



Budget Advisory Group November 9, 2021



Education That Works



Introductions

- Name
- Department / Area of the College
- One thing you are interested in knowing about the budget/forecast?

Budget Process Improvement Group Update

Budget Process Improvement Workgroup – Work To Date and Next Steps

Work to Date:

- Deployed and analyzed a “Voice of the Customer” to identify opportunity areas to improve the budget development process
- Developed three (3) opportunity statements to capture the current state, impact and desired state
- Gathered feedback on the opportunity statements at department meetings

Next Steps:

- Build the workplan to identify the action steps to improve the opportunities captured in the opportunity statements

Budget Process Improvement Work Plan

Phase / Activity	May	June	July	Aug	Sep	Oct	Nov	Dec
✓ Project Kickoff								
✓ Convene Workgroup: Voice of the Customer								
✓ Deploy Survey								
✓ Convene Workgroup: Opportunity Statement								
✓ Roles and Responsibilities of Ambassadors								
Engagement to Test Opportunity Statements								
Convene Workgroup: Draft Workplan								
Convene Workgroup: Refine Workplan								
Improvement "Check / Act" Session								

Prioritizing our Opportunities

Framing

1. Alignment with the strategic plan / priorities
2. Alignment with the interim DEI framework

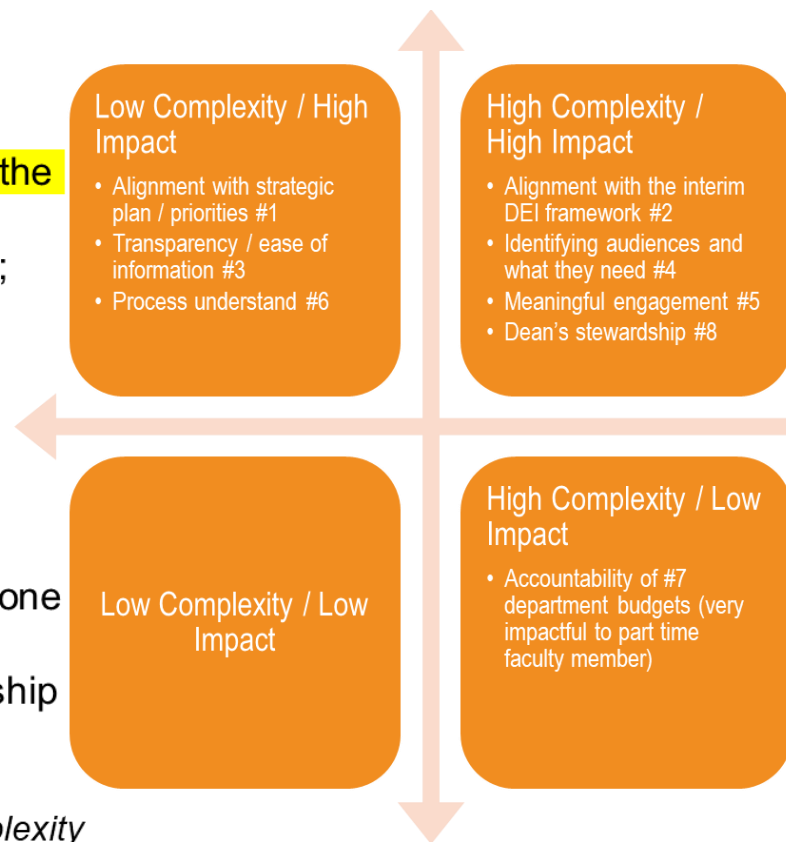
Training / Communication

3. Transparency / ease of information
4. Level of knowledge needed to provide input / support the process (various audiences and what they need)
5. Two-way exchange of information and communication; intentional follow up (meaningful engagement / safe space)

Process Improvement / Timeline

6. Process knowledge – understanding of the holistic process
7. Department accountability (i.e., what happens if someone goes over budget)
8. Understanding and ownership by the Deans (stewardship and leadership – do things differently)

Opportunities were prioritized based on the potential level of complexity that would be required to implement the opportunities, the potential impact of the improvement on the budget development process and the majority of votes by the budget process improvement workgroup.



Budget Process Improvement Group Questions?



Welcome to BAG

Role of Budget Advisory Group (BAG)

- Review long term forecast
- Review Draft Strategic Priorities through a fiscal health lens
- Review Budget Process
- Articulate Financial Strategies
- Provide a venue to check in on how strategies are working and recommend amendments as needed.
- Advise the President and Executive Team about timelines, process and draft budget recommendations (final recommendations are approved by the Executive Team for Budget Committee & Board of Education – Review, Revision and Adoption)

Roles of a Budget Committee

- Meets publicly to review the proposed budget
- Receives the budget and budget message
- Provides an opportunity for the public and community members and students to ask questions about and comment on the budget
- Approves the budget, rate of tax and amount of tax for General Obligation bonds.

