

CHEMEKETA COMMUNITY COLLEGE

**BUDGET COMMITTEE
MEETING MINUTES**

April 6, 2022

A. CALL TO ORDER

Jackie Franke, Board Chair, called the meeting to order at 6:01 pm in the Board Room, Building 2, Room 170, at the Salem Campus.

B. ROLL CALL

Members in Attendance: Ray Beaty; Chris Brantley (Zoom); Ed Dodson (Zoom); Betsy Earls (Zoom 6:03 pm); Jackie Franke; Ken Hector; Neva Hutchinson; Jenne Marquez; Scott Muller (Zoom 6:08 pm); Ron Pittman; Mike Stewart; and Diane Watson. Excused Absence: Barbara Nelson, Joe Van Meter.

College Administrators in Attendance: Jessica Howard, President/Chief Executive Officer; Mike Vargo, Vice President, Academic Affairs; David Hallett, Vice President, Governance and Administration; Bruce Clemetsen, Vice President, Student Affairs; Michael Kinkade, Associate Vice President, College Support Services/Operations; and Aaron Hunter, Associate Vice President/Chief Financial Officer, College Support Services/Finance.

C. WELCOME OF BUDGET COMMITTEE MEMBERS

Jackie Franke welcomed the Budget Committee members, and thanked them for their time and commitment for serving on the Chemeketa Budget Committee.

D. ELECTION OF BUDGET COMMITTEE OFFICERS

Jackie Franke opened nominations for Budget Committee chair. Ken Hector made a motion to nominate Ray Beaty. Mike Stewart seconded the motion, and nominations were closed.

A roll call vote was taken and the motion CARRIED unanimously. Ray Beaty was declared chair of the Chemeketa Budget Committee for 2022–2023.

Jackie Franke opened nominations for Budget Committee vice chair. Ken Hector made a motion to nominate Ron Pittman. Mike Stewart seconded the motion, and nominations were closed.

A roll call vote was taken and the motion CARRIED unanimously. Ron Pittman was declared vice chair of the Chemeketa Budget Committee for 2022–2023.

Board Chair Jackie Franke turned the meeting over to Budget Committee Chair Ray Beaty. Ray welcomed and thanked the Budget Committee for their service.

E. DUTIES OF THE BUDGET COMMITTEE

Aaron Hunter, Associate Vice President/Chief Financial Officer, introduced himself and thanked the Budget and Finance team and Rich McDonald and Brian Knowles for their extraordinary work. Rich is retiring on June 30 and Aaron announced that Brian will be the new Director of Budget and Finance.

Aaron gave a recap of the primary Budget Committee duties and responsibilities, and noted the committee needs to meet publicly to review the proposed budget, the budget should not be deliberated outside of the public meetings, and the public will have an opportunity to ask questions or comment on the budget. Questions can be submitted until 5:00 pm on April 19 for the April 20 Budget Committee meeting. A public hearing on the budget will be held on May 18 to hear any additional comments.

F. PRESENTATION OF BUDGET MESSAGE

President Jessica Howard shared highlights from her budget message, which was contained on pages 9–11 of the spiral-bound Proposed Budget Fiscal Year 2022–2023 book. Jessica emphasized how proud she is of Chemeketa Community College for continuing to adapt to the challenges presented by the COVID-19 pandemic. As President/CEO, Jessica stated she is inspired as Chemeketa continues to fulfill its mission and positively impact the lives of students, employees, and the community.

The budget message touched upon the General Fund Revenue and Expenditures; Federal Funding; Major Initiatives Related to Enrollment; Accreditation and Planning; and continued long-term planning for the college's financial future. Highlights included the following:

