



Budget Message

May 2020

As required by Oregon State Budget Law, the Oregon Community College Accounting Manual, and other applicable policies, we hereby present to the Rogue Community College Budget Committee and the Board of Education a balanced budget for the 2020/21 fiscal year. The budget is a quantitative expression of the mission of Rogue Community College to provide the highest quality education possible while maintaining costs at a reasonable level.

This document presents a balanced budget for approval by the Budget Committee and the Board of Education as required by Oregon Local Budget Law.

As with budgets in the past, the 2020/21 budget has been prepared on a modified accrual basis of accounting (revenues reported when earned; expenditures reported when the liability is incurred; taxes accounted for on a cash basis). The result is that carryovers of financial obligations from year-to-year are precluded and projections of anticipated revenues are not inflated.

This budget contains major changes to the fund structure, including the combining of multiple funds, affecting the comparison of funds between the prior years and the proposed year. The overall College budget remains comparable. See pages 73-74 for details on fund changes.

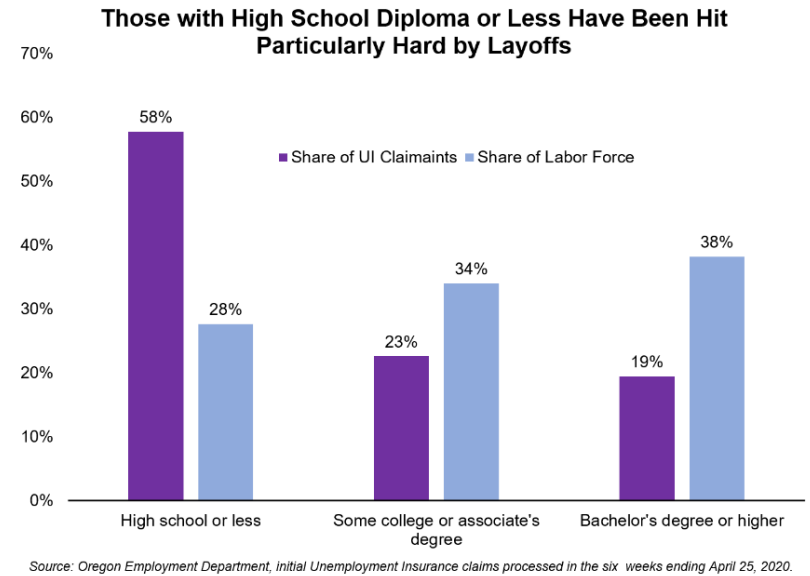


Economic Environment

The forceful measures the country is taking to control the spread of COVID-19 have brought much of the economy to an abrupt halt. Many businesses have closed, people have been asked to stay home, and basic social interactions are greatly curtailed. People are putting their lives and livelihoods on hold, at significant economic and personal cost. All of us are affected, but the burdens are falling most heavily on those least able to carry them. Just two months ago, the Nation's unemployment rate was at a 50-year low. Household spending has plummeted as people stay home, with hotels, airlines, restaurants, department stores and other retailers being hit hard. Manufacturing output fell sharply in March and is likely to drop even more rapidly as factories are temporarily closed. Both the depth and duration of the economic downturn is extraordinarily uncertain and will depend in large part on how quickly the

virus is brought under control. The severity of the downturn will also depend on the policy actions taken at all levels of government to cushion the blow and to support the recovery when the public health crisis passes.

One of the most devastating impacts of the State of Oregon’s stay-at-home order in response to COVID-19 has been mass layoffs across industries to the tune of 17 percent of the statewide labor force. The one commonality among these hardest hit industries is an inability for many of the jobs to transition to work-from-home and the design of workplaces which makes social distancing difficult. Although these COVID-related layoffs are spread across all industries, it is becoming clear the most vulnerable Oregonians are being impacted more significantly. Lower paying occupational groups posted notably higher shares of layoffs than higher paying occupational groups. When comparing the level of education for today’s unemployment insurance claimants compared with the educational attainment of the entire labor force, we see those with lower levels of education have been hit particularly hard. This is likely a reflection of the industries that have been hardest hit, such as leisure and hospitality, construction, retail, and manufacturing where there is a higher concentration of workers with a high school diploma or less. Around 58 percent of recent unemployment insurance claims were made by individuals with a high school diploma or less, significantly higher than their 28 percent of the labor force. Even in these unpredictable times, the well-worn mantra, “Education Pays” continues to hold true. During the Great Recession the College experienced its highest year-over-year enrollment increases in full time equivalency (FTE). This upturn reflected the College’s connection as an economic engine to its community.



Budget Development Process

The budget presented here was developed over several months with considerable college-wide participation. The College’s Budget Advisory Team (BAT), with representative membership from all employee groups, College divisions, Associated Student Government, along with the Board of Education, has been instrumental in the budget process. The team actively collects input from the College community at large, researches the ideas collected, and makes recommendations to Executive Team regarding inclusion in the budget.

The College proactively manages its financial resources, adopting budgetary principles that address its core themes, strategic plan, revenue enhancements, and the impact of its current actions on its future financial health. Our focus throughout the budget development and planning process is to determine the optimal balance of revenue, expenditures, and program and service levels, while accounting for the economic realities of our community. We do this by looking at a five-year projection, balancing its first year, and reducing the shortfall in the second year to a manageable level, typically \$1 million. Unfortunately, we were unable to complete our goal of reducing the shortfall in the second year.

As COVID-19 is an evolving situation that began at the end of our budget planning cycle, we have chosen to release the proposed budget, only updating the amended fee schedule approved during the April Board of Education meeting. This amendment replaces the Distance Education Fee with an increase in the College Services Fee of \$5 per credit. Additional changes to resources and expenditures will take place as the ability to accurately forecast is achieved.

The College has a history of strong financial management. Our strategic approach to balancing the budget affords us the ability to identify and stop issues before they become systemic problems. Budget considerations cover programs and services for both cuts and needed investments, as well as opportunities to increase revenue. Over the next year, we will undoubtedly face challenges as the full financial impact of the COVID 19 pandemic becomes measurable.

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
 3. College Services fee increased \$5 per credit
 4. Distance Learning fee is discontinued
- Transfers In – see pages 68-71 for details

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 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
- Transfers Out – see pages 68-71 for details

We would like to extend our gratitude to the members of the Board of Education, the Budget Committee, to all faculty, staff and managers for their dedication, commitment, and professionalism during this unprecedented budget season.

Cathy Kemper-Pelle
President

Lisa Stanton
Budget Officer/Chief Financial Officer