

## **Minutes of Budget Committee Meeting May 10, 2017 6:00pm – Albany Campus**

### ***Board of Education members in attendance***

Jim Merryman (*Chair*), R. Keith Frome, Dick Running, Barry Broadbent, Ron Mason, Randy Camp

### ***Budget Committee members in attendance***

Chanz Keeney, Jennifer Meltzer, Mark McNabb, Nikki Warner, Kristie Hernandez, Patrick Malone

### ***Staff and Representatives in attendance***

Greg Hamann, Dave Henderson, Jess Jacobs, Amanda Kliever

The meeting was called to order at 6:00 PM,

**INTRODUCTIONS** (Mr. Keeney, Presiding Officer)  
Budget Committee

### **ELECTION OF FY 2017 PRESIDING OFFICER**

Mr. Merryman moved to nominate Chanz Keeney to be the FY 18 Presiding Officer. Mr. Malone seconded. Motion approved unanimously, (12,0)

### **RECOGNITION OF GUESTS AND PUBLIC IN ATTENDANCE**

Mary Borman, retired PT Math Faculty, Linda Modrell, candidate for Board of Education zone 5, Margi Dusek, Budget Analyst, Sally Widenmann, Dean of Instruction

### **REVIEW OF LOCAL BUDGET LAW AND BUDGET COMMITTEE ROLE**

Mr. Henderson began by briefly reviewing the role of the Budget Committee. Authority of the Budget Committee comes from ORS 294. The statute allows for 2-year budgets, LBCC has a 1-year budget. The Budget Committee is made up of an equal number of members of the public and number of Board members. Committee members are selected from the district the members of the Board serve. Committee members serve a 3-year term.

This first meeting is to present the budget that has been developed over the last several months. He reminded everyone that they will approve the proposed budget at the May 17 meeting, the Board of Education will adopt the approved budget in June, and the new year's budget will take effect July 1.

Dr. Frome asked Mr. Henderson what the Budget Committee can and can't do in this meeting. Mr. Henderson explained they can suggest revisions, with a vote of at least 8 members that will come back to the Board for final approval. They will be asked to approve the \$123m dollar budget and the tax rate required to fund that budget. The Budget Committee is limited in regards to budget specifics, the Board of Education has far more authority in that regard.

**BUDGET MESSAGE** (President Hamann)

President Hamann briefly went over the narrative that gives context for the budget, intended outcomes of the budget, and connects resources to funding those outcomes.

This year is our opportunity to build appropriately for our future. He thanked Margi, Dave, and Jess for all their work they've dedicated to this process.

## **REVIEW AND DISCUSSION OF PROPOSED BUDGET DOCUMENTS**

Mr. Henderson started out by noting this is the third budget in a row where we've been reinvesting and rebuilding from the cuts back in 2012. He believes this budget carries forward the Board's vision and direction for the college, which we were commended for in our recent accreditation report from NWCCU.

Four areas are driving the reinvestments this year. Guided Pathways, New Student Center, Strategic Objectives and Strategic Investments. Our Strategic Objectives include productivity, equity, and quality. Specifically, we are working to make progress on becoming the college of choice for the Latino population in our district as well as adult basic skills tutoring. We are continuing our work on strategic investment initiatives, like OER's.

We have a structural deficit, but because the Budget Committee and the Board of Education have been good stewards, we have an ending fund balance of about 15%. We are pursuing some savings and additional revenue ideas to ultimately eliminate the deficit.

Good news is our while our funding from the state hasn't gone up, our piece of the pie has increased because of our enrollment. We have an internal PERS reserve fund that has a balance built up. That has allowed for the college as a whole to absorb a portion of the 43% PERS increase. The Board has approved a 5% tuition increase for next year which has helped and we have refinanced our Full Faith and Credit obligations, saving the college \$21,000/year.

