

Adopted Budget & Budget Update FY '19-'21

Board of Directors – Work Session
October 24, 2019

Adopted Budget FY 2019-2021

The overall Budget process involves **proposal, approval, and adoption** of the Biennium 2019-2021.

- The Adopted Budget was mailed to Board members. It represents the final 2019-2021 Biennium Budget Document. The final published document includes additional informational components that were not required to be included in the proposed budget.
- The summary sections of the Adopted Budget include:
 - Budget Message
 - College Overview
 - Department Summaries
 - Planning and Goals
 - Fiscal Projections & Assumptions
 - Budget Process and Structure
 - Debt Summary
 - Capital Summary
 - Fund Budgets
 - Notice of Budget Committee Meeting and Resolution 19-091
 - Notice of Budget Public Hearing and Resolution 19-091
 - Preparation of the ED – 50

Form CC-1

The CC-1 is a more detailed version of the summary of the Budget document.

- **Financial Summary Sections:**
 - Resources
 - Requirements by Object Classification
 - Requirements by Full-time Equivalent Employees (FTE) by function
 - Property Tax Levies
 - Statement of Indebtedness

More in-depth training for new board members will be provided.

Form CC-1

FORM
CC-1

NOTICE OF BUDGET HEARING

A meeting of the Board of Directors of Portland Community College District will be held on May 15, 2019
(Governing Body) (Date)
at 10:00 ☒ a.m. ☐ p.m. 722 SW 2nd Ave, Portland, OR 97204 The purpose of this meeting
(Location)

is to discuss the budget for the BIENNIAL beginning July 1, 2019 as approved by the Portland Community College Budget Committee.
(Committee)

A summary of the budget is presented below. A copy of the budget may be inspected or obtained at 722 SW 2nd Ave, Portland, Oregon
between the hours of 8:00 a.m. and 5:00 p.m.. This budget was prepared on a basis of accounting that is ☒ consistent ☐ not consistent with the
basis of accounting used during the preceding year. This budget is for an ☐ annual; ☒ biennial budget period.
Major changes, if any, and their effect on the budget are explained below.

Contact Telephone Number E-mail
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FINANCIAL SUMMARY - RESOURCES

TOTAL OF ALL FUNDS	Actual 2015-2017	Adopted Budget This year 2017-2019	Approved Budget Next Year 2019-2021
1. Beginning Fund Balance	\$210,475,620	\$140,888,540	\$315,631,188
2. Current Year Property Taxes, other than Local Option Taxes, ...	\$144,127,017	\$136,361,459	\$181,327,216
3. Current Year Local Option Property Taxes	\$0	\$0	\$0
4. Tuition and Fees	\$188,989,105	\$207,296,174	\$190,662,592
5. Other Revenue from Local Sources	\$80,468,632	\$87,915,472	\$79,013,089
6. Revenue from State Sources	\$188,703,649	\$206,967,074	\$229,062,403
7. Revenue from Federal Sources	\$274,199,231	\$317,876,507	\$243,956,787
8. Interfund Transfers	\$36,597,487	\$44,426,430	\$57,751,022
9. All Other Budget Resources	\$157,675,744	\$24,120,931	\$51,154,988
10. Total Resources	\$1,281,236,485	\$1,165,891,587	\$1,348,549,285

FINANCIAL SUMMARY - REQUIREMENTS BY OBJECT CLASSIFICATION

11. Personnel Services	\$421,440,718	\$452,813,621	\$467,423,895
12. Materials & Services	\$128,394,453	\$120,364,298	\$107,466,629
13. Financial Aid	\$252,437,236	\$282,901,556	\$217,451,158
14. Capital Outlay	\$66,504,064	\$63,183,065	\$159,661,981
15. Debt Service	\$238,114,849	\$90,669,044	\$149,728,894
16. Interfund Transfers	\$36,597,487	\$44,426,430	\$57,751,022
17. Operating Contingency	\$0	\$61,342,273	\$59,737,949
18. All Other Expenditures	\$0	\$0	\$0
19. Unappropriated Ending Fund Balance & Reserves	\$137,747,678	\$50,192,300	\$129,327,757
20. Total Requirements	\$1,281,236,485	\$1,165,891,587	\$1,348,549,285

