

# January 17, 2013

## Board Meeting

## Budget Update

Wing-Kit Chung, Vice President of Administrative  
Services

Jim Langstraat, Associate VP of Financial Services

# Agenda

1. State Funding Level
2. PERS Reminder
3. Enrollment Target
4. Tuition Environment
5. Cost Reduction Efforts
6. 2013-15 Planning & Board Budget Calendar
7. 2013-15 Key Assumptions
8. Questions/Discussion

# State Funding Level

- Governor Kitzhaber has recommended a funding level of \$428 million for community colleges for the 2013-15 biennium. This is an increase from the \$395 million funding level in 2011-13.
- PCC share increases from \$109.7 million in 2011-13 to \$120.6 million in 2013-15.
- However, the increase in state funding will not be sufficient to cover the increased PERS costs for the biennium.
- Contingency plans will be developed for a \$410 million funding level.

# PERS Reminder

- Booking a PERS rate increase of over 8% for the 2013-15 biennium with some relief available from our PERS Debt Service Fund.
- Governor Kitzhaber has proposals for changes to PERS to reduce costs.
- It would be premature to count on any savings from these proposed changes prior to legislative action and the proposals withstanding any potential legal challenges.

# State Funding

- The Education Funding Team (EFT) recommends that in the 2013-15 biennium 30% of formula funding for community colleges be allocated on the basis of the institutions' success at achieving outcomes.
- The recommendation also has “stop-loss” provisions to ensure that institutions do not experience dramatic changes in funding upon implementation of the new formulas.
- We don't exactly know how this will play out in the Governor's proposed budget comes December, but will continue to monitor.

# Enrollment Target

- Budget planning is including an enrollment target of 28,000 up from the target of 22,506 in FY 2012.
- This is close to the actual credit enrollment in FY 2012
- State funding is calculated on a capped enrollment of 26,687.
- More of the budget will be accounted for as base budget and should improve accountability.
- Enrollment will need to be monitored carefully and budget projections modified if necessary.

# Tuition Environment

- Preliminary figures from our fellow community colleges indicate that they are looking at tuition rate increases between \$5 and \$10 dollars for next year.
- The conversations are ongoing and more information should be available in the coming weeks.
- PCC tuition rates for next year will need to be established at the February 21, 2013 Board meeting to meet financial aid packaging timelines.

# Key Risk Factors

- National recession.
- State revenue forecasts.
- State funding reductions after the biennium has begun.
- Salary and benefits negotiations.
- Completion agenda and changes to the funding formula.



# Projected Deficit/Fund Balance

- Depending on the outcome of tuition rate increases and salary and benefit negotiations the annual shortfall will be in the \$5-\$10 million range.
- Fund balance in danger of falling below the Board's minimum target of 7%.

# Expenditure Reductions

- The cabinet has been engaged in discussions on three tracks:
  1. Any compensation and benefits savings possibilities.
  2. Individual campus and divisions have been instructed to come up with plans for their areas calling for reductions of up to 4%.
  3. College-wide ideas, including recommendations from BPAC.

# Key Dates

January 25-Board retreat.

February 6-Initial meeting for Reopener with Federations.

February to June-Legislative budget deliberations.

February 15-Oregon Economic and Revenue Forecast released.

February 21-Board action on tuition rates.

# Key Dates

- March 7-Optional Board meeting.
- March 21-Board meets as budget committee and holds budget work session.
- April 18-Board meets as the budget committee and holds public hearing on the proposed 2013-15 budget and approves proposed property tax levies.
- May 16-Board meeting and budget update.
- May 21-Budget presentation to TSCC.
- June 20-Board adopts 2013-15 budget, makes appropriations, and approves property tax levy.

# Questions/Discussion

- For follow up questions after the meeting please contact:
- Wing-Kit Chung [wchung@pcc.edu](mailto:wchung@pcc.edu) 971-722-4250
- Jim Langstraat [jim.langstraat@pcc.edu](mailto:jim.langstraat@pcc.edu) 971-722-2913