Mr. Jacobs reviewed the approach they took while developing the budget. They continued with the 5-year projection model. The budget is mission based as opposed to a budget based mission. The unique timing of factors is challenging us right now. State aid and enrollment are not unique, but in addition to bond projects becoming operational and PERS, those factors combined are presenting the challenge. Lastly, looking inward, they were able to do some "right-sizing" and using the balance sheet more strategically.

He then went over the funds included in the budget. They include the Auxiliary Fund, with self-balancing funds, with a specific purpose and dedicated charges. Since it's not restricted, there is the option of making better strategic use of this money. Additional items, not in proposed Budget Book, that they would like to be considered are the gym floor. \$80,000 can be transferred from the PE Course Fees and \$320,000 can be transferred from Community Education. They can also transfer \$300,000 from Accounts Receivable (funds generated from course fees) from the Auxiliary Fund to the General Fund.

The Capital Fund is where construction projects come from. We are in a position to transfer more funds to reserve accounts in the Capital Fund, increasing our roof reserve, instructional equipment reserve, and the general equipment reserve.

Another additional item that is not included in the budget book, but are asking for consideration for, is a \$7.5m Capital Fund transfer. We have asked the state to match the \$7.5m from the state Capital funding to help fund our building projects on the main campus. We still don't know for sure if the state will match, but it is looking promising. If the state doesn't come through, the money will not be spent. If the money does come through

from the state, we will move forward with the renovations. Our portion of the \$7.5m was intentionally not spent from the bond funds in hopes of getting this state match.

Enterprise Fund, which houses Food Services, the Campus Store and Printing Services. Some strategic shifts in this fund include looking at pricing and external clients for Printing Services, accounting efforts to separate culinary program from food services, and the possibility of adding a new Campus Store location at the new Health Occupations Center.

Other funds include Special Projects, Debt Service, Financial Aid, and Agency Fund.

He then went over budget trends and the projection model. Moving into FY 17-18, we are moving past the operational capacity and now investing in the future of the college. On the revenue side, state aid, property taxes and tuition are our main sources of revenue. Property taxes have been a steady source but are a small portion of our revenue. Currently, tuition and state aid carry about the same impact.

We are keeping a close eye on affordability. Currently, we rank as the 7<sup>th</sup> most affordable of the 17 Oregon community colleges, just in tuition. Open Educational Resources (OER's) are helping our students tremendously, saving our students close to \$1m since we started implementing them in 2014-15. We are working to better align course fees, keeping those course fees low as possible. We are also working to make better use of our scholarship delivery and software. These all contribute to affordability for our students.

The Essential Budget Level is what it costs to run the college the current year and what it will cost the following year. Personnel costs, healthcare, materials & services and PERS are all built into the Essential Budget Level.

In addition to these costs, we have focused investments including performance packages, capital projects operating costs, and strategic initiatives. Performance packages are directly linked to strategic plan initiatives and are almost entirely focused on instruction. 54% is dedicated to instruction, 23% to instructional support, 17% to student services, and only 6% to college support. Capital project operating costs are the ongoing costs of staffing and operations at our new bond-funded buildings including the ATTC, HOC the Benton Center expansion and the Albany campus projects. Strategic initiatives are projects that have been deemed worthy of consideration for a two-year period.

Mr. Jacobs then reviewed the additional items that were not included in the budget book as presented. They will be included in the budget and they ask for inclusion of these additional items when they ask for approval.

- \$420,000 transfer from Auxiliary fund for the gym floor replacement
- \$7.5m additional state revenue and bond expenditures
- \$300,000 auxiliary fund transfer for accounts receivable balancing and clean-up effort

In summary, the budget presented is mission based. It takes care of current staff and operations including a very large PERS increase. It fully absorbs operating costs of new bond-funded facilities. It moves the college forward with Guided Pathways, and it includes resource allocations. The budget as presented is in the context of a 5-year projection model, it supports sustainability for the institution and for students, by balancing tuition's impact on the overall budget with the affordability efforts.

Mr. Malone said he appreciates the college's efforts to make strategic efforts and being active in taking care of students to get them through their programs successfully.

**Adjourned 8:12pm**