

Minutes
February 27, 2019

**MINUTES OF BOARD WORK SESSION/
BUDGET COMMITTEE ORIENTATION**

CHEMEKETA COMMUNITY COLLEGE
4000 Lancaster Drive NE
Salem, Oregon

January 23, 2019

The Board Work Session was held at the Salem Campus in Building 48, Room 102, at the Winema Meeting Center, 4071 Winema Place NE, in Salem.

Members in Attendance: Ed Dodson; Jackie Franke; Neva Hutchinson, Chair; Ron Pittman; Diane Watson, Vice Chair.

Absent: Betsy Earls (excused) and Ken Hector (excused).

Board members met together for the first hour to do their quarterly guiding principles assessment and discuss board travel. Board members who were not able to attend will be asked to complete the quarterly assessment form and return to Jeannie or bring to the February meeting. A recess was taken at 9:30 am where college staff joined the board.

Neva Hutchinson, Chair, called Executive Session to order at 9:41 am in Building 48, Room 102, at the Winema Meeting Center. Executive Session was held in accordance with ORS 192.660(2)(d) negotiations.

Members in Attendance: Ed Dodson; Jackie Franke; Neva Hutchinson, Chair; Ron Pittman; and Diane Watson, Vice Chair. Absent: Betsy Earls (excused) and Ken Hector (excused).

College Administrators in Attendance: Julie Huckestein, President/CEO; David Hallett, Vice President, Governance and Administration; Jim Eustrom, Vice President, Instruction and Student Services/Campus President, Yamhill Valley; Miriam Scharer, Associate Vice President/Chief Financial Officer; Alice Sprague, Human Resources Director; Jeannie Odle, Board Secretary.

An update was shared on classified negotiations.

Executive Session ended at 10:07 am.

The board work session resumed at 10:08 am.

Guests: Holly Nelson, Executive Dean, Regional Education and Academic Development; Johnny Mack, Executive Dean, CTE; Tim Rogers, Associate Vice President/Chief Information Officer; Rory Alvarez, Director, Capital Projects and Facilities; Isaac Talley, Manager, Capital Projects; Alice Sprague, Director, Human Resources; and Rich McDonald, Director, Business and Finance.

CTE Programs and College Credit Now (CNN)

Johnny Mack referred to the four handouts behind the CTE tab. Handouts included:

- Chart listing of all CTE programs with the certificate and degrees for each; location and contact person; and notes with talking points that the board may find useful.

Minutes
February 27, 2019

Minutes of Board Work Session/
Budget Committee Orientation
January 23, 2019
Page 2

- Chart with CTE programs in the horizontal column headings and the 38 high schools in the Chemeketa district where College Credit Now courses are offered.
- Chart of 2017–2018 CCN Statistics by high school with number of duplicated and non-duplicated students; credits taken; and money saved.
- Two CTE brochures—93 Ways to Build Our Workforce and CTE Certificates/Degrees with average annual salary and employment forecast

Johnny shared some high school connections including North Salem and McKay students being bussed to the college to take Pharmacy Tech classes; courses in health care, business, drafting and robotics offered at Dallas High School; Career and Technical Center (CTEC) students who enroll from high school to Chemeketa in the welding and machining areas have transitioned well.

Drafting classes are taught in the College Inside program and Early Childhood Education and welding classes are being offered through the Integrated Education Training (IET) approach. The Building Inspection program is being piloted as a distance education hybrid that is being offered statewide; there are 18 students in the first cohort.

Holly Nelson drew attention to the CCN Statistics handout noting that \$2,575,100 was saved in the 2017–2018 year. A major challenge is high school teachers move around a lot and it takes time to build relationships so it has been difficult to maintain programs. Also, the college continues to spread the word about earning too many CCN courses that do not count towards a degree or certificate, and also adversely counts towards the Oregon Promise. Holly noted CCN is down about 18 percent this term, mainly a decrease in keyboarding and physical education, which are inefficient credits.