FINANCIAL SUMMARY - REQUIREMENTS AND FULL-TIME EQUIVALENT EMPLOYEES (FTE) BY FUNCTION

Function			
Full-Time Equivalent Employees (FTE) for Function			
Instruction	\$267,848,162	\$279,646,313	\$283,298,739
FTE	1,691.95	1,691.42	1,679.74
Instructional Support	\$47,605,500	\$48,994,984	\$48,715,742
FTE	245.19	242.65	245.03

Student Services Other than Student Loans & Financial Aid	\$ 51,071,789	\$ 59,320,064	\$ 60,301,651
FTE	365.87	381.46	358.45
Student Loans and Financial Aid	\$ 252,437,236	\$ 282,901,556	\$ 215,905,184
FTE	8.00	4.43	4.93
Community Services (Enterprise)	\$ 40,689,938	\$ 50,226,717	\$ 36,859,127
FTE	161.16	159.29	122.46
College Support Services Other than Facilities, Acquisition & Construction	\$ 135,288,457	\$ 146,552,906	\$ 149,198,220
FTE	530.78	529.90	522.41
Facility Acquisition & Construction	\$ 73,635,389	\$ 51,630,000	\$ 157,725,000
FTE	23.19	14.09	22.09
Interfund Transfers	\$ 36,597,487	\$ 44,426,430	\$ 57,751,022
Debt Service	\$ 238,114,849	\$ 90,669,044	\$ 149,728,894
Operating Contingency	\$ -	\$ 61,342,273	\$ 59,737,949
Unappropriated Ending Fund Balance and Reserves	\$ 137,747,678	\$ 50,192,300	\$ 129,327,757
Total Requirements	\$ 1,281,236,485	\$ 1,165,891,587	\$ 1,348,549,285
Total FTE	3,023.14	3,023.24	2,955.11

STATEMENT OF CHANGES IN ACTIVITIES AND SOURCES OF FINANCING FROM LAST YEAR*

PROPERTY TAX LEVIES			
	Rate or Amt Imposed	Rate or Amt Imposed	Rate or Amt Approved
Permanent Rate Levy	(Rate Limit 2828 per \$1000)	0.2828	0.2828
Local Option Levy	0	0	0
Levy for General Obligation Bonds	\$83,654,057	\$94,706,356	\$113,451,711

STATEMENT OF INDEBTEDNESS		
Long Term Debt	Estimated Debt Outstanding on July 1	Estimated Debt Authorized, but not incurred on July 1
General obligation Bonds	\$707,588,035	\$0
Other Bonds	\$392,179,566	\$0
Other Borrowings	\$0	\$0
TOTAL	\$1,099,767,601	

*If more space is needed to complete any section of this form, use the space below or add sheets.

General Fund Appropriation Summary

PORTLAND COMMUNITY COLLEGE

ADOPTED BIENNIUM 2019-2021 BUDGET

Budget Overview

Here under is a summary of the General Fund appropriation requirements for the FY 2019-21 Biennium:

GENERAL FUND	1st Year of	2nd Year of	Total
<u>Program Areas:</u>	<u>Biennium 2019-21</u>	<u>Biennium 2019-21</u>	<u>Biennium 2019-21</u>
Sylvania	\$ 47,400,568	\$ 47,298,746	\$ 94,699,314
Rock Creek	36,096,648	36,096,648	72,193,296
Cascade	27,313,860	27,246,636	54,560,496
Southeast	14,998,023	14,990,899	29,988,922
Office of the President	2,131,807	2,132,307	4,264,114
Office of the Exec Vice President	11,304,554	11,240,179	22,544,733
Finance & Administration	58,768,387	58,067,554	116,835,941
Academic Affairs	12,269,058	12,312,501	24,581,559
Student Affairs	14,453,502	14,453,502	28,907,004
Transfers	3,880,422	2,792,483	6,672,905
Contingency	15,232,823	15,232,823	30,465,646
TOTAL APPROPRIATIONS	\$ 243,849,652	\$ 241,864,278	\$ 485,713,930
Unappropriated Ending Fund Balance	0	22,733,321	22,733,321
	<u>\$ 243,849,652</u>	<u>\$ 264,597,599</u>	<u>\$ 508,447,251</u>

