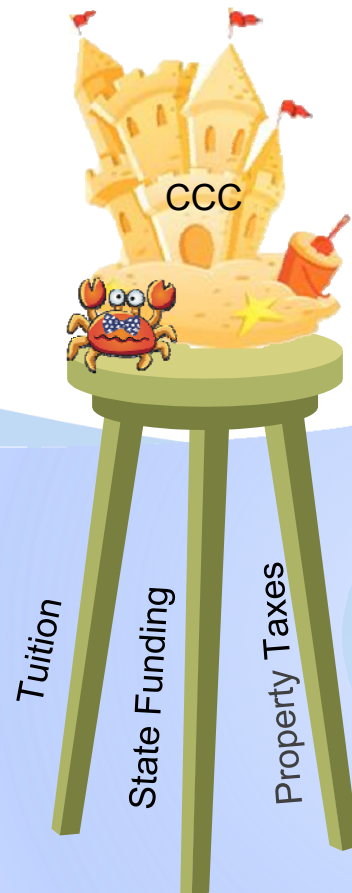
Education That Works



CCC Funding Overview



General Fund Revenue Sources



The three legged stool of CCC's Funding are:

- Property Taxes - \$20 million
- State Funding - \$19 million
- Tuition & Fees - \$15 million

Current FY 2019-20 Expenses

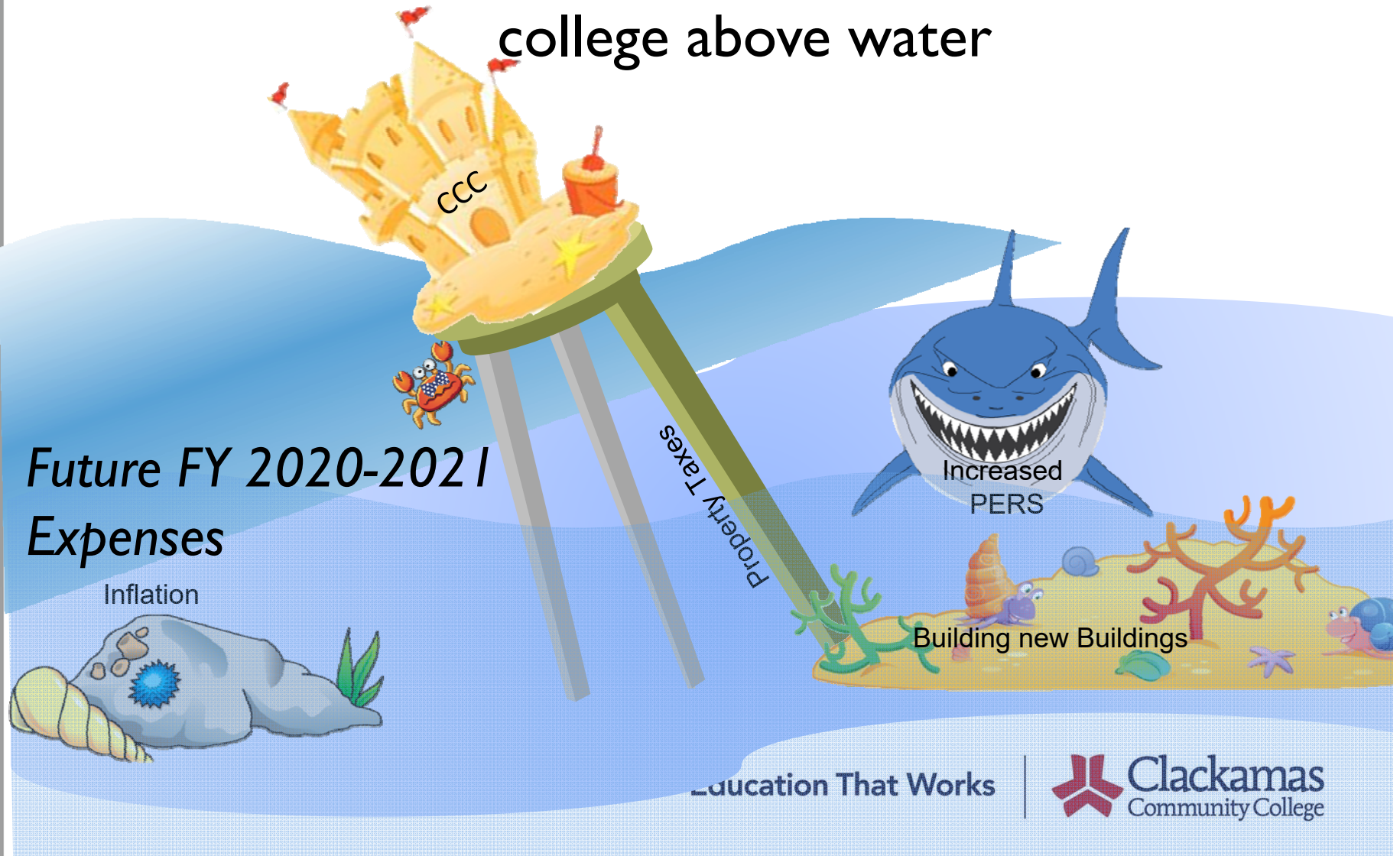