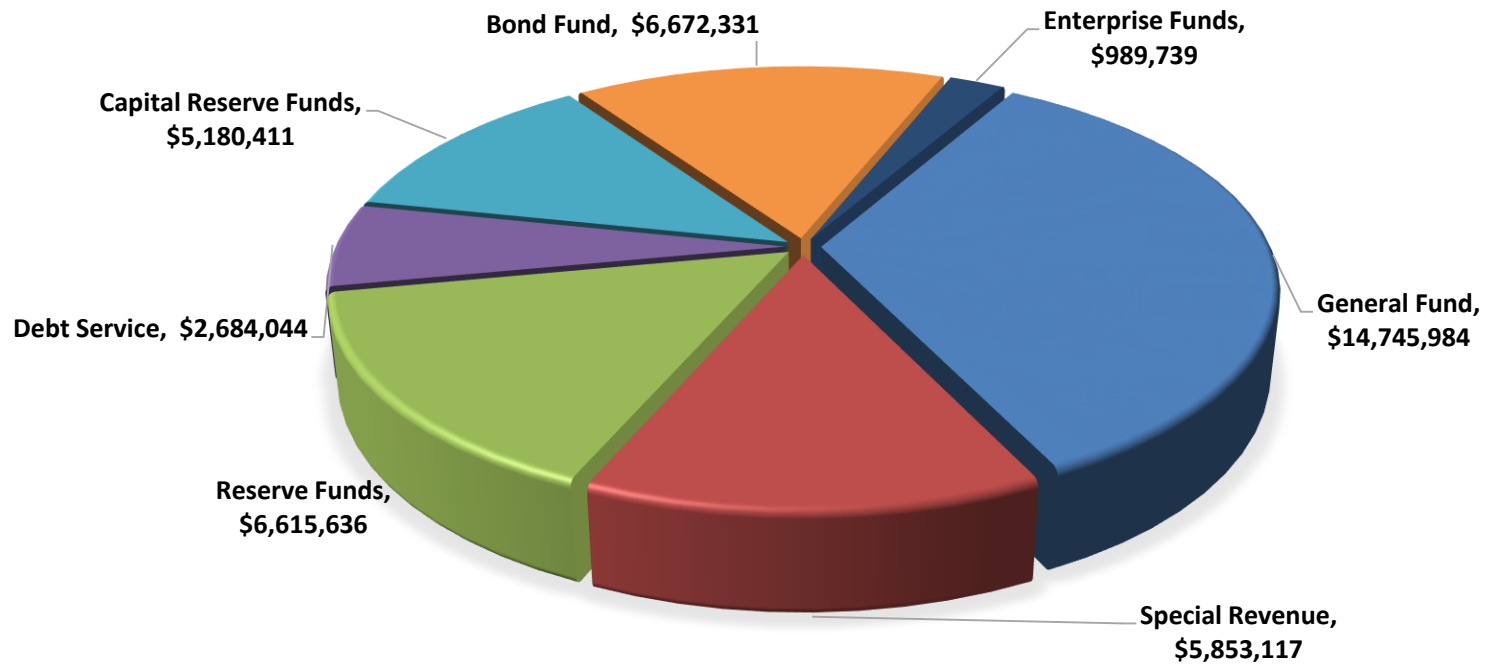
Roles of a Board of Education

- Adopt the Final Budget that Executive Team has presented based on feedback and approval from the Budget Committee
- Establish the not-to-exceed appropriations by fund
- Levy property taxes for the upcoming fiscal year



Summary of Funds

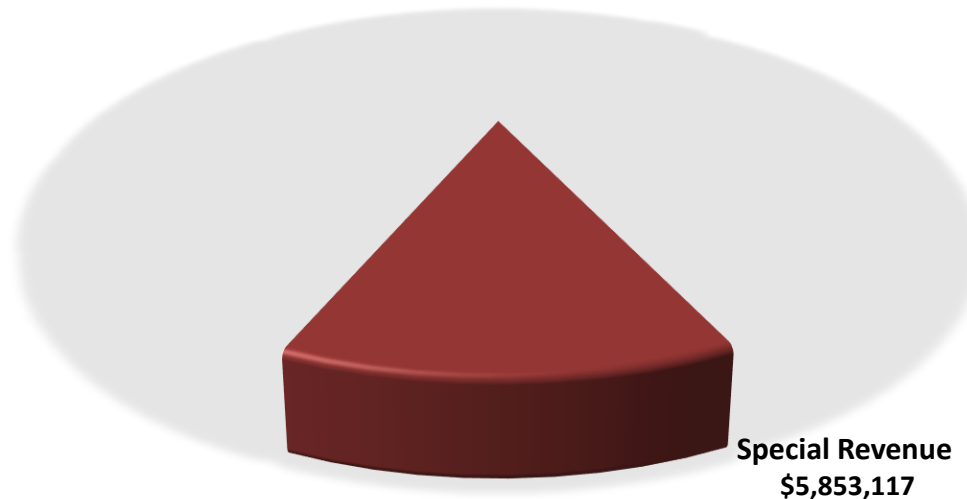
FUND BALANCES BY TYPES OF FUNDS



* All fund data is as of June 30, 2021

Summary of Funds

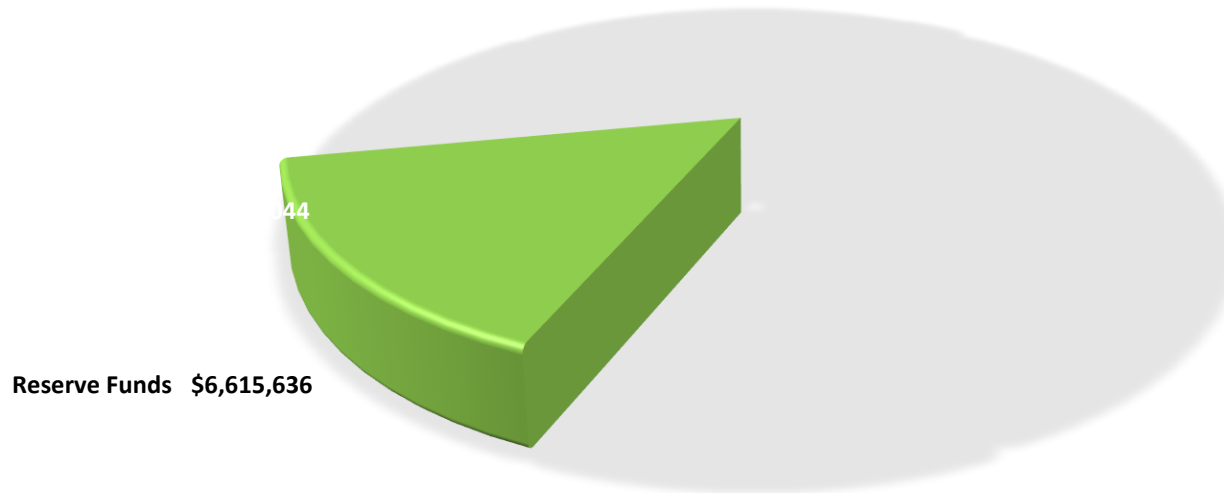
FUND BALANCES BY TYPES OF FUNDS



Special Revenue Funds are funds restricted for a specific use by an outside party or through Board of Education policy.
(e.g. *Technology Fund, Fee Fund, Financial Aid, Grants, ASG funds*)

Summary of Funds

FUND BALANCES BY TYPES OF FUNDS



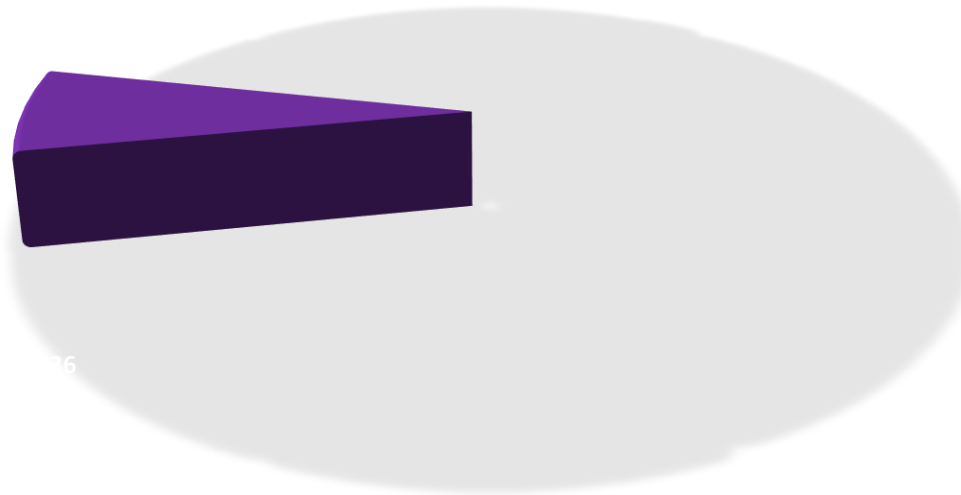
Reserve Funds are also special revenue funds, but they have a specific purpose in that they are designated as holding funds in reserve to help mitigate known costs out in future years.