- The college has lost over 25% of its enrollment compared to pre-pandemic levels. As such, the decrease in tuition and fee revenue due to the pandemic context has been significant. For fiscal year 2022-23, Chemeketa's Board of Education approved a \$3 per credit increase to the tuition rate and a \$3 per credit increase to the universal fee rate. The increase in these rates will partially offset the revenue losses anticipated due to the change in enrollment. Over the past several years, after revising its tuition and fee setting guidelines, Chemeketa has become more aligned with its comparator group of community colleges relating to the annual cost of attendance.
- Since the pandemic began, the college has been able to backfill lost revenue by utilizing federal relief funds. These federal funds are available through fiscal year 2022–23.
- The current level of state funding for community colleges continues to be strong and property taxes continue to provide a strong revenue source for the college. However, Chemeketa needs to reduce the total number of positions to match enrollment levels.
- For 2022–23 Chemeketa has proposed eliminating vacant positions whenever possible to minimize employee layoffs. Unfortunately, a small number of layoffs is necessary to create a balanced budget. Depending upon the trajectory of Chemeketa's ongoing enrollment, it is likely that additional reductions will be needed to ensure the future sustainability of operations.
- Chemeketa has included compensation increases per the collective bargaining agreement with the Chemeketa Faculty Association. The collective bargaining agreement with the Chemeketa Classified Association is currently under negotiation and the budget includes an estimated cost of a classified settlement. Equivalent increases have been assumed for exempt employees as well, but are subject to Board approval. Increases to Chemeketa's health insurance and the public employees' retirement system (PERS) rates were less than originally anticipated. The college is maintaining the plan to manage the large increases to the PERS rates over the next three-to-four biennia by implementing modest increases, but also drawing

down a reserve built for this purpose. Chemeketa also issued PERS bonds in August 2021 at very favorable interest rates, which should help partially offset further increases to the college's PERS costs.

- Strategies to increase student recruitment have been made more efficient and impactful through the recent acquisition and implementation of software and Chemeketa's marketing efforts are multifaceted, ever-adapting to the current context, and calibrated to reach key audiences. Students who enroll at the college will be aided immeasurably in terms of persisting to credential completion as a result of other recent innovations. These include a new transfer agreement with our closest public university partner, the college-wide implementation of Chemeketa Pathways (reflecting a national best practice), a new corequisite model creating dramatic success in developmental education, and powerful career exploration software. Many of the students who do not persist in community college indicate that it is due to non-academic circumstances. In recognition of this reality, the college provides emergency grants, a well-stocked food pantry, holistic support services in both remote and face-to-face modalities, a no-cost lending library, affordable textbooks through the Chemeketa Press and bookstore, a parent resource center and – new this year – a benefits navigator to connect students to social services and resources.
- Chemeketa is accredited through the Northwest Commission on Colleges and Universities and accreditation cycles cover a period of seven years. The current year constitutes the seventh and final year of the college's current accreditation cycle (2015–2022) and the college will receive its final evaluation visit for this cycle in April of 2022.
- Chemeketa calibrates strategic planning with its accreditation cycle. This year Chemeketa has been engaged in a comprehensive process to create a new Strategic Plan for the next seven years (2022–2029) and refresh its mission, vision, and values.

The college has a long history of strong financial management. The level of reserves remains adequate at this time to manage the volatility of General Fund revenues, to properly fund technology and equipment, and to ensure the repayment of long-term debts. Chemeketa, as in the past, will employ prudence and a strategic approach to contain costs and raise revenues, which will be critical to manage our challenging environment in the year to come. While the enrollment picture is concerning for educational institutions across Oregon, community colleges will be essential in spurring economic recovery and shaping the workforce of the future. This is particularly true given the disruptions across the educational ecosystem due to the pandemic, the speed of technological advancement, and the accelerated rate of workforce change. With Chemeketa's focus on student recruitment and retention, best practices, and thoughtful, informed planning -- from strategic efforts to facilities to budget and finance – the college is well-positioned to adapt to a changing world and grow in viability and impact.

G. PRESENTATION OF 2022–2023 PROPOSED BUDGET

Aaron gave a quick overview of the budget environment, touched on state and local economic factors, enrollment trends and outlook, new fiscal reality, and the road ahead for the college. The budget materials were reviewed with the committee, Aaron noted a few key overview sections, and discussed multiple slides.