* Based on 2019-20 Adopted Budget

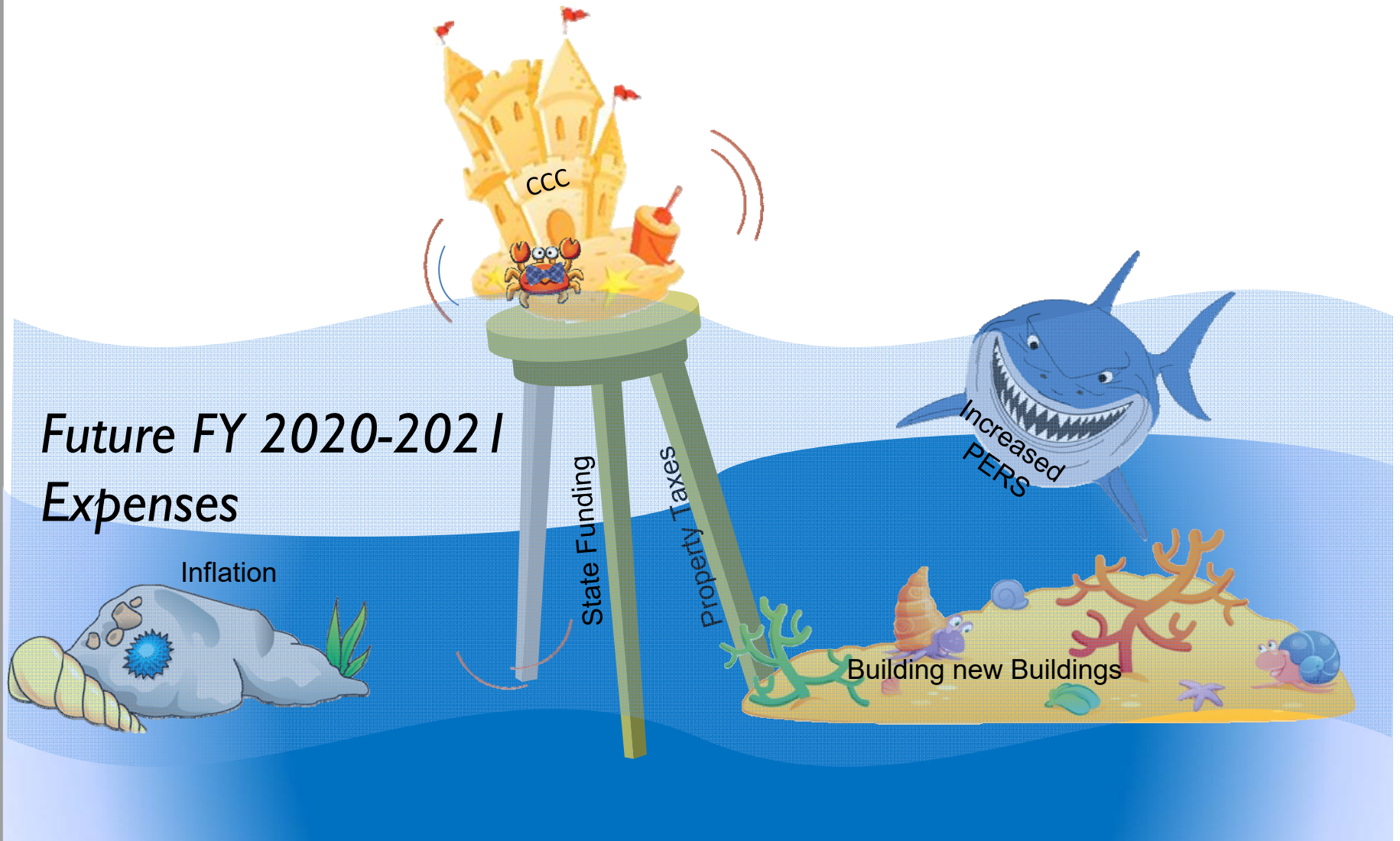
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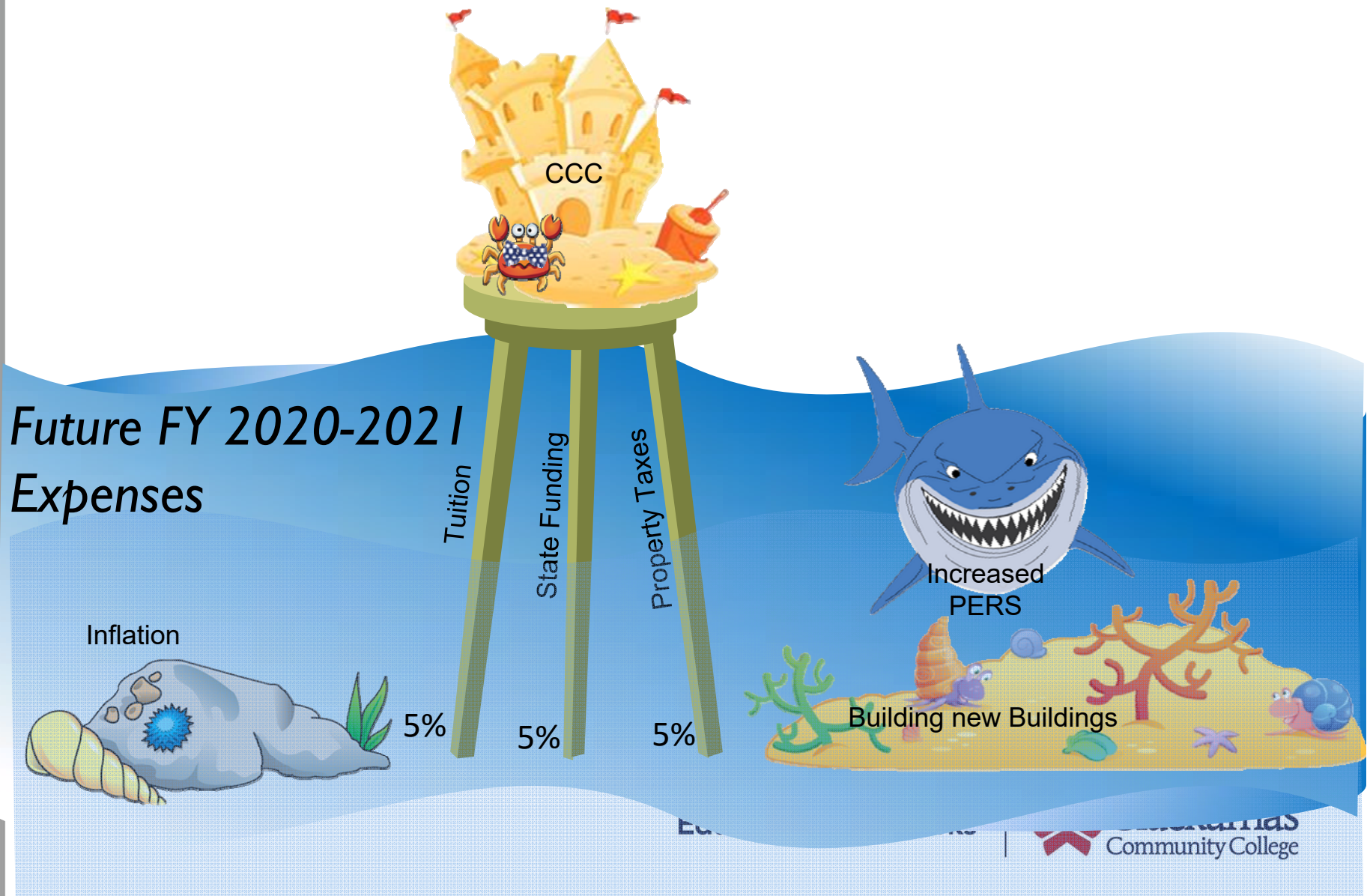
As we shift into new fiscal years – expenses rise
and the three legs of revenue need to increase
proportionally to expenses in order to keep the
college above water