(e.g. Retirement Fund,, PERS Reserves, Technology Hardware Replacement Fund)

Summary of Funds

FUND BALANCES BY TYPES OF FUNDS

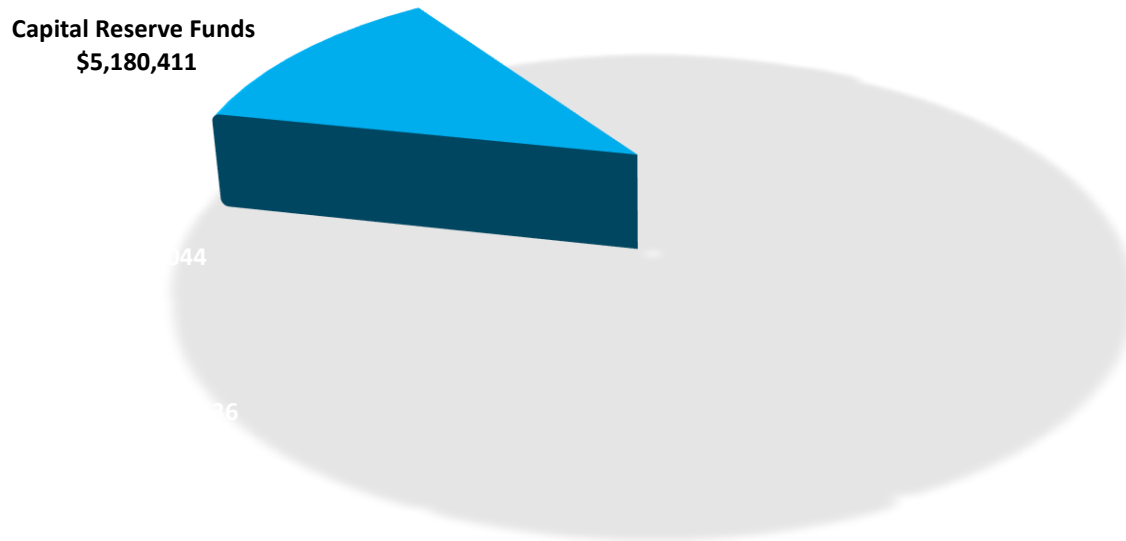
Debt Service \$2,684,044



Debt Service Funds are funds that are set-aside to pay annual debt payments

Summary of Funds

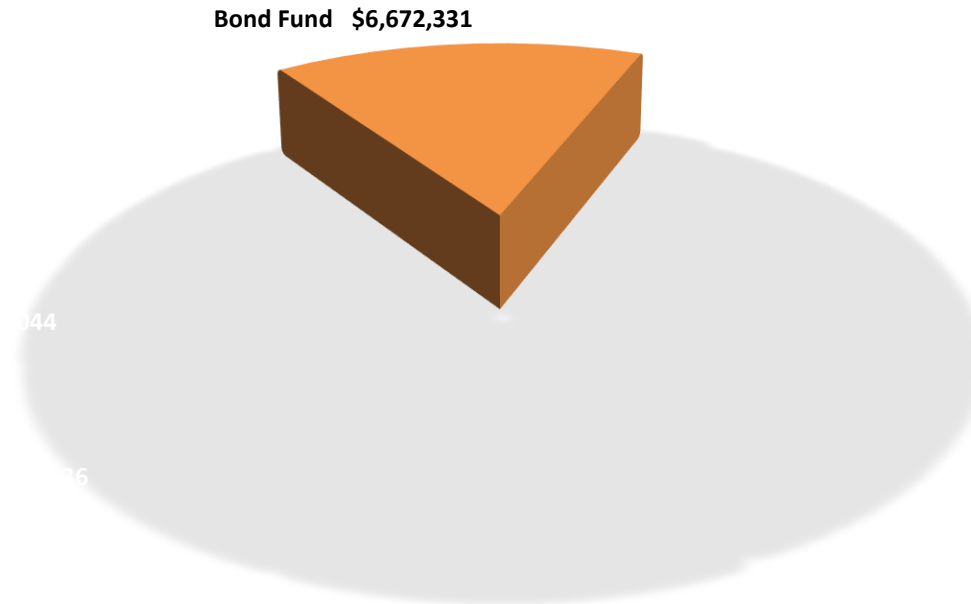
FUND BALANCES BY TYPES OF FUNDS



Capital Reserve Funds are special revenue funds in which we set aside small amounts of funds on an annual basis for future capital expenditures that happen in large amounts (\$5,000+), and infrequent intervals.
(e.g. Major Maintenance, Equipment Replacement, and Staff Computer Replacement Funds)

Summary of Funds

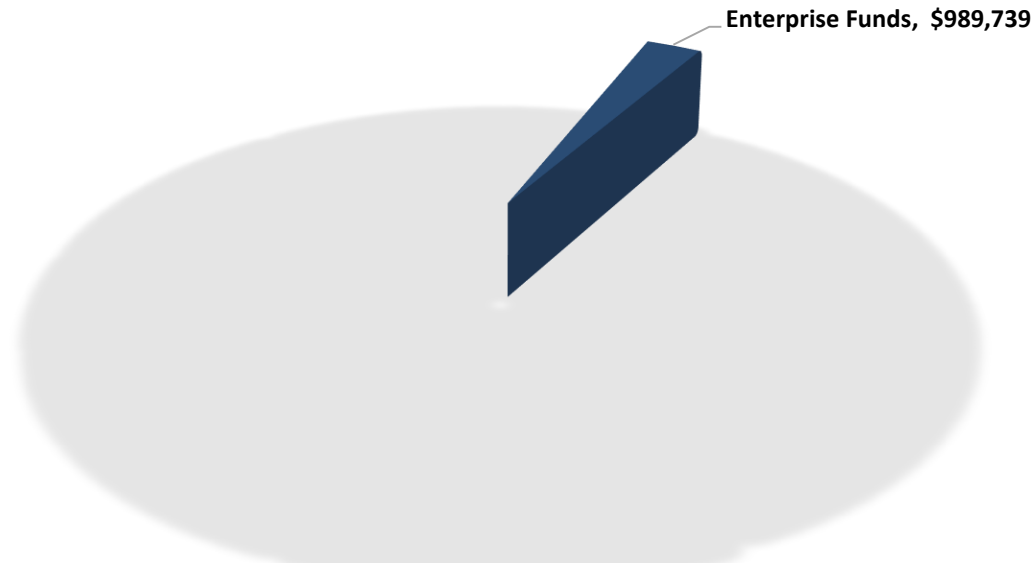
FUND BALANCES BY TYPES OF FUNDS



The Bond Fund is a specific Capital Reserve Fund that is legally restricted for use in that the expenses have to be used on capital projects from our voter approved ballot measure.

