Portland Community College
FY19-21 Budget Update Session

June 24-28, 2019
PCC Finance & Administration
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<tbody>
<tr>
<td>17-18</td>
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<td>18-19</td>
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<tr>
<td><strong>Budget</strong></td>
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<tr>
<td>Work on Phase 1* of new distribution formula</td>
<td>Complete Phase 1* of new distribution formula</td>
<td>Work on Phase 2* of new distribution formula</td>
<td>Complete Phase 2* of new distribution formula</td>
<td>Work on Final Phase* of new distribution formula</td>
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<tr>
<td><strong>Strategic Plan</strong></td>
<td>Structural Study</td>
<td>Continue Strategic planning Process (Env Scan, External Input, Internal Input, etc.)</td>
<td>Align Plan with 21-23 Budget By March of 21</td>
<td>New distribution formula completed and implemented in 23-25</td>
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<td>Accreditation</td>
<td>Mid Cycle Visit</td>
<td>Review Mission Statement</td>
<td>Full Cycle Visit in Spring of 2022</td>
<td>New budget model implemented</td>
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*End of Work Plan Beginning of Strategic Plan*
# Budget Overview – Comprehensive Budget

<table>
<thead>
<tr>
<th>FUND</th>
<th>1&lt;sup&gt;st&lt;/sup&gt; Year FY 19-21</th>
<th>2&lt;sup&gt;nd&lt;/sup&gt; Year FY 19-21</th>
<th>Total Biennium</th>
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<tbody>
<tr>
<td>General Fund</td>
<td>$ 243,849,652</td>
<td>$ 264,597,599</td>
<td>$ 508,447,251</td>
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<td>Special Revenue Funds</td>
<td>$ 153,068,628</td>
<td>$ 154,088,016</td>
<td>$ 307,156,644</td>
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<td>Capital Projects Funds</td>
<td>$ 71,385,817</td>
<td>$ 180,697,888</td>
<td>$ 252,083,705</td>
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<td>Enterprise Funds</td>
<td>$ 22,468,226</td>
<td>$ 20,698,571</td>
<td>$ 43,166,797</td>
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<td>Internal Service Funds</td>
<td>$ 27,225,696</td>
<td>$ 55,472,863</td>
<td>$ 82,698,559</td>
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<td>Fiduciary Funds</td>
<td>$ 784,951</td>
<td>$ 703,398</td>
<td>$ 1,488,349</td>
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<td>Debt Service Funds</td>
<td>$ 73,605,958</td>
<td>$ 79,902,022</td>
<td>$ 153,507,980</td>
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<td>Total – All Funds</td>
<td>$ 592,388,928</td>
<td>$ 756,160,357</td>
<td>$1,348,549,285</td>
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<tr>
<td>Date</td>
<td>Event Description</td>
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<td>April 18</td>
<td>Board met as College Budget Committee to approve proposed biennial budget.</td>
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<td>May 15</td>
<td>TSCC Public Hearing to approve and certify budget.</td>
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<td>June 27</td>
<td>Board approves FY 19 supplemental budget.</td>
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<td>(Public notice required due to pension obligation bonds.)</td>
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<td>June 27</td>
<td>Board holds public meeting to adopt the biennial budget and appropriations and approve resolution to levy taxes.</td>
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<td>July 15</td>
<td>File Property Tax Levy Forms &amp; Adopted Budget with TSCC, County Assessors, and Oregon Department of Revenue.</td>
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Oregon economy is growing at a much slower pace and no longer significantly outperforming the nation.
• During the peak tax filing season, Oregon saw record collections of both personal and corporate income taxes- up 50% over the same time last year.
• Oregon kicker (largest ever) has been triggered for both personal income and corporate taxes.
• $870 million of additional (more than predicted previously) ending General Fund balance pushed into the next budget.
• Personal Income kicker of $1.4 billion expected.
• Proposals to retain a portion – up to $500 million – of the tax rebate to use for things like PERS unfunded actuarial liability, transportation, housing, foster care, state police force, and towards college affordability OR the rainy day fund. (Two-thirds support in House & Senate)
• Corporate tax kicker of $616 million for the biennium will be dedicated to K-12 education spending.
Community College Support Fund (HB 5024)

- Proposed PCC Budget forecasts the Community College Support Fund at $590 million consistent with the Joint Committee on Ways and Means preliminary budget framework and recognized by the Legislative Fiscal Office.
- Proposed Amendments to House Bill 5024 set the Community College Support Fund at $640,926,933.
- CCSF is increased by $50 million General Fund or 8.5%.
- Oregon Promise is funded at $40 million.
- Oregon Opportunity Grants are funded at $109,510,413.
PERS Cost Containment *(SB 1049)*

