

Board Budget Committee

Work Session & Budget Hearing

March 19, 2015



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Uncertainty and complexity are conditions of PCC's budget development process:

- Soft and fragile economic recovery
- Declining enrolments – when will they stabilise?
- Share of CCSF and cap considerations
- PERS
- Will the Kicker 'kick?'
- Contract negotiations
- Restructuring of higher education
- Outcomes based funding

New recurring costs:

- Bond build out and operation of new facilities: Southeast Campus
- Title III Grant commitment at expiration



Expenditures Update

- PERS, liability insurance, and utility budgets may need budget increases.
- Collective bargaining is ongoing, but we have not started salary/benefit discussions.
- While a balanced budget will be delivered, it may not be able to address all the underlying infrastructure needs.
- Work is continuing on refining earlier estimates.
- Budget development process for the other fund types is progressing well.



Recent history:

- No longer supported by reserve spending
- Balanced budget in this biennium

Special pools (if funds permit):

- Replenish fund balance
 - \$37.5M in 2010 to \$17.8M in 2014
 - Board policy sets minimum at 8%, i.e. \$16M
 - Industry standards are typically 5% to 15%
- Provide funding for strategic planning – align budget with priorities
- Establish funding for large equipment items that are “game changers”



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Community College Support Fund (CCSF) Allocation (Current Biennium \$450M + \$15M)

What might we reasonably expect from State support?

- OCCA recommended \$650M in CCSF to maintain progress toward 40-40-20
- Partnered with 4-year institutions in unified message for higher education funding
- Governor's direction was to keep requests less than 20% over current biennium
- HECC recommendation to Governor was \$519M
- Governor's recommended budget is \$500M
- OCCA request to make some small advances is \$550M
- Co-chair budget puts us at \$535M with possibility of going to \$550M



Concerns

Escalating cost of CTE programmes

Growth of Dual Credit opportunities

- Funding
- Quality
- Competition

Associate Degree offerings at 4-year institutions



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Opportunities

Grow partnerships with K-12, business, and 4-year institutions

- High School Academy
- University Centres

Grow online curriculum

Increase retention and student success

- Greater alignment of support services
- Panther Path
- Enhanced commitment to equity

Analyse PCC's advantages in the outcomes based funding model



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Driving Philosophy

Keep revenue projections conservative

- Set base CCSF at \$519M
- Include an enrolment decline of 5% in year 1 and 3% in year 2 (cap may not be a significant factor)
- Property tax: still \$750K-\$1M increase a year