Summary of Funds

FUND BALANCES BY TYPES OF FUNDS

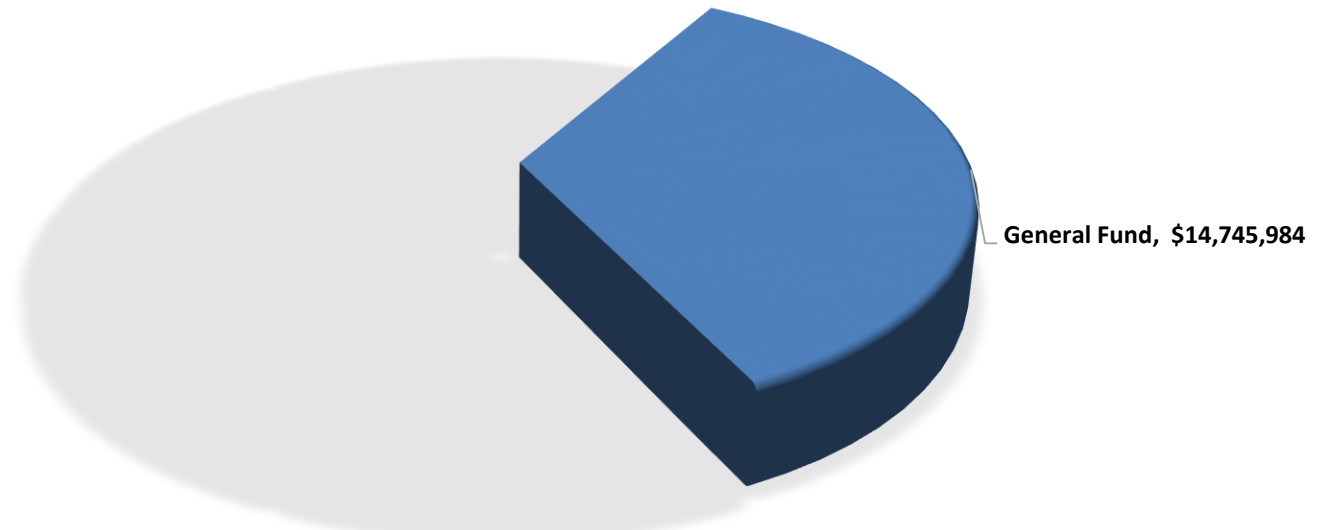


Enterprise Funds are *Proprietary* funds that operate similar to a business. The intent is that the money made by operations primarily be used to pay for those operations (in higher education they traditionally are things like dorms, restaurants, stores, etc.)

(e.g. *Bookstore, Customized Training Funds*)

Summary of Funds

FUND BALANCES BY TYPES OF FUNDS

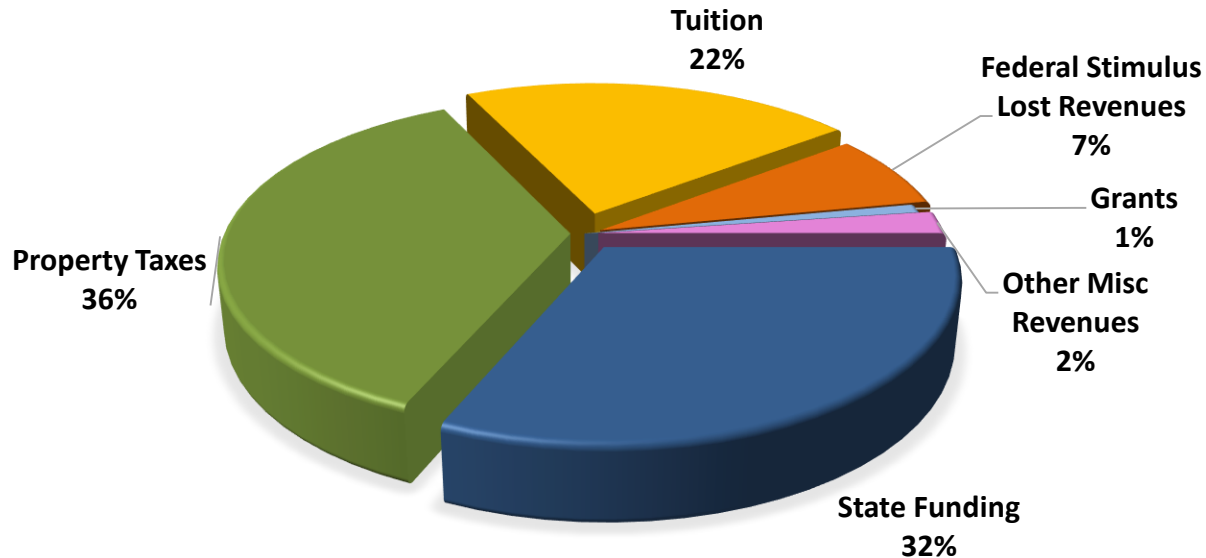


The General Fund is the primary operating fund of the College. It is mainly funded by Tuition, State Funding and Property Taxes. And it primarily pays for the staff who run the college, along with day-to-day operating materials, supplies, utilities, etc.

It operates a bit differently in that it collects and spends more than all other funds combined annually, but the fund balance is traditionally not as large as many of our other funds as it only is required to maintain a 10% Board-required reserve for cash flows and emergencies.