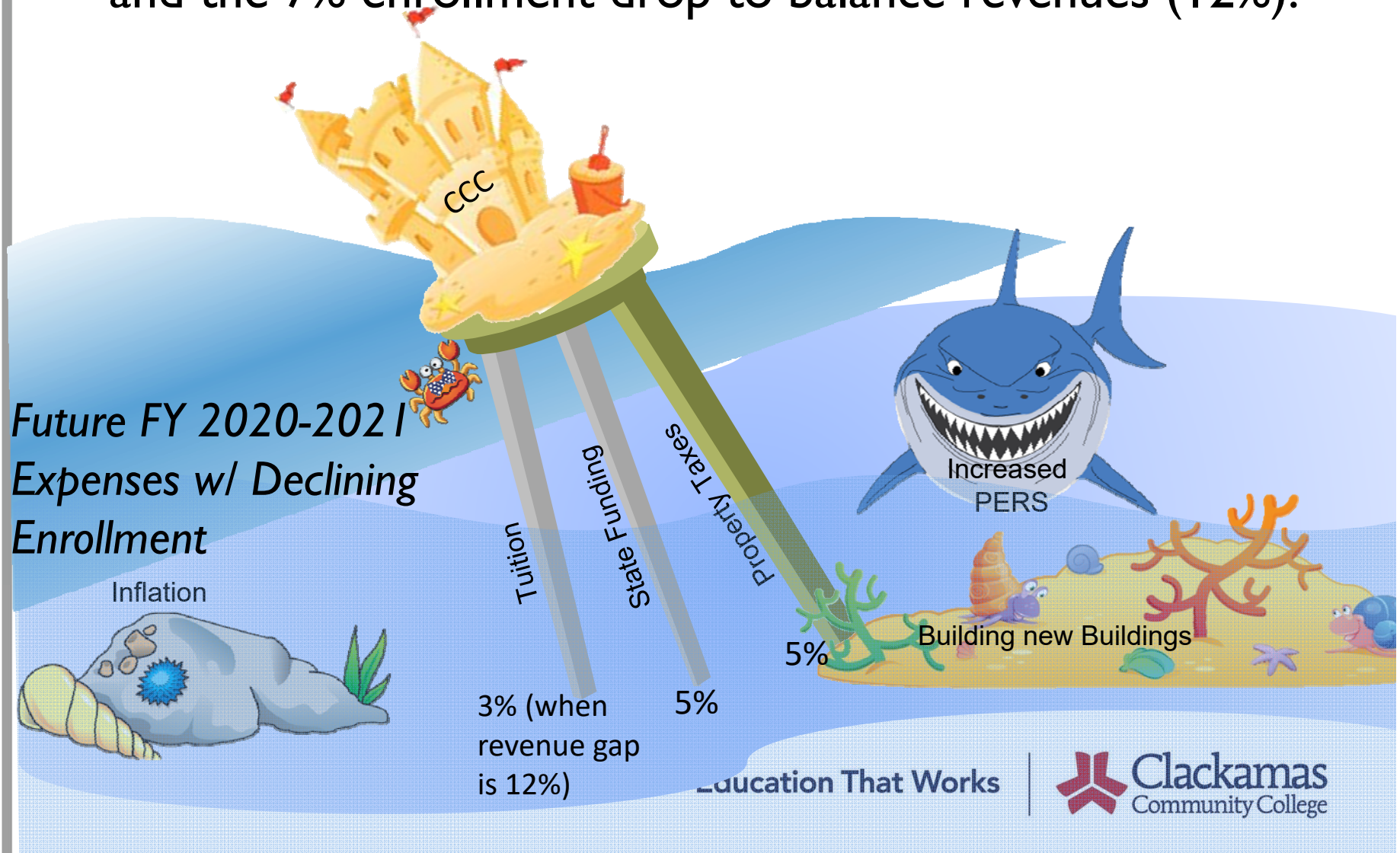
As expenses go up by 5%, Property Taxes, State Funding and Tuition also need to go up by 5%



If combined revenues aren't able to rise proportionally, then expenses must be reduced

