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Strategies Need to Start With a Strong Sense of Reality



One of my responsibilities as College President is to define reality as I see it.

It is most important that I do this when reality is not what we want it to be.

I started defining reality by the “White Lines” strategic budget outlook I shared with the Board and the College in early December.

I want to reiterate the elements of reality that have shaped our budget thinking strategically.



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Reality: We have uncertain revenues

- Oregon's economy remains fragile
- \$428M is dependent upon achieving reforms to PERS and Corrections budgets
- We do not know the impact of “outcomes based funding”
- We see signs of enrollment decline which will impact tuition revenue



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Reality: Major cost drivers are out of our control

- Pension liabilities
- Support Fund dynamics implementing major policy shifts



Reality: State funding no longer supports “open access”

- Enrollment growth is no longer funded
- With Board direction PCC, to its credit, has been the last and staunchest supporter of access
- State funding is now capped



Reality: We are serving 7000+ FTE for which we receive NO State funding

- This is an unfilled “financial need” of at least \$14M
- Were we to fund this by tuition, the increase would be at least another \$17/credit



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**Reality: We are spending \$5.5M per year more than our revenue
as we've sought to provide access**

We all know this deficit spending cannot continue



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These are realities on which our strategic budget thinking has been grounded



Strategic Approach: Stop the deficit spending

- As President, I must tell you that we must do this
- We will balance revenue increases (\$14M over two years) and cost reductions (\$16M over two years)



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Strategic Approach: Increase the College's ability to handle future risk and uncertainty

Ensure a minimum Ending Fund Balance of 8%



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Strategic Approach: Protect our ability to meet increasing demands for/growing complexities of providing student services in order to support the Completion Agenda

Increase our base budget-funded enrollment to 28,000 FTE, which means providing some incremental funding for needed student services



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Strategic Approach: Cost reduction focused on areas for which we do not receive State support

Reduce “margin” classes generally taught by part-time faculty



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Strategic Approach: Invest prudently to support current Board strategic objectives and expectations

- Southeast's long-term move to comprehensiveness
- Operating costs of new facilities
- Diversity progress, particularly faculty
- Future Connect
- ADA



Strategic Approach: Rationalize budget based on current/prior investments and efficiencies

- Provide base budget that supports enrollment targets of our bond program (28,000 FTE)
- Reflect energy efficiencies gained via investments
- Consolidate or close building operations during “non-peak” days/hours
- Increase cost recovery from non-College uses
- Increase those fees that are analogous to tuition



So...this is how we're approaching the uncertain times ahead.

I hope you appreciate my strong belief that the time of PCC being many things to many people cannot be sustained to the degree it has in the past. But it is also not a time for radical changes.

The actions I propose here are measured and position us for a continuing future of financial stability and serving students well.

I am happy to hear your thoughts and take your questions.



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Thank you!

