
Rogue Community College District Budget Committee
May 19, 2020 Meeting Minutes

1. **Call to Order** – The Rogue Community College (RCC) District Budget Committee meeting was called to order by Kevin Talbert, Board Chair, at 2:31 p.m. on May 19, 2020, via Zoom. Due notice was given.
2. **Determine Presence of Quorum** – A quorum of the committee was confirmed including Pat Ashley, Ian Bachtel, Darlene Dart, Pat Fahey, Ron Fox, Shawn Hogan, Matt Stephenson, Roger Stokes, Claudia Sullivan, Dawn Welch, Coleen Padilla, Jerry Work, and Kevin Talbert.
3. **Introduction of Guests** – The following RCC employees were in attendance: President Cathy Kemper-Pelle, Colletta Young, Debbie Dice, August Farnsworth, Lane Morrell, Lisa Parks, Molly Darling-Roque, Natalie Herklotz, Juliet Long, Curtis Sommerfeld, Lisa Stanton, Nicole Longoria, Nicole Sakraida, Nikki Johnson, Svetlana Gamble, Tiffany Malsberger, Marco Ramirez Vasquez, Carmen Sumner, Sarah Wofford, Judy Basker, Grant Walker, Lisa Marston, and Mary Middleton.

4. **Select Budget Committee Chair for Budget Process**

Budget Committee member Ian Bachtel volunteered to serve as the 2020/21 District Budget committee Chair.

MAIN MOTION

Kevin Talbert moved, seconded by Pat Ashley, the RCC District Budget committee appoint Ian Bachtel as committee Chair.

The motion unanimously carried.

5. **Review Budget**

A. Review 2019/20 Budget Process

Lisa Stanton, Chief Financial Officer, distributed budget documents via mail a few days before the meeting (see file) and provided a PowerPoint presentation of the 2020/21 RCC proposed budget during the meeting (see file). Ms. Stanton proceeded to review the budget book and encouraged committee members to ask questions throughout the presentation.

B. President's Message

A joint letter from President Cathy Kemper-Pelle and Lisa Stanton was presented in the beginning of the Proposed Budget 2020-21 documents (see file). This letter addressed the Budget Message, Economic Environment, as well as the following 2020/21 Budget Assumptions:

Revenue Assumptions

- State Operations are based upon the Community College Support Funding level of \$640.9 million
- Property Taxes reflect a 3.5% increase over prior year projected
- Tuition and Fees
 1. Assumes an enrollment decrease of 3% from 2019/20
 2. \$4 per credit increase in tuition

Rogue Community College District Budget Committee
May 19, 2020 Meeting Minutes

3. College Services fee increased \$5 per credit
4. Distance Learning fee is discontinued

Expenditure Assumptions

- Placeholder for exempt salary increase, pending final determination
- Full time faculty salary schedule increased by 3.15% to statewide average, plus one step
- Adjunct faculty salary schedule increased by 3.15%, less a decrease of 1.5% for enrollment decline, and strategic reductions
- Classified salary schedule increased by 2.3%, plus 1.7% performance adjustment for eligible employees
- Student wages increased 2%
- Health insurance contractually stipulated increase of 6%
- PERS rate approximately 14.92%
- Fixed District costs, Departmental Materials & Services and Capital projected for General Fund

C. Review Proposed Budget 2020/21

Lisa Stanton and Curtis Sommerfeld provided a budget presentation consisting of the following highlights:

- Presenting a balanced budget
- Changes to Fund Structure
- Economic Environment
- Development Process
- Assumptions

Fund Restructure

Ms. Stanton explained that there are major changes to the fund accounting structure and there are 20 funds being reduced down to 11 (see chart- PowerPoint).

Coronavirus Impact- Economic Environment

Two years ago, our unemployment rate was at a 50-year all-time low. Currently we are experiencing a 17% decrease in the statewide labor force across many different industries (see chart- PowerPoint). Those with high school diplomas or less have been hit particularly hard by the layoffs due to COVID-19. Following the Great Recession, we experienced our highest year over year enrollment increase as workers came back to school to increase their skills, and we are hopeful that dynamic will hold true in this new environment.

Economic Environment Student FTE

Our highest year for FTE was in fiscal year 2011 with 6,323 FTE (see chart- PowerPoint). Currently we are projecting our current 2020 fiscal year to end with 3,839 FTE, which is a 39% decrease since 2011. We are anticipating a 9% FTE decline from fiscal year 2019 to 2020, with most of that coming from the 14% decrease we experienced during Spring term.

***Rogue Community College District Budget Committee
May 19, 2020 Meeting Minutes***

Economic Environment State Reimbursement

The 2019/20 budget was budgeted at \$590 million from the Community College Support Fund, but we received \$641 million. Since we budgeted at a lower rate than what we actually received, program investments were made throughout the year.