Facilities Update

Tim Rogers gave an update on the Brooks water issue noting the college is working with Marion County and the Board of Commissioners to look for funds to help replace the 40+ year old well. The estimated cost is \$37,000–\$38,000 to replace the well and add metering capability.

Rory Alvarez and Isaac Talley used a PowerPoint to share information about facilities:

- Yamhill Valley Campus—One of the large oak trees was partially uprooted due to the high winds and water-saturated ground. An arborist came out to look at the damage and determined that the tree must be removed.
- Woodburn Center—The Harrison Street facility will be decommissioned and a remodel on the second floor partners' side of the Woodburn Center will be done. The partners do not use the area in the evenings and since enrollment is heavy in the evening, Woodburn will use the much-needed space for evening classes.
- Ag Complex—Two months behind schedule. Due to the extremely high building costs, the two partners (OSU Extension and Soil and Water District) were asked to help with the additional costs. OSU declined; however, the Soil and Water District are considering and need their board's approval.
- Maintenance—Major maintenance projects include removing the concrete planters in front of Building 2, and adding an additional flagpole and potential monument space; and roof replacement of Building 2 and 9.

Minutes
February 27, 2019

Minutes of Board Work Session/
Budget Committee Orientation
January 23, 2019
Page 3

New President Transition

Jim Eustrom, Alice Sprague, David Hallett, and Jeannie Odle met to develop a draft of a transition plan for the new president. Jim briefly reviewed the handouts in the notebook. He noted it will be important to do the groundwork in advance for big activities such as the strategic plan and fall inservice to allow the president ample time to meet employees, community members and partners in order to learn about the culture of the college and community. A calendar with meetings and events was prepared for July–September; a revised calendar will be brought back to the board in March. Also, two notebooks will be prepared—one with information on Governance Groups, Internal Groups, External Groups and college resources; and the other will be Program and Service Annual Reviews/Audits, to give a snapshot of each program and service area (number of staff, FTE, budget, degree and certificates or services offered, etc.)

Org Changes

Julie Huckestein shared that the proposed budget for 2019–2020 includes personnel cuts. As a result, some organizational changes will be made and will be shared with the board next month.

Legislator Call-in Day

Julie reported tomorrow is legislator call-in day, and she distributed scripts and phone numbers of legislators to board members to make calls before 11 am or after 3 pm.

A break was taken at 12 noon for lunch with the Budget Committee members, followed by the afternoon Budget Overview session.

The meeting reconvened at 1 pm.

Budget Committee Members in Attendance: Ray Beaty, Chris Brantley, Ed Dodson, Jackie Franke, Gustavo Gutierrez-Gomez, Neva Hutchinson, Barbara Nelson, Don Patten, Ron Pittman, Joe Van Meter, and Diane Watson

Absent: Betsy Earls; Ken Hector; and Mike Stewart.

Guests: Rich McDonald, Director, Business and Finance

Introductions were made. Chris Brantley, who replaced Ruth Hewitt in Zone 1, was introduced and welcomed as a new budget committee member.

Budget Process Overview

Copies of the 2017–2018 Audit Report were distributed to budget committee members, and Miriam Scharer, associate vice president of Financial Management, highlighted a few sections of interest and noted that it was a clean audit with no findings.

Miriam referred to the Budget Process Overview handouts. She briefly reviewed the 2019–2020 Budget Calendar and noted the first budget meeting is on April 10 at 6 pm; the second budget meeting is on April 17 at 4:30 pm; and the optional budget meeting date is April 24. A public hearing will be held on May 15 at 7 pm, and the board will adopt the budget on June 26.

Minutes
February 27, 2019

Minutes of Board Work Session/
Budget Committee Orientation
January 23, 2019
Page 4

Miriam briefly reviewed the Budget Principles and Financial Environment for the 2019–2020 Fiscal Year and said this document guides the college through the budget process and decision making. Miriam reviewed the key factors including Budget Principles, which includes the colleges core themes, and values; Financial Environment, which includes state legislative appropriation, state support and distribution of resources, economic growth, enrollment, and tuition and fee revenue; and Expenses including general fund expenditures, unfunded mandates such as the Oregon minimum wage and pay equity, PERS rates, and health insurance.