Note: Unappropriated Ending Fund Balance is not an appropriation

- Adopted Budget Prior to CCSF Increase

Contingency Appropriation – Adopted GL Budget

Biennium	Appropriation	Adopted GL Budget	% of Budget
FY 19-21	\$30,465,646	\$485,713,930	6.3%
FY 17-19	\$38,631,860	\$481,317,742	8.0%
FY 15-17	\$29,163,570	\$446,406,392	6.5%

Contingency Appropriation – Adopted GL Budget

- **Contingency Smaller in the Current Biennium Than in the Past**
- **Less Flexibility for Unforeseen Events & Budget Overruns**
- **Dollars Have Been Allocated for:**
 - Oregon Mandates (Minimum Wage & Pay Equity Act)
 - PERS Increases
 - YESS and Strategic Enrollment Plan Initiatives
 - Basic Unmet Needs (Utilities and IT)
 - Academic Affairs: Special Faculty Release Funding
 - President's Contingency (Strategic Planning, Etc.)
 - Economic Package for Federations (\$13M Budgeted)
 - Unrepresented Increases (Only Partially Budgeted)

Community College Support Fund (CCSF)

- \$640.9M CCSF authorized for the 17 Oregon Community Colleges
- \$590M CCSF estimate used in PCC Adopted Budget
- PCC will receive roughly 1/3 of the CCSF or an additional \$16.8M (\$8.4M per fiscal year FY'20 and FY'21)
- Potential Draws on \$16.8M:
 - Reinvestment Opportunities for Equitable Student Success
 - Economic Package for Classified & Faculty/Academic Professionals
 - Salary Adjustments for Unrepresented Employee Groups
 - Tuition Rollback of Some Kind in FY'21
- Enrollment Cushion – Further Decline in FTE Enrollment from Projections

Tuition Rollback

- Board Approved (Res #19-086, Feb 2019) a \$7 per credit hour (6.0%) in 2020-2021 for resident/border state resident students; \$7 per credit hour (2.8%) for non-resident and international students.
- Res #19-086 states “staff recommends consideration of a rollback of the tuition increase for academic year 2020-2021 should state support be higher than anticipated.”
- Rollback of each \$1 per credit hour equates to approximately \$900,000.
- Further discussion by board and administration on potential rollback in November.
- Final decision on rollback needs to be made no later than February, 2020.

PERS Update

PERS Update

- Rate of Return on Fund (thru August, 2019) **8.87%**
- Rate of Return on Fund (2018) **0.48%**
- Assumed Rate of Return – No Change **7.20%**
- Actual rates of return will not affect PERS rates until the 21-23 biennium.
- Unfunded Actuarial Liability Continues to Grow largely due to 2018 investment underperformance.
 - From \$22.3 billion in 2017 to \$27 billion in 2018 (excluding side accounts);
From \$16.7 billion in 2017 to \$21.8 billion (including side accounts)
 - Funded status (including side accounts) – Fallen from 80% to 75%.

PERS Update

- Summary of 2018 Actuarial Valuations – October 2019
 - Projections of 2021-2023 contribution rates (advisory only)
 - Incorporates savings in SB 1049.
 - Individual employer rates expected in December.
- Employer Incentive Fund- 39 applications \$14.6 million; \$85 million for future applications.

PERS Cost Containment (*SB 1049*)

No new update – on the petition filed in August to the Oregon Supreme Court overturning provisions of the bill including diverting 2.5% (Tier 1 & 2) or .75% (OPSRP) of salary from the IAP to the Pension Program.