Budget Development Process and Resources

- Transparent
- Opportunities for Participation
- Ties to Strategic Plan

Ms. Stanton noted that from start to finish, the budget development process takes about 6 months, and COVID-19 hit right at the end of that process. Therefore, this proposed budget, with the exception of the elimination of the Distance Learning fee, is a pre-COVID-19 budget. The recent furloughs, layoffs, and reduction of open positions are not reflected in the budget at this time. The plan is to bring the current budget for approval as it stands, responding to COVID-19 impacts as more revenue and expenditure information becomes available.

Kevin Talbert asked how this pre-COVID-19 budget helps us when we know that it will need to be changed later? President Kemper-Pelle stated that with so many unknowns, the majority of colleges in the state are passing what they are calling a “pre-COVID-19 budget” with the intention of preparing follow-up budget later in the year. We won’t know until tomorrow what the Governor’s projected financial impacts are, and we won’t know until the end of summer what the actual impacts will be on state funding for the Community College Support Fund. Similarly, we still don’t know what types of funding may be available from the federal government. President Kemper-Pelle said that we have two options: either we can create a budget based on worst case scenarios, which would include a lot of personnel cuts, or we can plan for what we currently have, knowing that we will need to make changes later once we have the appropriate information.

Jerry Work asked when do we expect to have enough information to detail a reasonable operating budget instead of the current pre-COVID-19 Budget? President Kemper-Pelle responded that she does not anticipate having enough information until at least the end of summer. It is still unknown if there is going to be an emergency legislative session. We want to be as fiscally conservative as we can be until we receive more information.

Matt Stephenson asked for clarification on what the legal requirements are for passing a budget that we know will change? Lisa Stanton responded that the college needs an approved budget to operate, and by adopting this current budget we are adopting a best-case scenario, putting limits on what we can spend while allowing room for change. Without a board approved balanced budget we cannot make any payments to our vendors, pay employees, etc. Mr. Stephenson agreed that it makes sense to continue, but he noted that while this committee has been very conservative in the past, it feels a bit uncomfortable to

***Rogue Community College District Budget Committee
May 19, 2020 Meeting Minutes***

pass something that we know will change. President Kemper-Pelle agreed that while this is an uncomfortable time for everyone, if we created a budget based on current projections and unknowns in relation to COVID-19, that would create a lot of distress for college employees. It could also potentially create a situation where the college would lay off people who we might actually need in the next academic year. We still do not know what our funding from the state and the federal government will look like, as well as what our enrollment will be. Mr. Stephenson added that he can feel comfortable with the current budget because of our track record and of how conservative the college has been in the past.

Pat Ashley asked if we will reconvene the budget committee once we have more information? Lisa Stanton responded that the current plan is to reconvene if significant changes are being made and we would like to be as transparent as possible.

Kevin Talbert commented that the Board has a fiduciary responsibility for the budget of the institution, and he appreciates the explanations that President Kemper-Pelle and Lisa Stanton have provided. He wanted to echo Matt Stephenson's remark that they have confidence in the staff. However, he is worried about passing a budget that is based on a world that we no longer live in. Mr. Talbert said that he would feel more comfortable in passing the budget if there was a firm commitment that the committee will reconvene once more information becomes available. Shawn Hogan agreed with Mr. Talbert that he would like some acknowledgement that while this is the budget we have today, it is unlikely to be the same budget that we have for the whole fiscal year. Curtis Sommerfeld responded that he does not foresee a problem with reconvening a budget discussion when the time comes that the college is ready with updated numbers.

Roger Stokes asked if we could identify the budget as a preliminary budget on our documents so that internally and externally it is easy to identify that this is not the final budget? President Kemper-Pelle responded that she believes that across the state these budgets are being identified as a pre-COVID-19 budget.

Ian Bachtel stated that even in a normal budget year we operate with ambiguity on some of the metrics, such as state funding and FTE.

The budget committee came to a general consensus that they would like to commit to reconvening when more information becomes available. Kevin Talbert suggested that a resolution be drafted that would outline an agreement to meet and reconsider the current budget in preparation for the second budget committee meeting. Lisa Stanton said that she would like to get clarification from the state as to whether or not something like that would take us out of compliance with the budget process. President Kemper-Pelle stated that we have the ability at any time to reconvene and make changes to the budget and that this is not something new, it is just a much more heightened awareness than in previous years. Ms. Stanton agreed that she would reach out to OCCA for legal advice on the wording of a resolution. Statute indicates that once approved, the budget becomes a board document, and

***Rogue Community College District Budget Committee
May 19, 2020 Meeting Minutes***

revisions are made by the board only. However, the board indicated that it would like to include the budget committee members as non-voting guests in any future board meetings that address a supplementary budget.