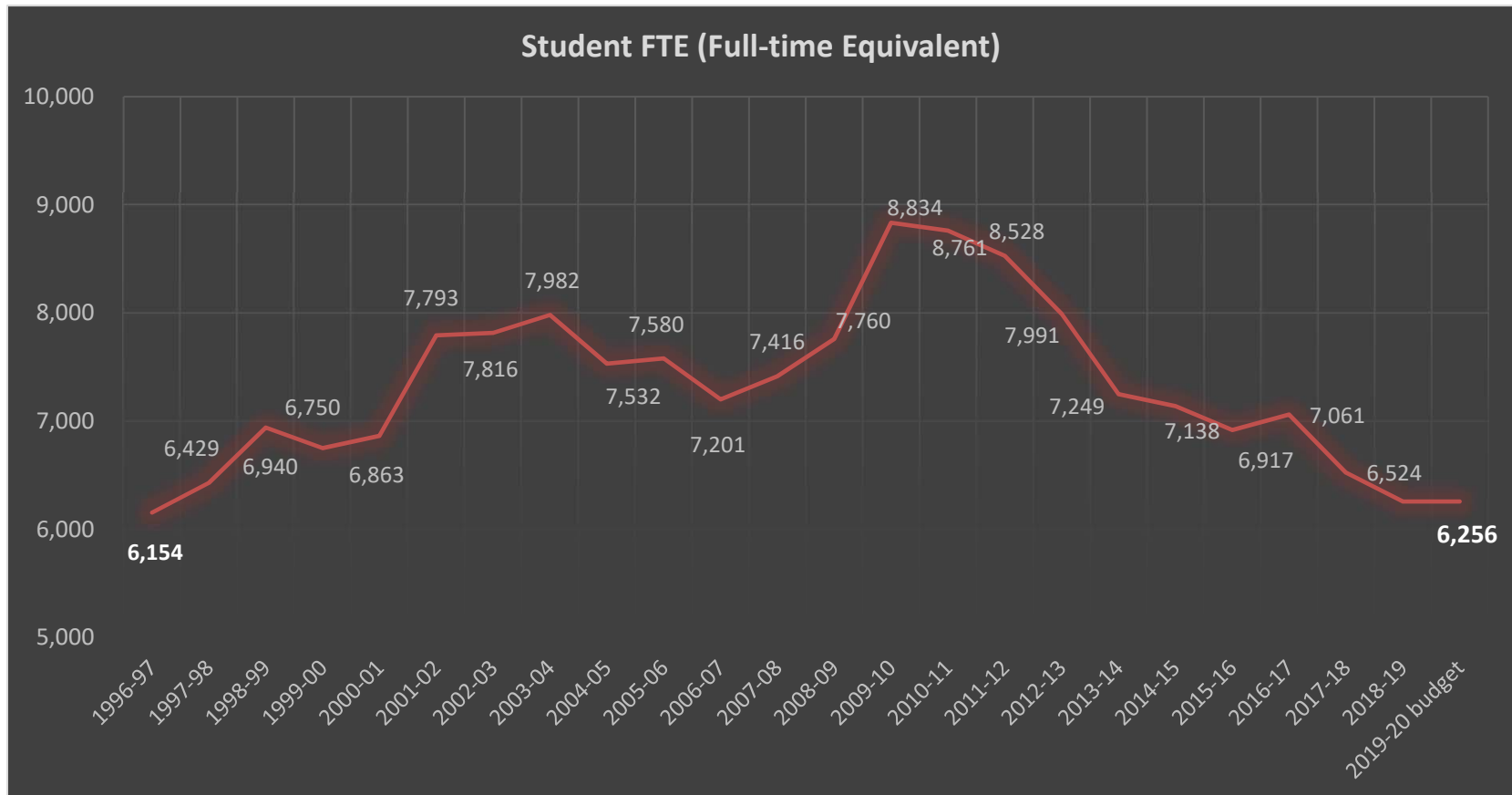


Enrollment also plays a key role. If enrollment from tuition paying students drop 7% from the prior year and other funding is fixed, tuition rates would need to be increased by both the 5% and the 7% enrollment drop to balance revenues (12%).



Student Enrollment

Full-time Equivalent (FTE)



Education That Works



CCC Forecast



Current Forecast Comparison to Last Year

- CCSF was previously projected at \$590 million, which would have created over double the current deficit, but came in at \$641 million, which narrowed the three year gap.
- Property Taxes continue to increase at a consistent pace of 4.5% annually.
- Prior year reimbursable enrollment was down 4%. This compares relatively closely to the other 16-college average decline of ~4% for 2018-19, thus keeping CCSF portion neutral.
- While the State Funding formula will stay neutral, enrollment revenue from tuition-paying students was down 7.5% last year, and more importantly, it's down over 14% over the last two fiscal years which equates to about \$2 million in fewer revenues we have to work with annually.

Current Forecast Comparison to Last Year

- On the expense side, the large-scale PERS impacts that have been known about for many years now have officially taken effect and have moved our overall annual expense increases from 4% a year to 5% annually.
 - PERS rate reductions can't reasonably be counted on at this point due to 2019 PERS reform being referred to the Supreme Court.
- Operating costs associated with latest bond projects were incorporated into the next biennium.

Traditional Forecast Assumptions

3% Tuition Increase Annually

4.5% Property Tax Increase Annually

Flat Enrollment in 2019-20 and Thereafter

Flat CCSF for our forecast assumption given the unknown state of funding in the future years.