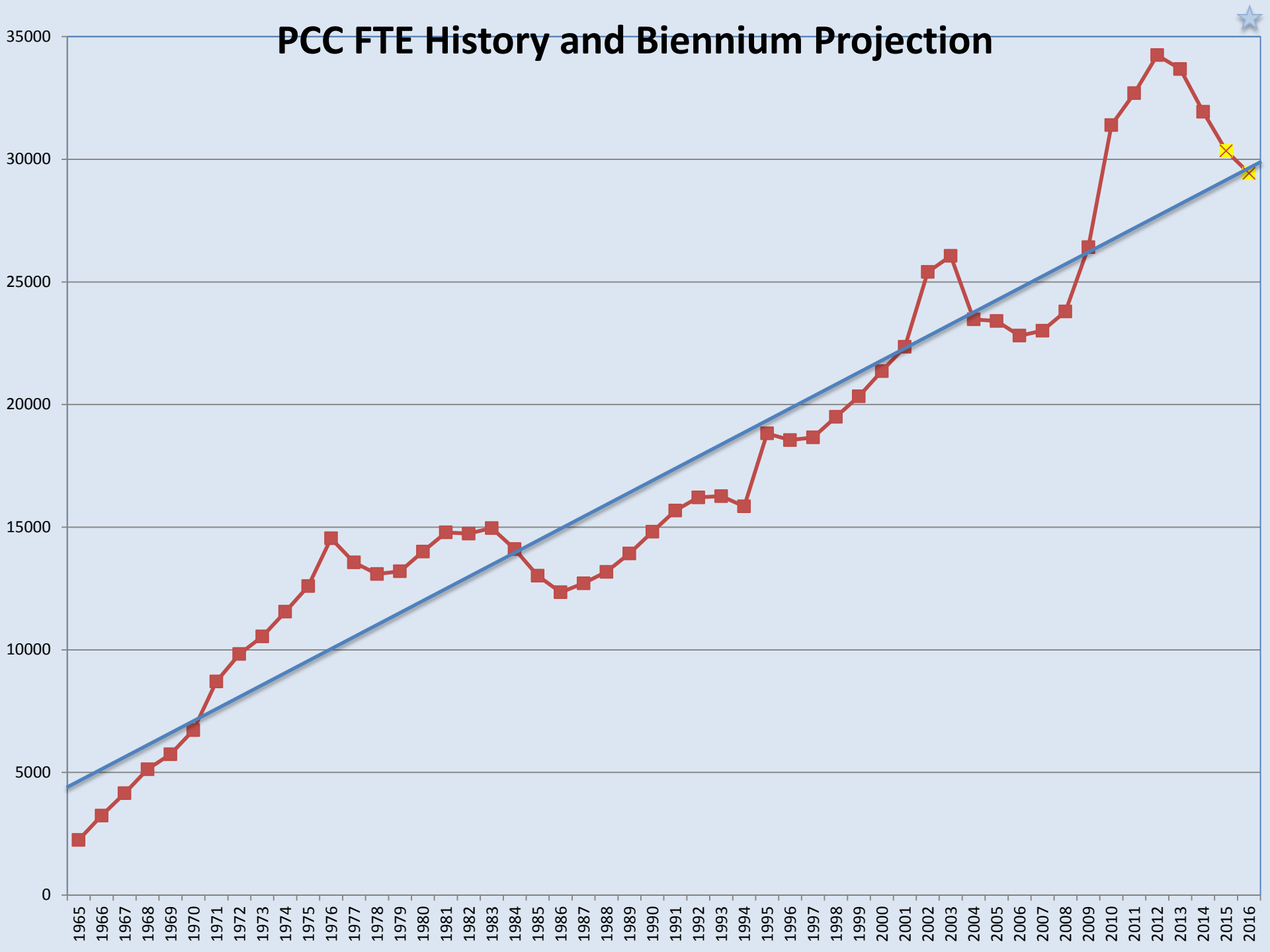
Maintain affordability

- Keep tuition appropriate to middle of all Oregon Community Colleges
 - Currently 7th in cost per credit hour; 12th in annual tuition and fees
 - Currently ~14th in per student revenue (OR T&F + TPR)

Monitor expenditures, e.g. match course offerings to enrolments



PCC FTE History and Biennium Projection



Further Considerations

How might we significantly impact affordability without adversely affecting quality?

- Open source textbooks

We must balance our budget and rebuild reserves

We should resist the temptation to increase across the board

- Fund strategic initiatives
- Provide for growth of existing programmes



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Future Opportunities

In this uncertain climate, a tuition increase in the first year (\$4) of the biennium was prudent. We should revisit the proposed increase in the second year (\$3) should the funding picture improve.

We must continue to advocate for increased funding for higher education in the legislature and the appropriate allocation of the CCSF; this is especially important if economic forecast continues to improve, or if there is a legislative change to revenue in the next biennium. (State revenue projections for the 2015-17 biennium declined by \$124M from the December forecast. Unless the trend reverses in the May forecast, it is less likely that additional funds will be made available.)



Continue Engaging the College's Stakeholders in Our Budget Planning Process

- We have developed a more comprehensive budget planning process that begins in the summer and continues throughout the year.
- The College BPAC meets the first Thursday of each month to provide feedback on budget development.
- We have scheduled budget forums at each campus to share budget thoughts and progress.
- We will continue to update the College as the budget picture becomes more clear.



Budget Forums

Budget forums have been scheduled for each campus:

- April 1st Rock Creek – Event Center A, 1:30 pm
- April 6th Cascade – Terrell Hall 112, 11:00 am
- April 7th Southeast – Tabor Hall 146, 10:00 am
- April 7th Sylvania – ST 100, 3:00 pm



Key Dates for Budget Timelines

- **March to June** - Legislative budget deliberations
- **March to ???** – Collective bargaining with union representatives
- **April 16** - Board meets as the budget committee, holds public hearing on the proposed 2013-15 budget, and adopts a resolution to approve the proposed budget

***Note:** Changes can be made after approval of the budget through the adoption of the budget. There is no limit if the budget is decreasing and a 10% limit if the budget is increasing. The budget can be amended after adoption through the supplemental budget process.*

- **May 14** - Next Oregon Economic and Revenue Forecast.
- **May 19** - TSCC to hear and certify our approved budget. The hearing will be held at 1:00 pm at the Downtown Center
- **June 18** - Board to hear the certified budget and adopt the budget and tax levies.



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Thank you!