Referring to state legislative appropriation, Miriam noted the current state appropriation for the current 2017–2019 biennium is \$570 million. For the next biennium (2019–2021), the Governor’s Recommended Budget (GRB) is \$543 million (base budget) which is a 4.7 percent decrease from the current biennium appropriation. The Governor also proposed an “investment budget” of \$646 million, however, this would be dependent on a \$2 billion investment package that would need voter approval. The Legislative Fiscal Office set \$590 million as the current service level for community colleges and is the number the Ways and Means Committee will use as a starting point. Chemeketa is using \$590 million as the base for the proposed 2019–2020 budget, which will result in the college making cuts of around \$2.5 million, raising tuition about 3.5 percent, adding a proposed differential fee for high cost CTE programs and science classes, and possibly tapping into the ending fund balance.

Rich McDonald, director of Budget and Finance, referred to the Chemeketa Community College Financial Guidelines, a packet of information that contained general financial planning and practices of the college. He briefly reviewed the main categories of general fund, ending fund balance, long-range planning; operating funds, other funds, revenues, expenditures and type of funds under each; as well as a definition and description of funds, and a list of policies related to finance and budget.

Questions or discussions came up on the following:

- Self-Support—Chris Brantley asked for an example of self-support activities. Experimental courses and trial status positions were given as examples.
- Auxiliary Enterprise (Bookstore)—The textbook affordability initiative that started a few years ago has had a huge impact in reducing textbook and course material costs to students. The bookstore is committed to this effort even though it has reduced their revenue. Information about the college’s textbook initiative will be shared at the budget committee meeting.
- Gustavo Gutierrez-Gomez asked about offering more classes at Woodburn so students do not have to travel to the Salem campus. Jim Eustrom said “centers” such as Woodburn and Polk are not allowed to offer a full degree or certificate due to accreditation regulations; however, the first year of the program can be offered at the centers. For lecture/lab classes, transportation is provided for outreach students to travel to the Salem campus on Fridays to do the lab portion.
- Gustavo suggested a possible revenue-generating idea to sell Chemeketa apparel at the Woodburn Outlet to capture the shoppers who frequent that mall. Jim, Holly, and Elias can explore, however, it may require the college to pay to sell merchandise, and there may be some unrelated business income tax.

Minutes
February 27, 2019

Minutes of Board Work Session/
Budget Committee Orientation
January 23, 2019
Page 5

Tuition

Miriam referred to the handout in the notebook on Tuition, Universal Fee with Differential Fee Rate Setting Guidelines. These new guidelines were developed with the board in September. The previous guidelines suggested tuition be in the lower third of Oregon community colleges, but after some reflection and research, the college looked at tuition and fees with “comparator” colleges (Linn-Benton, Lane, Portland, Mt. Hood, and Clackamas) that are similar in size and geographical proximity. As a result, and with input from the board, new criteria was set and a commitment was made to realign tuition rates and the universal fee to be in the middle of comparator schools over the next three years.

Another revenue source being proposed is a differential fee rate for high cost CTE program and science classes. Johnny Mack looked at all community colleges that had differential fees and found that the model used by Linn-Benton Community College (LBCC) was the most feasible and transparent. LBCC charges certain CTE programs and science courses a set differential fee of \$27 per credit hour (in addition to tuition); Chemeketa is proposing either a \$5 or \$10 differential fee.