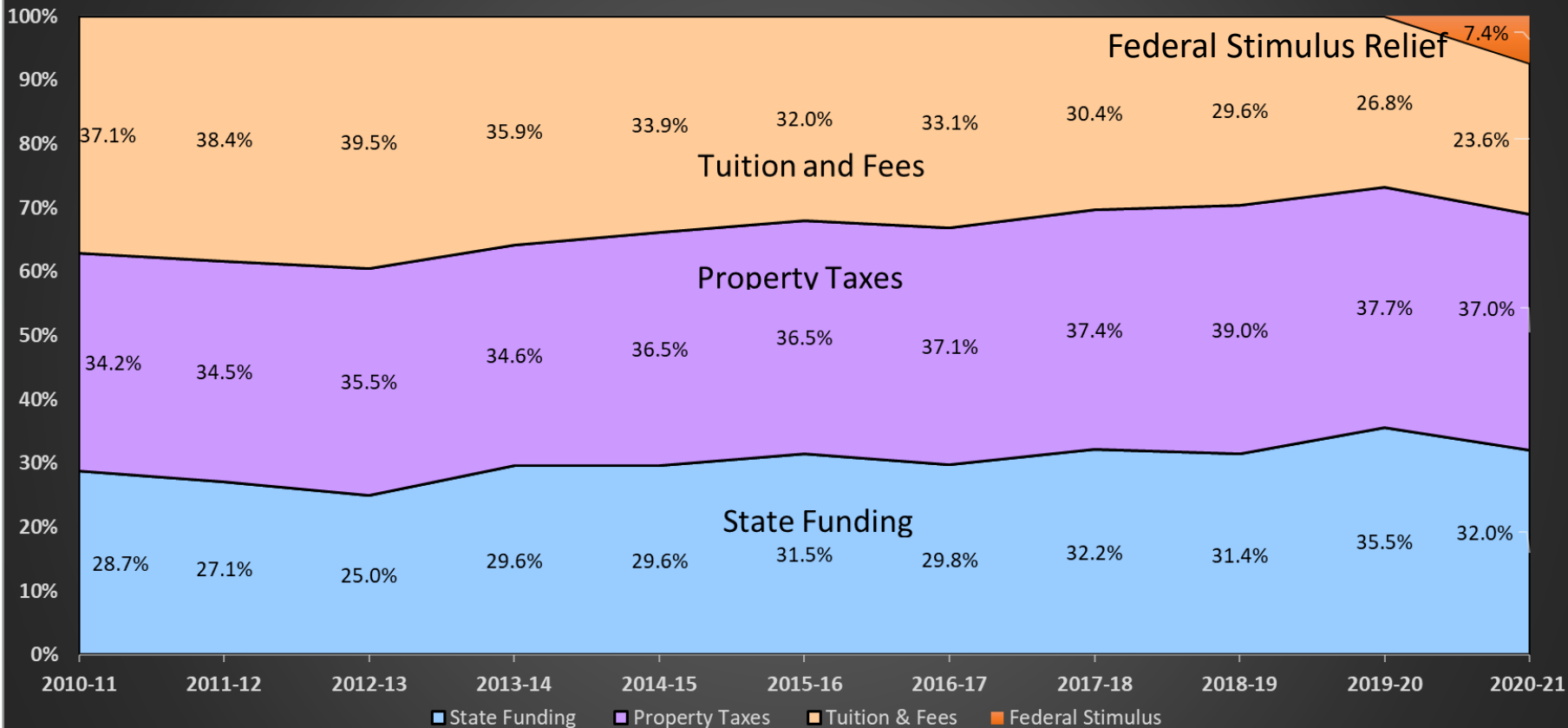
Summary of General Fund Revenues

REVENUES - GENERAL FUND - \$58.7 MILLION



* Revenues based on FY 2020-21 Annual Report

Primary Revenue Sources as a % of Funding from 2010 to 2021



CCC Funding is based on FTE

State Appropriation and Property Taxes

- Amount available set by legislature and constitution
- State Equalization formula lowers State funding portion as Property Taxes increase relative to the rest of the state CCs.
- Formula is based on FTE relative to the rest of the CCs
- The combined pool of State funding and Property Taxes are impacted by enrollment FTE

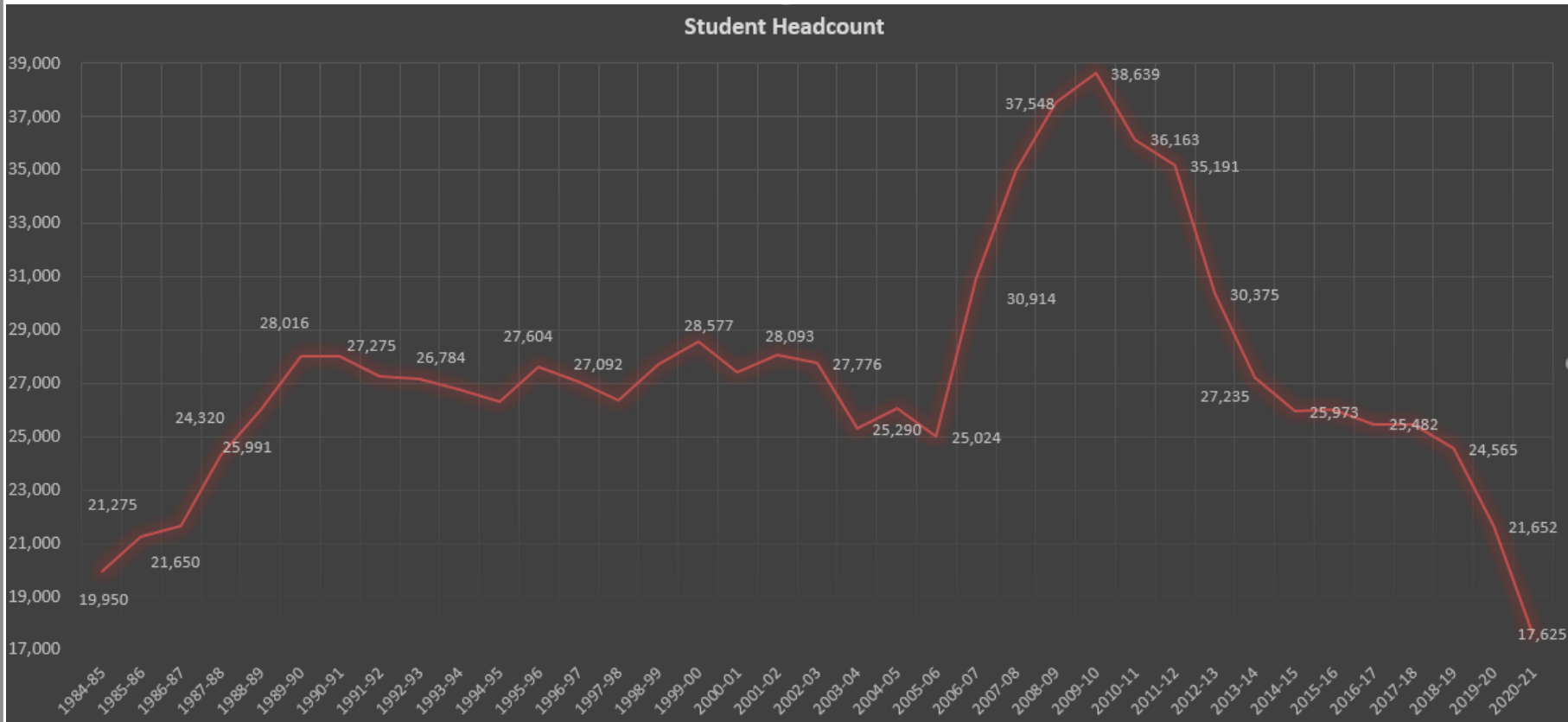
Tuition and Fees

- Rate set by Clackamas Community College Board of Education
- Tuition and Fee Revenues have a direct relationship with enrollment and student FTE

