

Financial Forecast Update

February, 2011

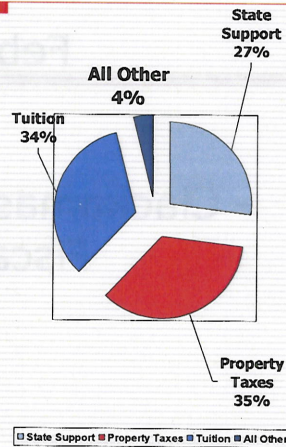
- Clackamas Community College
Fiscal Year 10/11



"By God, gentlemen, I believe we've found it—the Fountain of Funding!"

Recap of General Fund Revenue

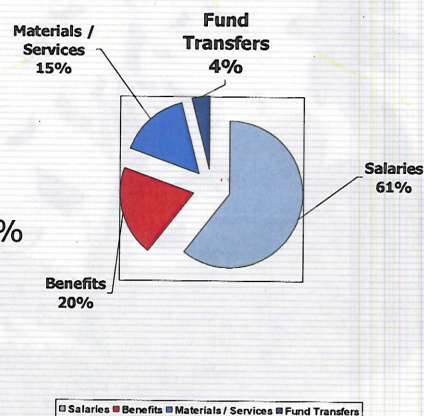
- Major Components of Ongoing General Fund Revenue:
 - State Support - 27%
 - Property Taxes - 35%
 - Tuition - 34%
 - All Other - 4%
- * (state support and property taxes - distributed based on enrollment / fte)



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Recap of General Fund Expenses

- Major Components of Ongoing General Fund Expenses:
 - Salaries - 61%
 - Benefits - 20%
 - Materials / Services - 15%
 - Fund Transfers - 4%
- * (includes PERS / FICA / Medical)



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Next Year's Key Budget Issues

- ☐ **Revenue:**
 - State Support Will Decrease
 - ☐ Gov's budget lowers 9% from current biennium approved budget of \$450m to \$410m / per student drops approx. 10.6%
- ☐ **Expenses:**
 - Benefit Costs Will Increase Significantly due to PERS rate increase of 6.5 percentage points
 - Every 1% increase costs CCC about 250k – total extra costs of approx. \$1.67m a year.
- ☐ Combination of above creates large budget deficits

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Recap of Forecasted Deficits

- ☐ **At \$410m State Support**
 - 11/12 **\$3.6m**
 - 12/13 **\$4.9m**
 - ☐ Total **\$8.5m**

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Budget Strategies

- **Cushion with available reserves**
 - IF we balance current year budget, "excess and PERS reserves will be around \$6m. These need to last from 4-6 years.
- **Increase revenue**
 - \$1 tuition increase over plan (\$2) equals \$180,000 in additional revenue. This assumes same enrollment.
- **Look for Efficiencies / Decrease spending**
 - 1% equals approx. \$440,000

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Budget Strategy Example

- **At \$410m State Support**
 - \$8.5m deficit, or \$4.25m per year
 - Forecasted Deficit \$4.25m
 - Excess Reserve Offset \$(1.0m)
 - Extra Tuition (\$5*\$180,000) (\$900k)
 - Remainder \$2.35m/yr
 - As a percent of spending 5.2%

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Risks

- ☐ **State funding will be less than governor's proposed budget due to legislative changes**
- ☐ **Enrollment will decline or not grow at state average – impacts tuition and allocation of state support.**
- ☐ **Grant revenues decline / college forced to backfill – i.e. wia, h/s programs, veterans – current assumption is \$300k subsidy in 11/12**
- ☐ **Expenses grow faster than anticipated – i.e. inflation, collective bargaining, bad debts**

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Key Dates - External

- ☐ **Key Dates:**
 - January 2011: Legislature convenes for 11-13 session
 - February 1, 2011: Kitzhaber budget released
 - February 2011 / May 2011 – future state revenue updates
 - Legislative Co-Chairs Budget Released – February 2011
 - Legislature Approves CC Budget – May or June 2011

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Key Dates - Internal

□ Key Dates:

- Ongoing: Rebalancing efforts underway regarding current year budget
- January 2011: CCC budget process begins
- January – February 4th – Idea Generation
- February 7th to February 18th – Analysis / Refinement
- February 21st to March 11th – Creation of Proposed Budget
- Budget Committee Meeting / Budget Approval
- May 2011: Bond election
- Budget relook based on bond election / state funding approval
- June 2011: CCC 11/12 budget adopted / finalized

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