Forecast Scenarios for Budgeting

(assuming 4.5% Property Tax Increases)

	<u>FY 2021-22</u> (Budget Gap)	<u>FY 2022-23</u> (Budget Gap)
1. \$641M CCSF ¹ (no change) and \$3 annual Tuition Increases	(\$3.09) million	(\$7.07) million
2. \$641M CCSF (no change) and \$5 annual Tuition Increases	(\$2.33) million	(\$5.52) million
3. \$679M CCSF (6%) and \$3 Tuition Increases	(\$1.55) million	(\$3.82) million
4. \$679M CCSF (6%) and \$5 Tuition Increases	(\$0.79) million	(\$2.27) million
5. \$747M CCSF (17%) CCSF needed to balance @ \$0 Tuition inc.	\$0	(\$0.41) million
6. \$720M CCSF (12%) CCSF needed to balance @ \$3 Tuition inc.	\$0	(\$0.31) million
7. \$700M CCSF (9%) CCSF needed to balance @ \$5 Tuition inc.	\$0	(\$0.50) million

¹ Community College Support Fund

**CLACKAMAS COMMUNITY COLLEGE
GENERAL FUND FORECAST**

1. Flat CCSF, \$3 annual tuition increases

In Thousands (000's)

Note - Prior to any impacts from bargaining*

Revenue and Transfers In

	2019-21 BIENNIUM		2021-23 BIENNIUM		2023-25 BIENNIUM	
	Projected 2019-20	Projected 2020-21	Projected 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25
State Appropriation	\$ 19,155	\$ 18,669	\$ 17,985	\$ 17,646	\$ 17,351	\$ 16,973
Property Taxes	20,354	21,270	22,227	23,228	24,273	25,365
Total Public Resources	39,510	39,940	40,212	40,874	41,624	42,339
Tuition, Net of Waivers	14,194	14,607	15,021	15,434	15,848	16,261
Other Revenue	2,852	2,781	2,777	2,787	2,791	2,794
Transfers In, Ongoing	150	150	125	125	100	100
Total Operating Revenue	56,705	57,478	58,135	59,220	60,362	61,493
Change Over Prior Year	7%	1%	1%	2%	2%	2%

Expenditures and Transfers Out

Wages	32,261	33,458	34,703	35,997	37,342	38,741
Payroll Taxes and Benefits	15,361	15,819	17,003	17,636	18,293	18,977
Materials & Services/Capital Outlay	8,473	8,636	8,918	9,129	9,330	9,535
Transfers Out, Ongoing	1,836	1,839	1,822	1,825	1,828	1,832
Total Operating Expenditures	57,930	59,752	62,446	64,587	66,793	69,084
Change Over Prior Year	6%	3%	5%	3%	3%	3%

Operating Surplus (Deficit)

(1,225) (2,274) (4,312) (5,367) (6,431) (7,591)

Net Transfers In (Out), One-Time

- - 1,500 1,500 - -

Total Surplus (Deficit)

(1,225) (2,274) (2,812) (3,867) (6,431) (7,591)

Ending Balance, June 30

\$ 7,796 \$ 5,522 \$ 2,710 \$ (1,157) \$ (7,588) \$ (15,179)

Minimum Balance

Ending Balance, June 30, above \$ 7,796 \$ 5,522 \$ 2,710 \$ (1,157) \$ (7,588) \$ (15,179)

Minimum Balance -- 10% of Revenue (5,656) (5,733) (5,801) (5,909) (6,026) (6,139)

Fund Balance in Excess of Minimum

2,140 (211) (3,091) (7,066) (13,614) (21,318)

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**CLACKAMAS COMMUNITY COLLEGE
GENERAL FUND FORECAST**

2. Flat CCSF, \$5 annual tuition increases

In Thousands (000's)

Note - Prior to any impacts from bargaining*

	2019-21 BIENNIUM		2021-23 BIENNIUM		2023-25 BIENNIUM	
	Projected 2019-20	Projected 2020-21	Projected 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25
Revenue and Transfers In						
State Appropriation	\$ 19,155	\$ 18,669	\$ 17,985	\$ 17,646	\$ 17,351	\$ 16,973
Property Taxes	20,354	21,270	22,227	23,228	24,273	25,365
Total Public Resources	39,510	39,940	40,212	40,874	41,624	42,339
Tuition, Net of Waivers	14,194	14,882	15,571	16,260	16,948	17,637
Other Revenue	2,852	2,781	2,777	2,787	2,791	2,794
Transfers In, Ongoing	150	150	125	125	100	100
Total Operating Revenue	56,705	57,753	58,685	60,046	61,463	62,870
Change Over Prior Year	7%	2%	2%	2%	2%	2%
Expenditures and Transfers Out						
Wages	32,261	33,458	34,703	35,997	37,342	38,741
Payroll Taxes and Benefits	15,361	15,819	17,003	17,636	18,293	18,977
Materials & Services/Capital Outlay	8,473	8,640	8,927	9,141	9,346	9,556
Transfers Out, Ongoing	1,836	1,839	1,822	1,825	1,828	1,832
Total Operating Expenditures	57,930	59,756	62,455	64,599	66,809	69,105
Change Over Prior Year	6%	3%	5%	3%	3%	3%
Operating Surplus (Deficit)	(1,225)	(2,003)	(3,770)	(4,553)	(5,346)	(6,236)
Net Transfers In (Out), One-Time	-	-	1,500	1,500	-	-
Total Surplus (Deficit)	(1,225)	(2,003)	(2,270)	(3,053)	(5,346)	(6,236)
Ending Balance, June 30	\$ 7,796	\$ 5,793	\$ 3,523	\$ 469	\$ (4,877)	\$ (11,112)
Minimum Balance						
Ending Balance, June 30, above	\$ 7,796	\$ 5,793	\$ 3,523	\$ 469	\$ (4,877)	\$ (11,112)
Minimum Balance -- 10% of Revenue	(5,656)	(5,760)	(5,856)	(5,992)	(6,136)	(6,277)
Fund Balance in Excess of Minimum	2,140	33	(2,333)	(5,523)	(11,013)	(17,389)

Education That Works



**CLACKAMAS COMMUNITY COLLEGE
GENERAL FUND FORECAST**

3. CCSF of historical average of 6%, traditional \$3 annual tuition increases

In Thousands (000's)