Therefore most **Revenue** is FTE related

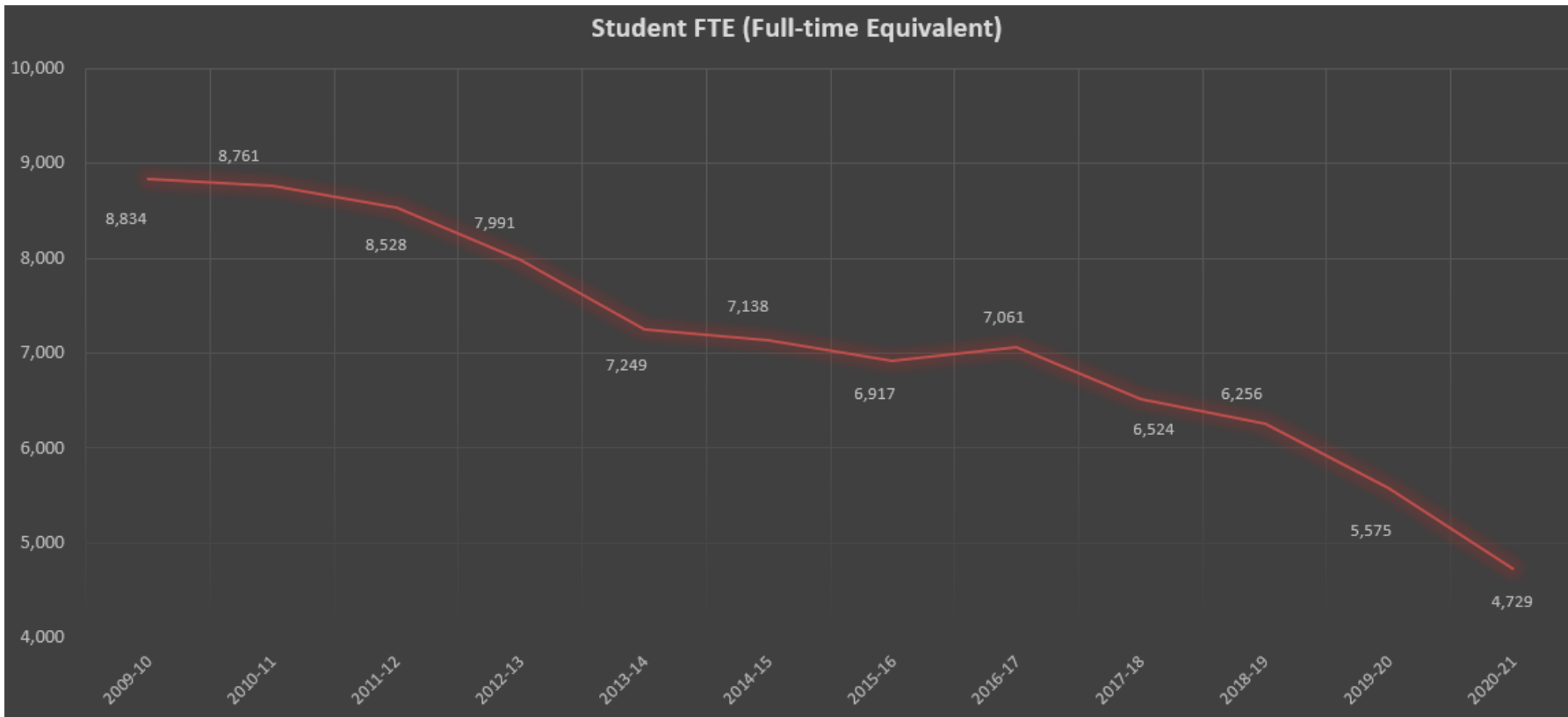
Student Enrollment

Headcount since 1985



Student Enrollment

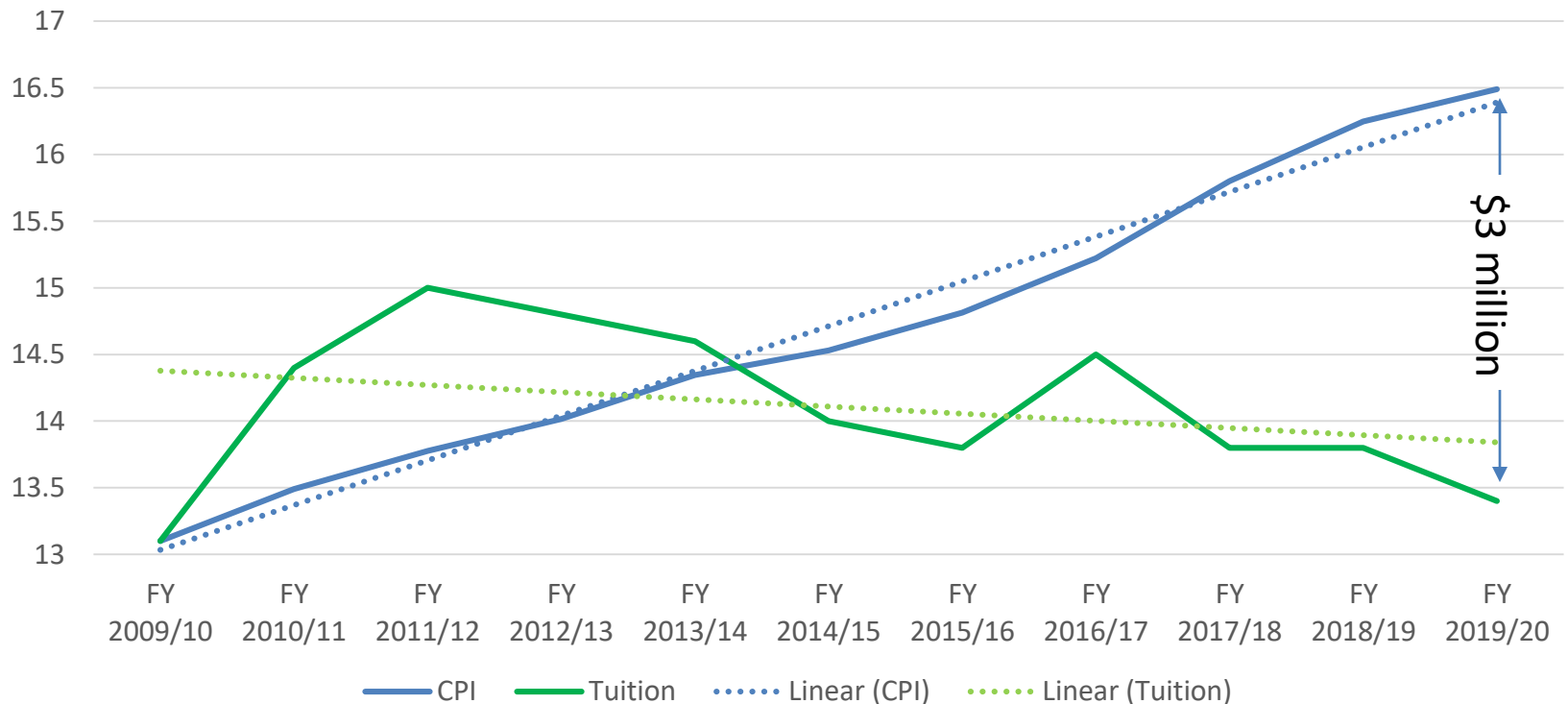
Full-time Equivalent (FTE)



