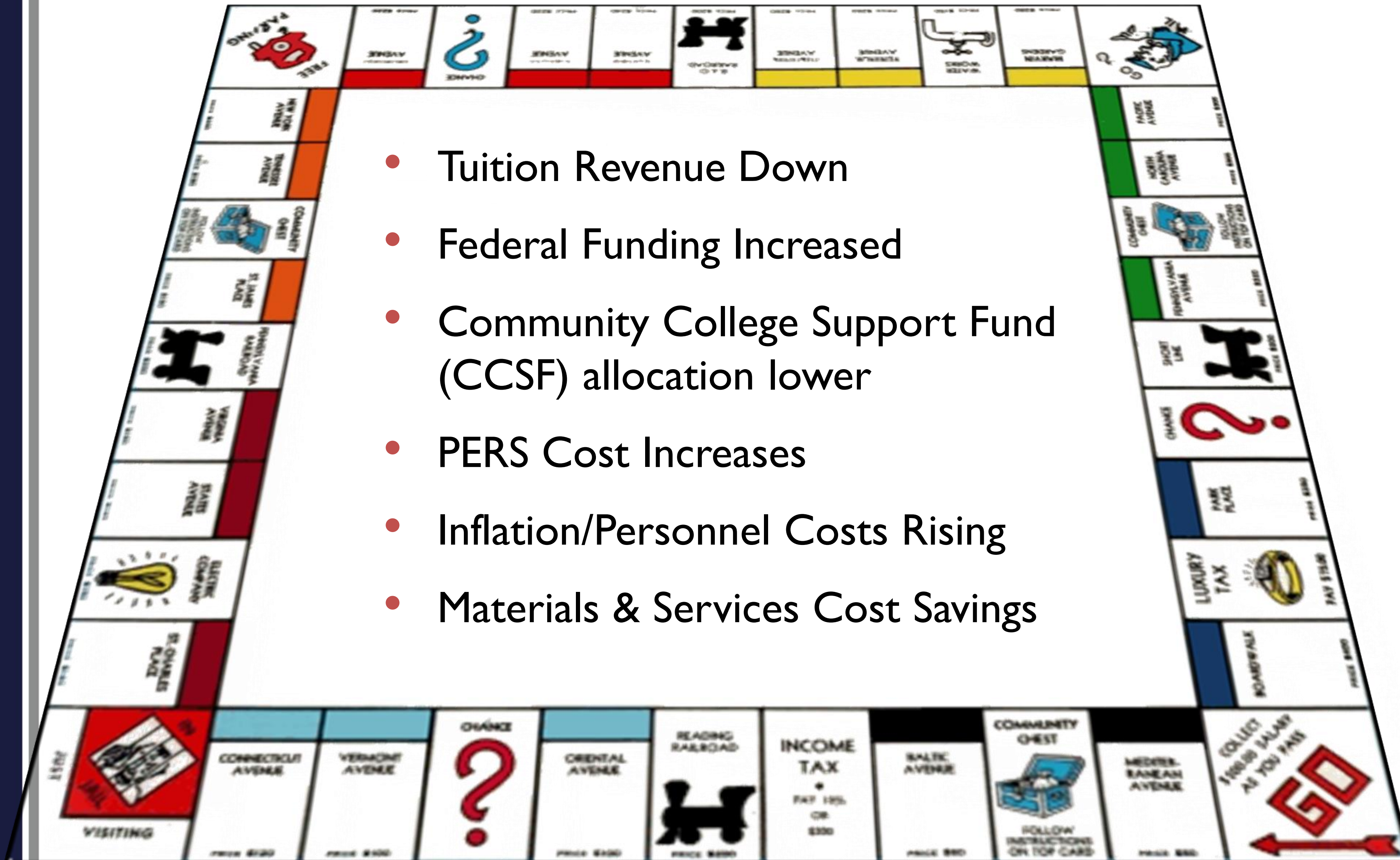
Forecast

BAG Update

February 8, 2022

Education That Works | Clackamas Community College

Primary Forecast Changes from Last Fall



- Tuition Revenue Down
- Federal Funding Increased
- Community College Support Fund (CCSF) allocation lower
- PERS Cost Increases
- Inflation/Personnel Costs Rising
- Materials & Services Cost Savings