Note - Prior to any impacts from bargaining*

	2019-21 BIENNIUM		2021-23 BIENNIUM		2023-25 BIENNIUM	
	Projected 2019-20	Projected 2020-21	Projected 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25
Revenue and Transfers In						
State Appropriation	\$ 19,155	\$ 18,669	\$ 19,694	\$ 19,356	\$ 20,627	\$ 20,249
Property Taxes	20,354	21,270	22,227	23,228	24,273	25,365
Total Public Resources	39,510	39,940	41,921	42,583	44,900	45,614
Tuition, Net of Waivers	14,194	14,607	15,021	15,434	15,848	16,261
Other Revenue	2,852	2,781	2,777	2,787	2,791	2,794
Transfers In, Ongoing	150	150	125	125	100	100
Total Operating Revenue	56,705	57,478	59,844	60,929	63,638	64,769
Change Over Prior Year	7%	1%	4%	2%	4%	2%
Expenditures and Transfers Out						
Wages	32,261	33,458	34,703	35,997	37,342	38,741
Payroll Taxes and Benefits	15,361	15,819	17,003	17,636	18,293	18,977
Materials & Services/Capital Outlay	8,473	8,636	8,918	9,129	9,330	9,535
Transfers Out, Ongoing	1,836	1,839	1,822	1,825	1,828	1,832
Total Operating Expenditures	57,930	59,752	62,446	64,587	66,793	69,084
Change Over Prior Year	6%	3%	5%	3%	3%	3%
Operating Surplus (Deficit)	(1,225)	(2,274)	(2,602)	(3,658)	(3,155)	(4,315)
Net Transfers In (Out), One-Time	-	-	1,500	1,500	-	-
Total Surplus (Deficit)	(1,225)	(2,274)	(1,102)	(2,158)	(3,155)	(4,315)
Ending Balance, June 30	\$ 7,796	\$ 5,522	\$ 4,419	\$ 2,262	\$ (893)	\$ (5,209)
Minimum Balance						
Ending Balance, June 30, above	\$ 7,796	\$ 5,522	\$ 4,419	\$ 2,262	\$ (893)	\$ (5,209)
Minimum Balance -- 10% of Revenue	(5,656)	(5,733)	(5,972)	(6,080)	(6,354)	(6,467)
Fund Balance in Excess of Minimum	2,140	(211)	(1,553)	(3,818)	(7,247)	(11,676)

Education That Works



**CLACKAMAS COMMUNITY COLLEGE
GENERAL FUND FORECAST**

4. CCSF of historical average of 6%, \$5 annual tuition increases

In Thousands (000's)

Note - Prior to any impacts from bargaining*

	2019-21 BIENNIUM		2021-23 BIENNIUM		2023-25 BIENNIUM	
	Projected 2019-20	Projected 2020-21	Projected 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25
Revenue and Transfers In						
State Appropriation	\$ 19,155	\$ 18,669	\$ 19,694	\$ 19,356	\$ 20,627	\$ 20,249
Property Taxes	20,354	21,270	22,227	23,228	24,273	25,365
Total Public Resources	39,510	39,940	41,921	42,583	44,900	45,614
Tuition, Net of Waivers	14,194	14,882	15,571	16,260	16,948	17,637
Other Revenue	2,852	2,781	2,777	2,787	2,791	2,794
Transfers In, Ongoing	150	150	125	125	100	100
Total Operating Revenue	56,705	57,753	60,395	61,755	64,739	66,145
Change Over Prior Year	7%	2%	5%	2%	5%	2%
Expenditures and Transfers Out						
Wages	32,261	33,458	34,703	35,997	37,342	38,741
Payroll Taxes and Benefits	15,361	15,819	17,003	17,636	18,293	18,977
Materials & Services/Capital Outlay	8,473	8,640	8,927	9,141	9,346	9,556
Transfers Out, Ongoing	1,836	1,839	1,822	1,825	1,828	1,832
Total Operating Expenditures	57,930	59,756	62,455	64,599	66,809	69,105
Change Over Prior Year	6%	3%	5%	3%	3%	3%
Operating Surplus (Deficit)	(1,225)	(2,003)	(2,061)	(2,844)	(2,070)	(2,960)
Net Transfers In (Out), One-Time	-	-	1,500	1,500	-	-
Total Surplus (Deficit)	(1,225)	(2,003)	(561)	(1,344)	(2,070)	(2,960)
Ending Balance, June 30	\$ 7,796	\$ 5,793	\$ 5,232	\$ 3,888	\$ 1,818	\$ (1,142)
Minimum Balance						
Ending Balance, June 30, above	\$ 7,796	\$ 5,793	\$ 5,232	\$ 3,888	\$ 1,818	\$ (1,142)
Minimum Balance -- 10% of Revenue	(5,656)	(5,760)	(6,027)	(6,163)	(6,464)	(6,604)
Fund Balance in Excess of Minimum	2,140	33	(795)	(2,275)	(4,646)	(7,746)

**CLACKAMAS COMMUNITY COLLEGE
GENERAL FUND FORECAST**

5. CCSF of \$747 million (17% increase from 19-21) balanced at no tuition increases

In Thousands (000's)