Student Enrollment

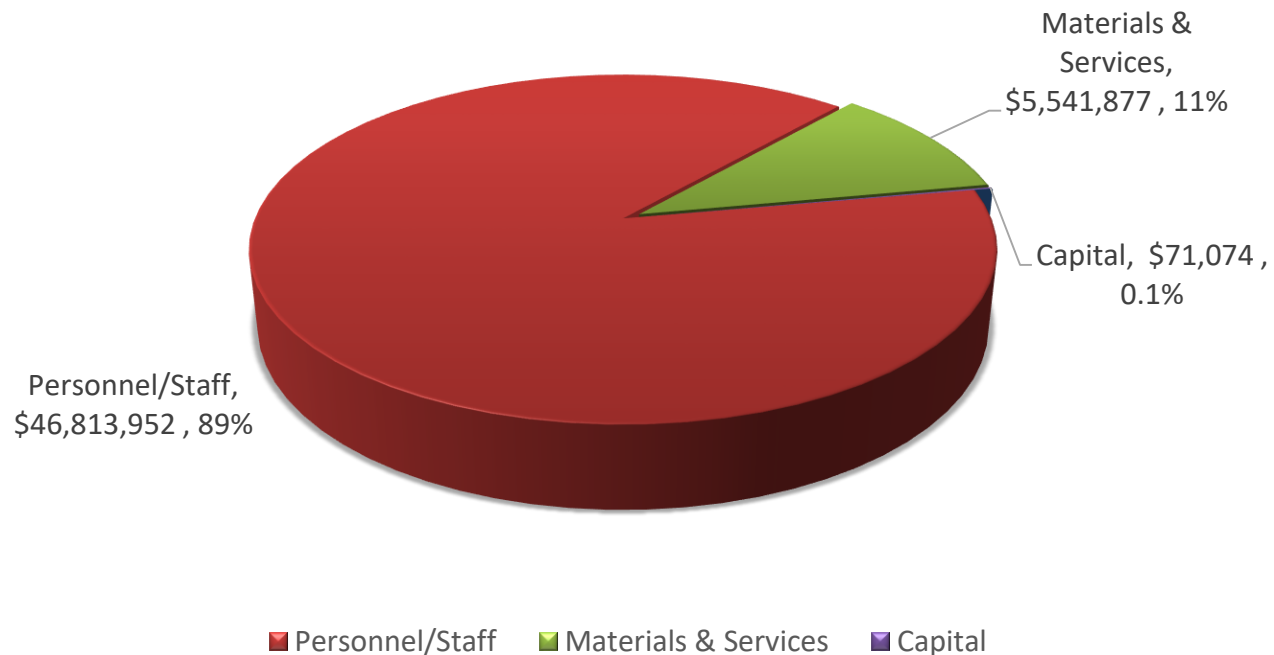
Impacts to Tuition Revenues

Tuition Revenues compared to Consumer Price Index (CPI) (in millions)



Summary of General Fund Expenses

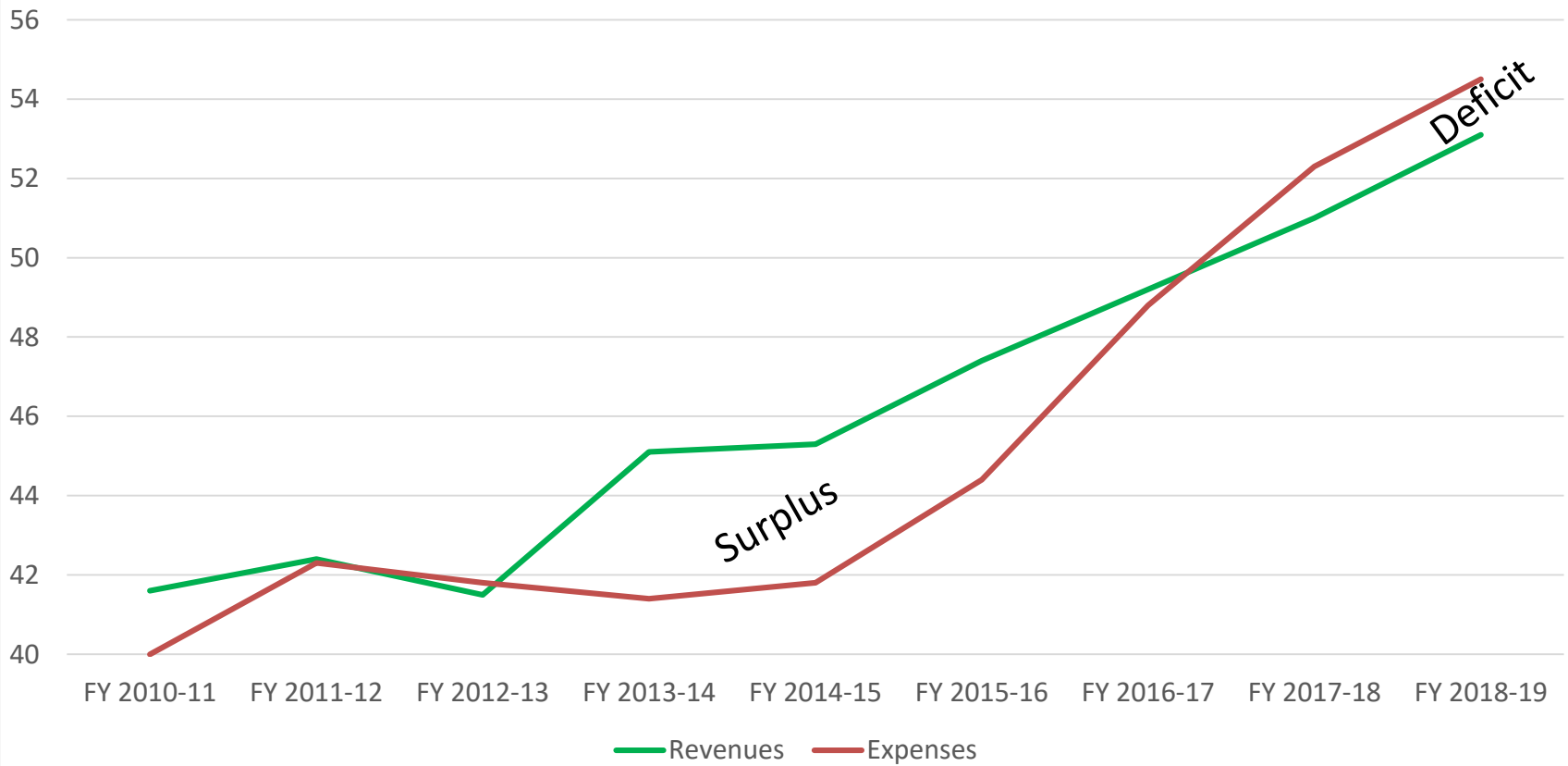
Expenses - General Fund - \$52.4 million