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Primary Forecast Changes from Last Fall

- Year-to-date enrollment is down -5%, and was originally forecasted at +5%. This shift is roughly a $2 million swing in projected tuition revenues from the November forecast.

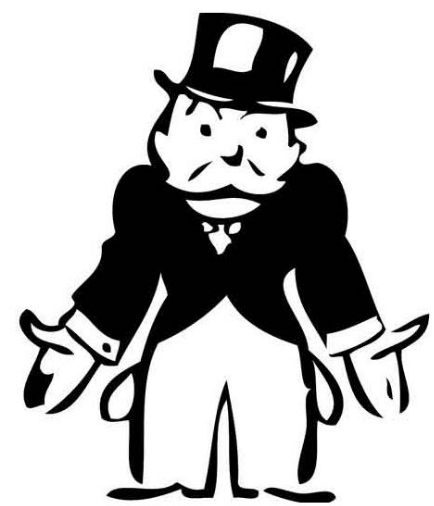
- This fortunately is being mitigated in the current year with the use of Federal American Rescue Plan one-time federal funds, but this shift in enrollment has decimated nearly all of those funds.

Note - Updated forecast still assumes +10% in overall enrollment from 2020-21 numbers, which translates to an aggressive enrollment projection over the next two years (+15%)to compensate for the shift in the current year.

Not increasing enrollment assumptions have a severe impact to forecast (e.g. – assuming a flat enrollment (remaining unchanged from the current year) over the next two years, would increase the year-three deficit by over $3 million from lost tuition revenues.

Primary Forecast Changes from Last Fall

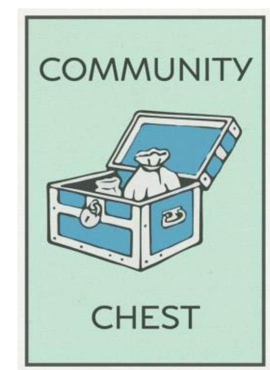
- Community College Support Fund (CCSF) allocation – Due to lower enrollment compared to peer colleges, our portion of the CCSF pie (usually 5.7% to 6% annually), is down to 5.1% to 5.4% over the forecast.
  - Primarily due to enrollment drops from pandemic being larger than peer colleges:
  - Clackamas enrollment from 2018-19 to 2020-21 was -25%
    - Other 16 colleges' combined enrollment drop is -20%
  - Clackamas last year in 2020-21 was a -15% drop
    - Mt Hood CC -8%
    - PCC -9%
    - Linn Benton CC-12%
    - Lane CC -14%
    - Chemeketa CC -14%



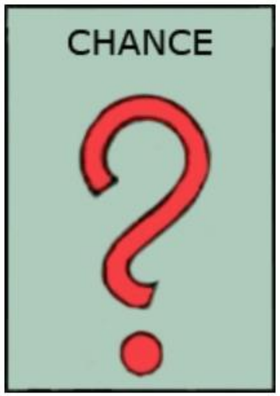
Primary Forecast Changes from Last Fall

- PERS cost projections increased significantly in December when the PERS Board voted to lower the assumed investment earnings on the billions of dollars they currently are investing from 7.2% annually, down to 6.9%. This temporarily created a 3% increase in our PERS rates, or roughly $1.75 million impact to our forecast.

- PERS investments earned over 20% for 2021, which was far in a way exceeding the 10% projections we were basing the November forecast on. This larger investment earnings lowered the estimated PERS increased from 3.0% down to 0.9% (or roughly negating $1.25 million of the above impact). Thus the net PERS increase is roughly $500,000 above November.