Questions or discussions came up on the following:

- Joe Van Meter asked how did the college go from being the middle in tuition to the lowest. This was due to not raising tuition, or making very modest tuition increases, over the years while other colleges made larger increases. The college and the board did this in the best interest of students to keep tuition as low as possible, but it is no longer sustainable, especially if there is no support from the state.
- Chris Brantley asked the rationale for not doing a large increase now instead of over three years. Miriam said the rationale is the impact on students. The proposed total increase in tuition and universal fee is 8.5 percent; however, to place the college in the middle for next year would be a 20 percent increase.
- A question was asked on what the Pell grant would cover based on the proposed tuition increase. Pell grants will increase to around \$6,200 and the total annualized cost at Chemeketa with the increase in tuition and universal fee is \$5,130.
- Ray Beaty sensed hesitation about the proposed increase in tuition and fees; however, in order to maintain academic excellence, the college should set rates where they need to be in order to provide the needed services and quality programs that the college is known for. Also, the college needs to be able to articulate the direct or tangible benefits of the increase to students and the community.
- Chris Brantley asked what percent of increase keeps Chemeketa under the radar. Tuition and the universal fee are separate, so technically, the proposed tuition increase is 3.5 percent, but in order to be upfront with students, the combined total increase in tuition and the universal fee is 8.5 percent.

Miriam shared the proposed tuition and universal fee increase for 2019–2020.

- Tuition increase of \$3 per credit for a total of \$90 per credit
- Universal fee increase of \$6 per credit for a total of \$24 per credit
- Out-of-State and international tuition increase of \$3 for a total of \$255
- No universal fee increase for non-credit courses

Minutes
February 27, 2019

Minutes of Board Work Session/
Budget Committee Orientation
January 23, 2019
Page 6

The total per credit increase would be \$9 to \$114 per credit. This would be an increase of \$405 a year based on 45 credits. Chemeketa would be second lowest in tuition and fees among comparator colleges based on current rates; however, it is most likely that the comparator colleges will increase tuition. In the past, the college has done a “tiered” approach based on state funding scenarios. However, this will not be considered this year, and the new rates would be effective summer term 2019. Miriam added if community colleges are funded at \$543 million, the college may need to make additional adjustments and cuts which would be brought to the board for discussion and approval.

With the differential fee for high cost CTE programs and science courses, a tiered approach is being proposed based on funding. If state funding is less than \$590 million, a differential fee rate of \$10 per credit is proposed; if funding is \$590 million or above, a \$5 per credit is proposed. So it could potentially be an 18 percent increase in tuition, universal fee, and differential fee for some students.

A suggestion was made to consider a 5 percent tuition increase which would be around \$4.35 or as opposed to the proposed \$3 increase per credit. Julie and Miriam will run the numbers for a 5 percent increase.

Gustavo said more recruitment and outreach needs to be done for the Hispanic community who are not aware of educational opportunities or understand the benefits of an education. The radio station he works for has connections with OSU and WOU who shares life experiences at their institutions and suggested Chemeketa be involved. He would also like to see more representation of Hispanics on boards and committees.

PERS Update

Rich McDonald referred to the PERS handouts in the board notebooks and reviewed Slide 4, Possible Reform Proposals for Employee Cost Sharing; Slide 5, Chemeketa’s Contribution Rates; and Slide 6, Plan to Manage the Impact to Chemeketa.

Federal and State Update

Julie Huckestein referred to the Legislative Update handouts in the notebooks, which included OCCA Talking Points: Governor’s Recommended Budget with a chart on the back listing the different budget numbers from the Legislative Approved Budget; HECC Budget Request for Community Colleges; Department of Administrative Services/Legislative Fiscal Office; Governor’s Recommended Budget (base budget); the Governor’s Investment Budget; and what each cover or don’t cover. Julie briefly reviewed the other handouts including the OCCA Legislative Advocacy Plan; a draft of the LC2460 bill, sponsored by Representative Reardon supporting more funding for community colleges; two flyers from OCCA with facts about Oregon community colleges that can be used when meeting with legislators; and a Legislator/Board Member Contact sheet.

Adjournment

Meeting adjourned at 2:35 pm.

Minutes
February 27, 2019

Minutes of Board Work Session/
Budget Committee Orientation
January 23, 2019
Page 7

Respectfully submitted,



Board Secretary



Board Chair



President/Chief Executive Officer

Date 2/27/19