Note - Prior to any impacts from bargaining*

	2019-21 BIENNIUM		2021-23 BIENNIUM		2023-25 BIENNIUM	
	Projected 2019-20	Projected 2020-21	Projected 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25
Revenue and Transfers In						
State Appropriation	\$ 19,155	\$ 18,669	\$ 22,700	\$ 22,361	\$ 23,383	\$ 23,004
Property Taxes	20,354	21,270	22,227	23,228	24,273	25,365
Total Public Resources	39,510	39,940	44,927	45,589	47,656	48,369
Tuition, Net of Waivers	14,194	14,194	14,194	14,194	14,194	14,194
Other Revenue	2,852	2,781	2,777	2,787	2,791	2,794
Transfers In, Ongoing	150	150	125	125	100	100
Total Operating Revenue	56,705	57,064	62,023	62,694	64,740	65,457
Change Over Prior Year	7%	1%	9%	1%	3%	1%
Expenditures and Transfers Out						
Wages	32,261	33,458	34,703	35,997	37,342	38,741
Payroll Taxes and Benefits	15,361	15,819	17,003	17,636	18,293	18,977
Materials & Services/Capital Outlay	8,473	8,630	8,906	9,110	9,305	9,504
Transfers Out, Ongoing	1,836	1,839	1,822	1,825	1,828	1,832
Total Operating Expenditures	57,930	59,746	62,434	64,568	66,768	69,053
Change Over Prior Year	6%	3%	4%	3%	3%	3%
Operating Surplus (Deficit)	(1,225)	(2,681)	(411)	(1,874)	(2,028)	(3,597)
Net Transfers In (Out), One-Time	-	-	1,500	1,500	-	-
Total Surplus (Deficit)	(1,225)	(2,681)	1,089	(374)	(2,028)	(3,597)
Ending Balance, June 30	\$ 7,796	\$ 5,114	\$ 6,203	\$ 5,829	\$ 3,801	\$ 205
Minimum Balance						
Ending Balance, June 30, above	\$ 7,796	\$ 5,114	\$ 6,203	\$ 5,829	\$ 3,801	\$ 205
Minimum Balance -- 10% of Revenue	(5,656)	(5,691)	(6,190)	(6,257)	(6,464)	(6,536)
Fund Balance in Excess of Minimum	2,140	(577)	(0)	(415)	(2,663)	(6,331)

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**CLACKAMAS COMMUNITY COLLEGE
GENERAL FUND FORECAST**

6. CCSF of \$720 million (same 12% increase as 19-21) balanced at \$3/credit annual increase

In Thousands (000's)

Note - Prior to any impacts from bargaining*

	2019-21 BIENNIUM		2021-23 BIENNIUM		2023-25 BIENNIUM	
	Projected 2019-20	Projected 2020-21	Projected 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25
Revenue and Transfers In						
State Appropriation	\$ 19,155	\$ 18,669	\$ 21,499	\$ 21,161	\$ 22,283	\$ 21,903
Property Taxes	20,354	21,270	22,227	23,228	24,273	25,365
Total Public Resources	39,510	39,940	43,727	44,389	46,556	47,269
Tuition, Net of Waivers	14,194	14,607	15,021	15,434	15,848	16,261
Other Revenue	2,852	2,781	2,777	2,787	2,791	2,794
Transfers In, Ongoing	150	150	125	125	100	100
Total Operating Revenue	56,705	57,478	61,650	62,735	65,294	66,424
Change Over Prior Year	7%	1%	7%	2%	4%	2%
Expenditures and Transfers Out						
Wages	32,261	33,458	34,703	35,997	37,342	38,741
Payroll Taxes and Benefits	15,361	15,819	17,003	17,636	18,293	18,977
Materials & Services/Capital Outlay	8,473	8,636	8,918	9,129	9,330	9,535
Transfers Out, Ongoing	1,836	1,839	1,822	1,825	1,828	1,832
Total Operating Expenditures	57,930	59,752	62,446	64,587	66,793	69,084
Change Over Prior Year	6%	3%	5%	3%	3%	3%
Operating Surplus (Deficit)	(1,225)	(2,274)	(797)	(1,852)	(1,500)	(2,661)
Net Transfers In (Out), One-Time	-	-	1,500	1,500	-	-
Total Surplus (Deficit)	(1,225)	(2,274)	703	(352)	(1,500)	(2,661)
Ending Balance, June 30	\$ 7,796	\$ 5,522	\$ 6,225	\$ 5,873	\$ 4,373	\$ 1,712
Minimum Balance						
Ending Balance, June 30, above	\$ 7,796	\$ 5,522	\$ 6,225	\$ 5,873	\$ 4,373	\$ 1,712
Minimum Balance -- 10% of Revenue	(5,656)	(5,733)	(6,152)	(6,261)	(6,519)	(6,632)
Fund Balance in Excess of Minimum	2,140	(211)	(927)	(388)	(2,146)	(4,920)

Education That Works



**CLACKAMAS COMMUNITY COLLEGE
GENERAL FUND FORECAST**

7. CCSF of \$700 million (9% increase from 19-21) balanced at \$5/credit annual increase

In Thousands (000's)

Note - Prior to any impacts from bargaining*

	2019-21 BIENNIUM		2021-23 BIENNIUM		2023-25 BIENNIUM	
	Projected 2019-20	Projected 2020-21	Projected 2021-22	Projected 2022-23	Projected 2023-24	Projected 2024-25
Revenue and Transfers In						
State Appropriation	\$ 19,155	\$ 18,669	\$ 20,610	\$ 20,272	\$ 21,468	\$ 21,089
Property Taxes	20,354	21,270	22,227	23,228	24,273	25,365
Total Public Resources	39,510	39,940	42,838	43,500	45,740	46,454
Tuition, Net of Waivers	14,194	14,882	15,571	16,260	16,948	17,637
Other Revenue	2,852	2,781	2,777	2,787	2,791	2,794
Transfers In, Ongoing	150	150	125	125	100	100
Total Operating Revenue	56,705	57,753	61,311	62,671	65,579	66,985
Change Over Prior Year	7%	2%	6%	2%	5%	2%
Expenditures and Transfers Out						
Wages	32,261	33,458	34,703	35,997	37,342	38,741
Payroll Taxes and Benefits	15,361	15,819	17,003	17,636	18,293	18,977
Materials & Services/Capital Outlay	8,473	8,640	8,927	9,141	9,346	9,556
Transfers Out, Ongoing	1,836	1,839	1,822	1,825	1,828	1,832
Total Operating Expenditures	57,930	59,756	62,455	64,599	66,809	69,105
Change Over Prior Year	6%	3%	5%	3%	3%	3%
Operating Surplus (Deficit)	(1,225)	(2,003)	(1,144)	(1,928)	(1,230)	(2,120)
Net Transfers In (Out), One-Time	-	-	1,500	1,500	-	-
Total Surplus (Deficit)	(1,225)	(2,003)	356	(428)	(1,230)	(2,120)
Ending Balance, June 30	\$ 7,796	\$ 5,793	\$ 6,149	\$ 5,721	\$ 4,491	\$ 2,371
Minimum Balance						
Ending Balance, June 30, above	\$ 7,796	\$ 5,793	\$ 6,149	\$ 5,721	\$ 4,491	\$ 2,371
Minimum Balance -- 10% of Revenue	(5,656)	(5,760)	(6,119)	(6,255)	(6,548)	(6,688)
Fund Balance in Excess of Minimum	2,140	33	(0)	(504)	(2,057)	(4,317)