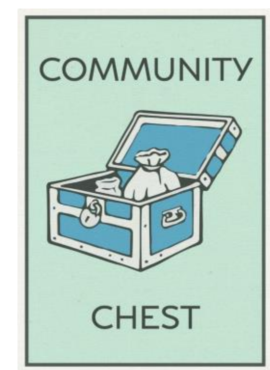


Primary Forecast Changes from Last Fall



- Since the majority of the operating costs are directly connected to the salaries of the employees who operate the college, and since those salaries are increased commensurately with inflation. There is a large forecasted increase of over $1.5 million in personnel costs as the inflation rates have risen significantly more than anticipated since November.

- While we had noted that there could be possible savings in materials, services, printing, travel and utilities costs if we remained in remote operations for longer than anticipated, we didn't include that savings in the forecast. The updated forecast now accounts for as much as $1.3 million in additional one-time savings from the continued remote operations that has been happening for much of the year.



Forecast Assumptions

3% Tuition Increase Annually.

4.5% Property Tax Increase Annually.

Current year enrollment of +5%, and +5% in 2022-23 for an overall +10% increase from 2020-21 numbers over the three years.

Increase in CCSF of 3% annually (6% for next biennium)

CLACKAMAS COMMUNITY COLLEGE
GENERAL FUND FORECAST

updated 2/1/2022

In Thousands (000's)	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	$ 19,779	$ 18,743	$ 19,304
Property Taxes	21,362	22,303	23,320	24,384
Total Public Resources	39,877	42,082	42,063	43,688
Tuition, Net of Waivers	12,701	12,415	13,991	15,059
Other Revenue	6,098	4,622	1,846	1,853
Transfers In, Ongoing	150	100	-	-
Total Operating Revenue	58,826	59,218	57,901	60,599
Change Over Prior Year	*3%*	*1%*	*-2%*	*5%*
Expenditures and Transfers Out				
Wages	31,185	**33,637**	36,710	38,378
Payroll Taxes and Benefits	15,629	16,086	18,710	19,496
Materials & Services/Capital Outlay	5,613	**7,080**	8,846	9,056
Transfers Out, Ongoing	1,916	1,816	1,703	1,656
Total Operating Expenditures	54,342	58,618	65,969	68,586
Change Over Prior Year	*-5%*	*8%*	*13%*	*4%*
Operating Surplus (Deficit)	**4,483**	**600**	**(8,068)**	**(7,987)**
Net Transfers In (Out), One-Time	1,700	(9,400)	7,900	7,500
Total Surplus (Deficit)	6,183	(8,800)	(168)	(487)
Ending Balance, June 30	$ 14,746	$ 5,946	$ 5,778	$ 5,291
Minimum Balance				
Ending Balance, June 30, above	$ 14,746	$ 5,946	$ 5,778	$ 5,291
Minimum Balance -- 10% of Revenue	(5,868)	(5,912)	(5,790)	(6,060)
Fund Balance in Excess of Minimum	8,878	34	(12)	**(769)**

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What could change the forecast?

- Enrollment changes
  - As noted, the current forecast projects a relatively aggressive assumption that enrollment will begin returning to 2018-19 numbers and requires a +15% increase over the next two years to remain on track.
- Tuition and fee rate changes
  - $3 per credit per year increase is in the traditional forecast, but tuition isn't tied to an inflation index as it is in some other colleges. The Board will decide tuition rates at the March board meeting.
- Labor agreements
  - The bargaining contracts are still in negotiations, so full impacts are not yet known. Projections currently put in for CPI salaries increases and nothing more.
- Community College Support Funds (CCSF) for 2023-25
  - The current forecast is for a 6% increase in next year's CCSF funding in order to keep pace with inflation. The actual amount of CCSF increase won't be known until around spring of 2023.

QUESTIONS?