General Fund Revenues FY 2020/21 (Pie Chart – excluding fund balance)

- Tuition and fees – 36.2%
- Property taxes – 33.9%
- State operations – 25.6%
- Other Revenue & Transfers In – 4.3%

Budget Changes – Revenues

- FY 2019/20 Adopted Budget \$42,914,762
- The following are the changes in revenue for FY 2020/21:
 - State sources increased \$1,771,717 in 2020/21 as a result of the Community College Support Fund (CCSF) increase from \$590m to \$640.9m
 - Property taxes increase \$574,322 in 2020/21 – Increased 3.5%
 - Tuition and fees increase \$3,108,535 in 2020/21 due to a \$4 per credit tuition increase; a projected 3% enrollment decline; the College Service fee moved to General Fund; a \$5 per credit College Service fee increase
 - Other revenue increases \$131,647 in 2020/21 – other revenue includes interest revenue; vending revenue from Higher Education Center
 - Transfers in increase \$822,561 for the following changes: Technology fee \$150,000; Unemployment Fund reserve \$100,000; College Services Fund \$572,561
 - Beginning fund balance increases \$618,320
- Final FY 2020/21 Proposed Budget \$49,941,864

General Fund Expenditures (Pie Chart – excluding contingency)

- Personnel & other – 77.5%
- Material & services and capital – 18.1%
- Transfers out – 4.4%

Budget Changes – Expenditures

- FY 2019/20 Adopted Budget \$42,941,762
- The following are the changes in expenditures for FY 2020/21:
 - Personnel increase in 2020/21 is \$2,465,343 – the factors included in the change are: Allied Health \$590,000 moved from Entrepreneurial Fund; Higher Education Center \$47,000 activity for RCC moved from HEC Fund; New Positions \$714,000; Annual Adjustment/Pay Equity \$1m
 - Other Personnel increase in 2020/21 is \$1,473,355 – this includes a PERS Composite Rate of 23.14%; Health Insurance contractual increase of 6%

Rogue Community College District Budget Committee
May 19, 2020 Meeting Minutes

- Materials and services for district costs increase \$1,530,148 in 2020/21 – the increase includes costs moved from the Technology & Equipment Fund of \$1.2m; costs moved from College Services Fund of \$359,424
 - Materials and services non-district increase \$867,851 in 2020/21 – Allied Health moved from Entrepreneurial Fund \$158,050; Higher Education Center activity moved from the HEC Fund \$451,890; Standard annual increase of 3%
 - Capital shows a minimal decrease of \$(256)
 - Transfers out increase \$159,895 in 2020/21 – the change is a net result of a decrease transfer out to the Technology & Equipment Fund of \$(309,185) due to activity move to the General Fund; an increase from activity moved from the College Services Fund of \$930,476; a decrease transfer out to the HEC Fund of due to activity move to the General Fund \$(524,000)
 - Contingency \$530,766 – Planned increase to maintain an acceptable contingency as a percent of the proposed budget.
- Final FY 2020/21 Proposed Budget \$49,941,864

2020/21 Budget Unresolved Topics

- COVID-19
- Enrollment
 - Ron Fox stated that even without the impact of COVID-19, the colleges enrollment trajectory has been decreasing. He wonders what the long-term implications of this will be. President Kemper-Pelle highlighted the slide that Lisa Stanton showed earlier in regards to our highest enrollment being right after the 2008 recession. Kevin Talbert added that was in part due to federal funds that were made available to incentivize people to obtain a college education. He stated that perhaps we will see some of these incentives again in the future. Mr. Fox added that he would like to see a cost per FTE over time. Ms. Stanton responded that our budget website contains a lot of useful information, such as our financial statements and statistics, where a person could make these comparisons.
- Community College Support Fund
- Federal Stimulus (CARES Act)
 - Half of the \$2.6 million received from this Act has to be given directly to students. The remainder of the money is for institutional funds but it is still not completely clear as to exactly how we can use the institutional half of these funds.
- Other Federal Grants

Lisa Stanton asked that committee members submit any questions in writing prior to May 22, 2020. President Kemper-Pelle encouraged committee members to read the letter in the front of the budget book (see file) as it addresses some of the concerns raised today in regards to COVID-19.

***Rogue Community College District Budget Committee
May 19, 2020 Meeting Minutes***

6. Public Comment – None.

7. New Business

Next meeting: Thursday, 5/28, 2:00-4:00 p.m., via Zoom.

8. Adjournment

Mr. Bachtel adjourned the meeting at 3:36 p.m.

Meeting minutes submitted by Rachelle Brown, Assistant to the President- Governance.