

# Portland Community College Proposed Budget 2019-2021 Biennium

April 18, 2019

Public Hearing to Approve Proposed Budget  
Presentation to the College Budget Committee

# Budget Overview – President’s Message

- The proposed budget is austere in that it recognizes our current economic realities and uncertainties but is transformative in that it adeptly leverages resources for key strategic initiatives.
- The budget strategically aligns with the President’s Work Plan to improve opportunity and strive toward equitable student success by eliminating economic disparities for marginalized students.
- Key strategic initiatives embedded in the budget include Excellence in Teaching; Diversity, Equity and Inclusion; YESS; and Strategic Enrollment Planning.

## PRESIDENT'S WORK PLAN STRATEGIC PROCESS ALIGNMENT TIMELINE

	2017-2019 Biennium		2019-2021 Biennium		END OF WORK PLAN, BEGINNING OF STRATEGIC PLAN	2021-2023 Biennium		2023-2025 Biennium	
	17-18	18-19	19-20	20-21		21-22	22-23	23-24	24-25
	Budget	Supplemental Budget due to board in June 2018	19-21 biennial budget submitted to board in March 2019  Supplemental Budget due to board in June 2019	Supplemental Budget due in June 2020		21-23 biennial budget submitted to board in March 2021  Supplemental Budget due to board in June 2021	Supplemental budget due in June 2022	23-25 biennial budget submitted to board in March 2023  Supplemental Budget due to board in June 2023	Supplemental Budget due in June 2024
Strategic Plan	Work on Phase 1* of new distribution formula	Complete Phase 1* of new distribution formula*	Work on Phase 2* of new distribution formula	Complete Phase 2* distribution formula	Work on Final Phase* of new distribution formula	New distribution formula completed and implemented in 23-25	New budget model implemented	New budget model implemented	
Accreditation	Mid Cycle Visit	Structural Study  Plan the Strategic Planning Process (Env. Scan, External Input, Internal input, etc.)  Begin Strategic planning process	Continue Strategic planning Process  Write the Plan	Align Plan with 21 – 23 Budget By March of 21	Full Cycle Visit in Spring of 2022				

# Budget Overview – Comprehensive Budget

FUND	1 <sup>st</sup> Year FY 19-21	2 <sup>nd</sup> Year FY 19-21	Total Biennium
General Fund	\$ 243,849,652	\$ 264,597,599	\$ 508,447,251
Special Revenue Funds	\$ 153,068,628	\$ 154,088,016	\$ 307,156,644
Capital Projects Funds	\$ 71,385,817	\$ 180,697,888	\$ 252,083,705
Enterprise Funds	\$ 22,468,226	\$ 20,698,571	\$ 43,166,797
Internal Service Funds	\$ 27,225,696	\$ 55,472,863	\$ 82,698,559
Fiduciary Funds	\$ 784,951	\$ 703,398	\$ 1,488,349
Debt Service Funds	\$ 73,605,958	\$ 79,902,022	\$ 153,507,980
Total – All Funds	\$ 592,388,928	\$ 756,160,357	\$1,348,549,285

# Budget Overview – Special Revenue Funds

- Account for revenue sources that are legally restricted to expenditures for specific purposes.
  - Auxiliary Fund
  - CEU/CED (1900) Fund
  - Contracts and Grants Fund
  - Student Activities Fund
  - Student Financial Aid Fund

# Budget Overview – Capital Projects Funds

- Account for the College's major capital expenditures relating to the acquisition, construction, and remodeling of capital facilities. Revenue sources to finance the expenditures include the sale of General Obligation Bonds, sale of property, and transfers from other funds.
  - Capital Projects Fund (Accounts for expenditures for minor construction projects, remodeling, major maintenance of facilities and replacement of major equipment. Primarily FMS)
  - Capital Construction Fund (Accounts for all activities relating to major construction projects not accounted for in the Capital Projects Fund. Primarily Bond-related)