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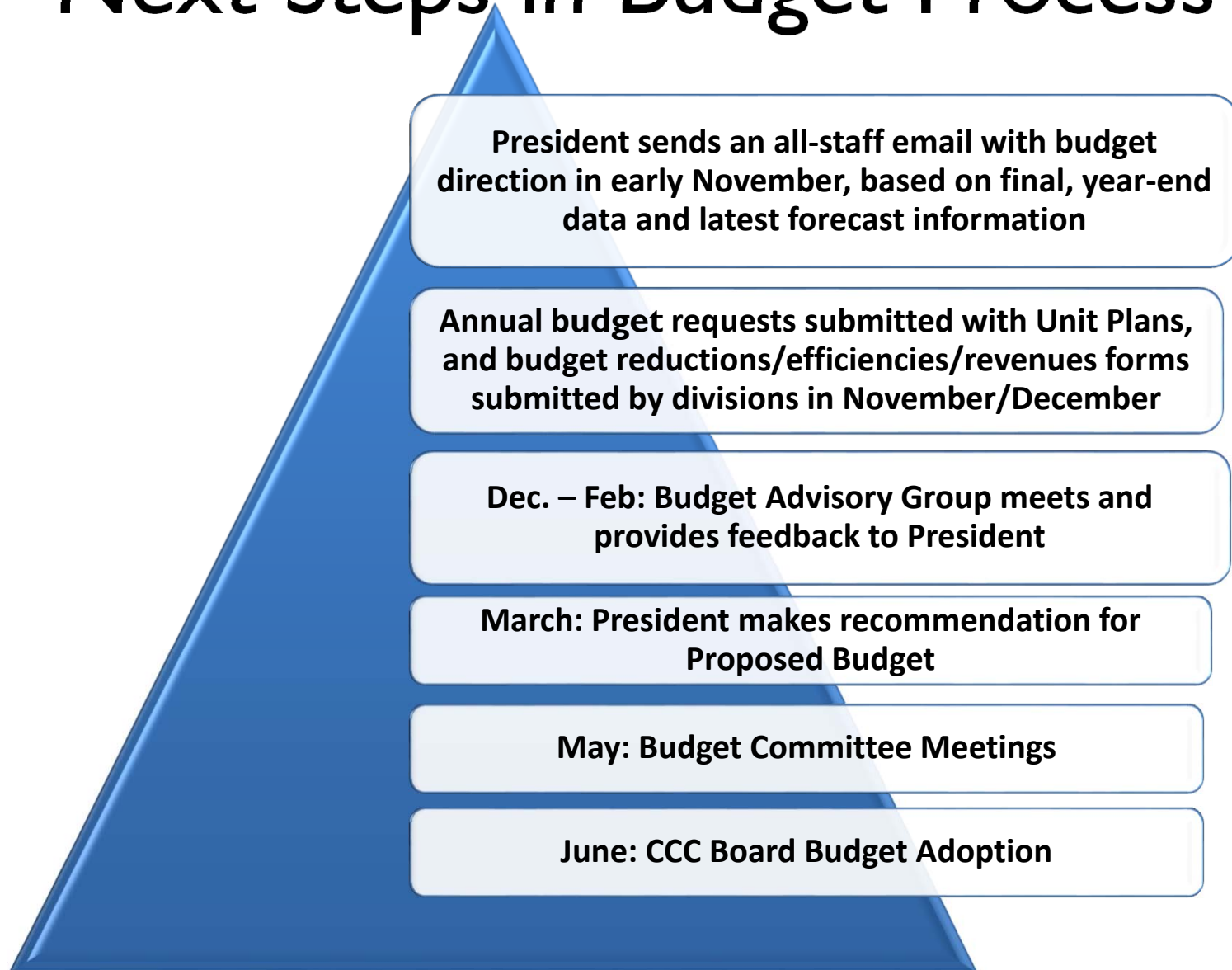
What could change the forecast?

- Enrollment changes
 - 97% of General Fund revenues are directly tied to Student FTE Count (CCSF formula combines State funding and local property taxes and distributes based on FTE relative to other colleges, and tuition and fees are directly tied to enrollment).
- Tuition and fee rate changes
 - \$3 per credit per year increase is projected, but \$5 per credit is the existing amount to keep pace with inflation, and closer to \$12 per credit to keep the tuition revenue leg of the stool equal to current expenses.
- Labor agreements
 - Bargaining contracts are still in negotiations, so full impacts are not yet known to be included in the current forecast.
- Reductions in expenses, or increases in other revenues

Moving forward to the budget process...



Next Steps in Budget Process



Budget Principles

As adopted last year for the 2019-20 process

- Ensure budget supports improvements in Mission Fulfillment by integrating Strategic Priorities, and assessment ~~and core theme indicator results~~ with budget allocation decisions.
- Consider CCC's affordability, district median income and comparability with other metro-area community colleges when establishing total student costs, including tuition rates.
- Focus on one-time funding, fiscal responsibility, return on investment and strategic resource realignment in budget allocations, and minimize ongoing resource requests beyond the three-year horizon.
- Maintain Board required ten-percent minimum ending fund balance throughout a three-year forecast, with an emphasis towards balancing revenues and expenditures over a five-year planning horizon.