- Directs DAS to transfer the net proceeds of sports betting games to PERS. (Employer Incentive Fund)
- Estimated to save public employers more than $1 billion a biennium beginning in 2021.
- Does not affect employer rates in the upcoming 2019-21 biennium.
- Current PERS retirees are not impacted by the changes.
- Effective Immediately upon Governor’s signature.
- Sixty day window to file a petition to challenge the law when it becomes effective.
PERS Cost Containment (SB 1049)

- Reduces PERS system-wide rate increases by an expected 5.43% in the 2021-23 biennium
  - Savings come from re-amortizing the Tier 1/Tier 2 Unfunded Actuarial Liability (UAL) from 20 to 22 years.
  - Re-directing a portion of the 6% employee defined benefit contributions to the Individual Account Program (IAP) back to PERS (pension plan) until funded status of the retirement program reaches 90%. (Tier 1/Tier 2.5%; OPSRP .75%)
  - Limits final average salary to $195,000 indexed to inflation on an annual basis.
- Allows retirees to continue working after retirement with the elimination of the existing hours’ limitation without affecting benefits – sunsets 2025.
- Adds new requirements before local governments may issue Pension Obligation Bonds.
Additional PERS News

• Milliman recommends the continuation of using 7.2% as the long-term future investment return assumption (assumed rate).
• Milliman also recommends maintaining payroll growth assumptions of 3.5% annually and making slight adjustments to administrative expense estimates.
• PERS Board will adopt assumptions for use in upcoming valuations on July 26th.
• Rate of Return for the System through April was 6.09% although the market has been more volatile in the past month.
Student Success Act (HB 3427)
Governor Signed on May 16th

- Funds K-12 Only – Not Oregon Community Colleges
- Creates a Corporate Activity Tax (CAT) – Beginning January 1, 2020
  - Establishes the “Fund for Student Success”
  - Based on Commercial Activity Conducted by Businesses
  - $250 plus 0.57% on taxable commercial activity above $1M
  - Subtraction for the greater of input costs or labor costs
  - Reduces Personnel Income Tax for 3 lower brackets by .25% each
  - Net Impact (after the reduction of personal income taxes):
    - $1,175 billion FY19-21
    - $2,111 billion FY21-23
    - $2,306 billion FY23-25
Strategic Enrollment Management

2020 Goals:

• Increase our pool of prospective students pool by 100% and improve the number of students who enroll by 2%

• Improve fall-to-fall retention of all students by 1%.

• Close the retention and completion gaps between underserved student populations and other students by 1%.
Strategic Enrollment Management

How does SEM affect budget?

• A decline in enrollment of 1% is roughly a reduction of $1 million

• If we can increase the number of admitted students who enroll fulltime by just 2%, we would eliminate the current decline in enrollment

• Current Fall-to-Fall retention is ~44% - if we improve that by just 1%, our enrollment rate would be flat
Strategic Enrollment Management

SEM and YESS Strategies:

• Marketing consultant study completed: recommendations on recruitment strategies, resource investments, communications plans

• Investing in recruitment:
  – EnrollmentRX for better communications with students, managing events, tracking student interest, and relationships
  – Expanded recruitment team (6 FTE) to be able to focus beyond high schools, to adult and online learners, partnerships with employers, and diverse community populations

• Refining our recruitment - to - admissions process, to be smoother for students, and to better support meeting the needs of diverse populations
Strategic Enrollment Management

SEM and YESS Strategies:

• Advising Redesign: creating inescapable engagement with students at critical points along the path towards achieving their goals

• Building a foundation for Guided Pathways:
  – Support best-practices in teaching and learning in developmental education and gateway courses
  – Review of strategic course schedule practices to ensure our students can get the courses they need when and how they need them

• Diversity, Equity, and Inclusion: Support and increase specific practices and policies aimed at reducing opportunity gaps
Campaign Priority 1: Student Scholarships

Campaign Priority 2: Future Connect

Campaign Priority 3: Workforce

Campaign Priority 4: Hardships

$30 Million Goal!
Beyond Scholarships

• Program support
• Food insecurity
• Fee forgiveness
• Emergency grants
Emergency Grants

“I had to travel this term for a family emergency, and lost time from work. I am currently facing a 72-hour eviction notice. This grant, along with other funds I’ve found, will help me pay rent and stay in my apartment.”

“I have recently left an abusive relationship with the person who was supporting me financially. I am waiting to start a new job in two weeks, and have found a new housing situation, but I need help in the meantime.”