Aaron referred to Slide 12 of the PowerPoint, Summary of All Funds, showing a total of \$300,507,000 for all funds next year, mentioned several differences between last year and this

year, and discussed several of the larger funds. Slide 13, 2022–23 Resources Based on FTE (full-time equivalent), shows that 82.9 percent of the funding is based on FTE, resources from the state funding and property taxes account for 59.5 percent, and tuition and fees from students amount to 23.4 percent. Slide 15 shows the Chemeketa student FTE (enrollment) comparison for the past 15 years. For next year, a two percent decline from the 2021–22 year is projected, equating to 6,763 FTE. Slide 16, which identified the Budget Assumptions and Decisions: Resources, shows the proposed budget is based on the state funding of \$702 million for the 2021–2023 biennium; a decrease in tuition revenue is anticipated based on a 2 percent enrollment decline from 2021–22; tuition and the universal fee rate are increased by a \$3 fee; property taxes are projected to grow by 3 percent; indirect, interest and miscellaneous budget will be reduced by \$30,000; and there will be an increase of the beginning fund balance to \$16 million, a .5 million increase from 2020-21. Slide 17, Budget Changes—Resources shows the net changes to revenue sources resulting in the proposed budget for 2022–23 of \$106,560,000. Slide 18, FY2022–2023 General Fund Resources is a chart showing resources by category. Slide 19 covers Budget Assumptions and Decisions for Expenditures, which included step increases and salary adjustments for faculty; an estimated amount to fund the cost of classified negotiations; an increase in employer-paid health insurance for faculty; increases to adjunct budgets; increase in non-mandatory transfers; and an increase in contingency of \$1.5 million. Slide 20, Budget Changes—Expenditures shows the net changes from this year's budget to next year's proposed budget. Slide 21, 2022–2023 General Fund Expenditures shows expenditures by category. In addition, on Slide 23 Aaron reviewed acronym definitions.

David Hallett reviewed Slide 24, President's Office and Governance Personnel Changes, and stated Human Resources positions were reduced by .95. Slide 25, Materials and Services Investments, included an increase for Grants of \$10,000 and reductions in the Board of Education, President's Office budgets, and other funds. The total reduction for the President's Office and Governance is -\$258,293.

Aaron and Michael Kinkade reviewed Slide 26–27, College Support Services Personnel Changes and Non-Salaried Personnel and Materials and Services. There are 5.5 reductions in personnel, increases for cybersecurity services, elimination of Microsoft Premier support, reductions in software, and other materials and services totaling -\$327,750. Slide 28, Non-Mandatory Transfer Changes, totaled \$160,000.

Mike Vargo referred to Slides 29–33, Academic Affairs Personnel Investments/Reductions and Non-Salaried Personnel and Materials and Services. One position was added, fourteen positions were eliminated, .7 moved to the General Fund, three positions were moved to self-supporting services, several M&S increases across multiple departments, software additions, and adjunct fees for a total reduction of -\$1,069,786.

Bruce Clemetsen discussed Slides 34–35, Student Affairs Personnel Changes/Non-Salaried Personnel and Materials and Services. There are 1.25 positions being moved to the General Fund, five positions being eliminated, a .5 position reduction, donation of recovered Perkins funds to the Foundation for scholarships, reduction in membership and adjunct fees, and not using placement tests for a total of \$-38,418.

Aaron discussed Slide 36, College-wide Investments/Reductions and the total was $-\$1,534,246$. Slide 37–38, Detail of Proposed FTE Changes/General Fund FTE Changes FY 2021–2022 to FY 2022–2023, in the classified, exempt and faculty categories, showed a total change from this year to next year of a reduction in 25 FTE.

H. QUESTIONS

Budget Committee members asked clarifying questions during the presentations, and thanked staff for their amazing work.

I. SUMMARY FOR NEXT MEETING

Aaron reminded the Budget Committee that the next meeting is Wednesday, April 20, at 4:00 pm to discuss the Other Funds, this will be a hybrid meeting, and any questions should be submitted to budget@chemeketa.edu prior to Wednesday's meeting.

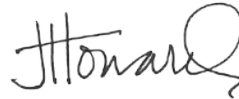
J. ADJOURNMENT

The meeting adjourned at 7:33 pm.

Respectfully submitted,



Board Secretary



President/Chief Executive Officer



Budget Committee Chair

April 20, 2022

Date