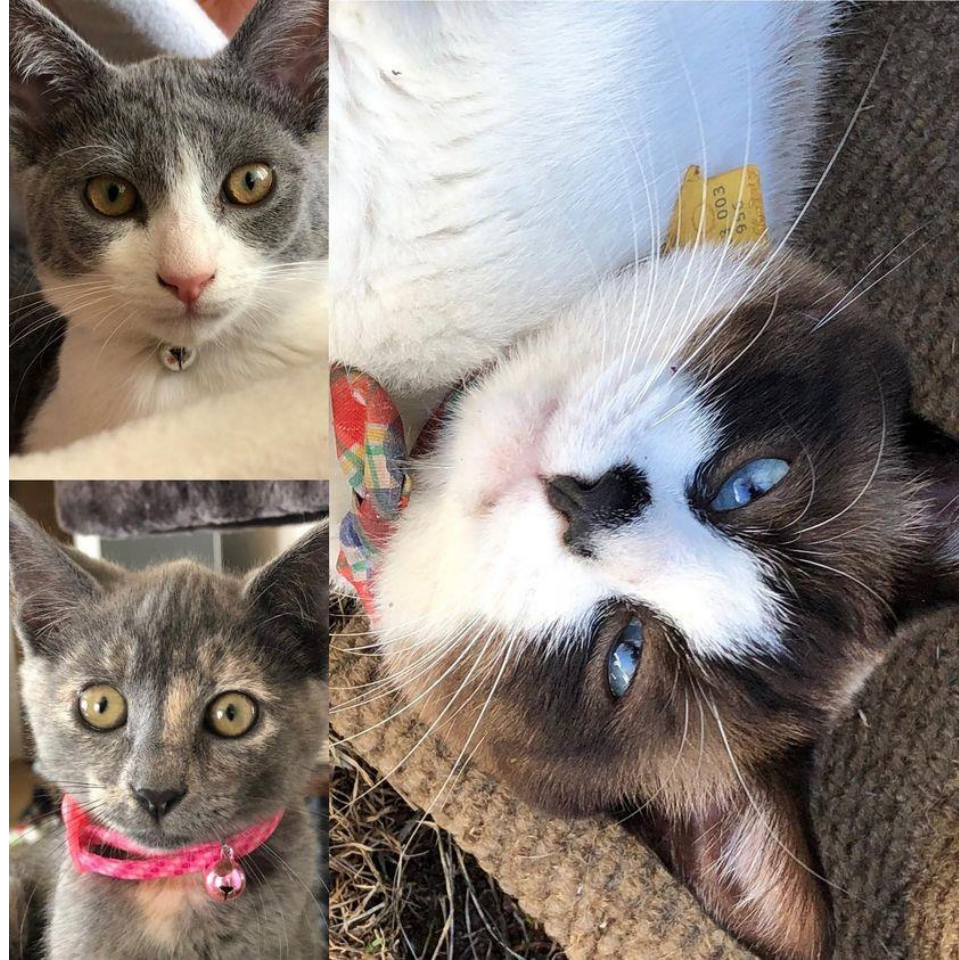
- Expenses based on FY 2020-21 Annual Report
- Note doesn't include \$1.9m in transfers out to reserves

Operating Revenues vs. Expenses (the good times vs. the bad times)

Revenues vs. Expenses for the last 10 years (in millions)



Questions?



CCC Forecast



2021-24 Forecast Assumptions

3% Tuition Increase Annually

4.5% Property Tax Increase Annually

5% increase in enrollment in the current year and next year (from 2020-21 pandemic numbers)

CCSF increases at a rate of 3% annually (6% per biennium)

At least 5% of expenses won't be spent in current year due to savings from vacant positions, along with materials and utility savings from still not fully being on-campus

Forecast Highlights:

<i>In Thousands (000's)</i>	2019-21 BIENNIUM	2021-23 BIENNIUM		2023-25 BIENNIUM
	Actuals 2020-21	Projected 2021-22	Projected 2022-23	Projected 2023-24
Revenue and Transfers In				
State Appropriation	\$ 18,514	\$ 19,836	\$ 19,021	\$ 19,792
Property Taxes	21,362	22,303	23,320	24,384
Total Public Resources	39,877	42,138	42,342	44,177
Tuition, Net of Waivers	12,701	13,685	14,738	15,126
Other Revenue	6,098	3,072	1,824	1,803
Transfers In, Ongoing	150	100	-	-
Total Operating Revenue	58,826	58,994	58,904	61,106
Change Over Prior Year	3%	0%	0%	4%
Expenditures and Transfers Out				
Wages	31,185	33,637	35,801	37,319
Payroll Taxes and Benefits	15,629	16,086	18,398	19,320
Materials & Services/Capital Outlay	5,613	8,407	8,857	9,057
Transfers Out, Ongoing	1,916	1,816	1,703	1,656
Total Operating Expenditures	54,342	59,945	64,759	67,352
Change Over Prior Year	-5%	10%	8%	4%
Operating Surplus (Deficit)	4,483	(951)	(5,855)	(6,246)
Net Transfers In (Out), One-Time	1,700	(8,000)	6,000	6,500
Total Surplus (Deficit)	6,183	(8,951)	145	254
Ending Balance, June 30	\$ 14,746	\$ 5,795	\$ 5,940	\$ 6,194
Minimum Balance				
Ending Balance, June 30, above	\$ 14,746	\$ 5,795	\$ 5,940	\$ 6,194
Minimum Balance -- 10% of Revenue	(5,868)	(5,889)	(5,890)	(6,111)
Fund Balance in Excess of Minimum	8,878	(94)	50	83

- Tuition impacts largely offset by federal relief funds.
- Current 3-year forecast remains balanced with federal funds able to offset lost revenues, plus current + last year's cost savings, along with immediate savings of \$2 million from issuance of pension bonds.
- Primarily one-time savings and uses all PERS reserves by 2024. FY 2024-25 becomes a gap (depending on future enrollment & CCSF).

Forecast Uncertainties

- Current Forecast assumes a +5% increase in enrollment from the 2020-21 pandemic figures: At present we are nearly flat (0%) compared to last year at this time, and suspect positive fall term numbers thus far come from strong enrollment from our high school ACC programs compared to last fall. Prior to ACC reporting last week, we (along w/ most colleges) were showing signs of actually being down anywhere from 6% to 13% from last fall in traditional FTE.
- While we have some extra ARPA funds we can redirect to cover these lost revenues this year, if enrollment doesn't come back, it will impact tuition revenues in out years.



QUESTIONS

ANSWERS

Fiscal Year 2022-23 Budget Process Next Steps

Budget Process Highlights

Year End Data Complete/Audit	October, 2021
BAG Meetings Kick Off	November 9, 2021
Board of Education (Forecast Update)	November 17, 2020
Ongoing BAG meetings, Drop in Sessions, Communications	December, 2021 – March, 2022
Board of Education (Budget Principles, Work Session)	January 19, 2022
Board of Education (Tuition and Fees)	February 16, 2022
Board of Education (Tuition and Fees vote, Forecast Update)	March 16, 2022
Proposed Budget	April, 2022
Budget Committee Meetings	May 11 & 18, 2022
Public Hearing/Board adoption	June 29, 2022

Questions?