# Budget Overview – Enterprise Funds

- Account for operations that are financed and operated in a manner similar to private business activities.
  - Bookstore Fund
  - Food Services Fund
  - Transportation & Parking Services Fund

# Budget Overview – Internal Service Funds

- Are utilized for the financing of goods or services provided by one department to another department on a cost-reimbursement basis.
  - Print Center Fund
  - Internal Service – PERS Reserve Fund
  - Risk Management Fund



# Budget Overview – Fiduciary Fund

- Accounts for assets held by the College in a trustee capacity or as an agent on behalf of others.
  - Pension Trust Fund: Early Retirement (Accounts for the accumulation of resources to meet future obligations on the College's early retirement program.)

# Budget Overview – Debt Service Funds

- Accounts for debt activities, the repayment of principle and interest, related to the College's bonded debt obligations.
  - General Obligation Bond Fund
  - PERS Debt Service Fund

# Budget Overview – General Fund

General Fund– Total Appropriations	\$ 485,713,930
Unappropriated Ending Fund Balance (“Reserves”)	\$ 22,733,321
Total General Fund	\$ 508,447,251
General Fund Budget – FY2017-2019	\$ 502,702,698
Increase in Budget	1.1%

# General Fund – Strategic Initiatives

YESS Mission – Recognizing the unique value, perspective, strengths, and challenges of every person who comes to PCC for education, all students will achieve their academic goals through equitable support, quality instruction, clear guidance to persist, and an unwavering commitment to completion shared by the entire college community.

# General Fund – Strategic Initiatives

## Cornerstones for YESS

- Build a Foundation for Guided Pathways
- Focus on Diversity, Equity, and Inclusion
- Increase Data and Technology Resources
- Develop a Strategic Enrollment Management Plan

# General Fund – Accomplishments Tied to Strategic Initiatives

- President's Fund for Excellence Awards

26 awards totaling \$1 million with \$100,000 each to *Developing Engaged & Thriving Students, On Campus & Beyond, Men of Color Center of Excellence in Education, PCC Print on Demand: Open Resources and Student Success*

# General Fund – Accomplishments Tied to Strategic Initiatives

- Partnership with Oregon DHS to increase access to federal benefit programs such as SNAP and SNAP 50/50.
- Statewide leadership of the Pathways to Opportunity and STEP expansion projects to leverage statewide partnerships between community colleges and state agencies.
- Partnership with TriMet to expand student access to the Low Income Fare Card Program.
- Partnership with the Oregon Food Bank to assist food insecure students.

# General Fund - By the Numbers

Total Operating Revenues:	\$ 472,747,251
Total Operating Expenditures:	\$ 448,575,379
Total Transfers Out:	\$ 6,672,905
Total Contingency:	\$ 30,465,646
Unappropriated Ending Fund Balance (“Reserves”):	\$ 22,733,321

- Contingency includes minimum wage increases, faculty step movement, Oregon Pay Equity Act adjustments and any other unfunded mandates.
- Tuition and Fees: \$185,403,990 represent **39%** of total GF operating revenues.
- State Sources: \$198,217,222 represent **42%** of total GF operating revenues.
- Unappropriated Ending Fund Balance is budgeted at **10%** of operating expenditures and transfers out.



# General Fund - Budget Assumptions

- Budget forecasting the Community College Support Fund at \$590 million consistent with the Joint Ways and Means preliminary budget framework.
- Forecast a 4% decline in full-time equivalent (FTE) students in FY 2020, and an additional 3% decline in FY 2021.
- Plan for property tax revenues to grow approximately 3.5% each year of the biennium based on prior years' history.

# General Fund- Budget Actions

- Tuition increase of \$5 per credit hour in the first year of the biennium and \$7 per credit hour in the second year of the biennium, or 4.5% and 6.0% for resident and border state resident students respectively, and 2.0% and 2.8% respectively for non-resident students including international students.
- Campuses and Divisions reduced their base budgets by 3% to cover the biennial budget shortfall.
- Reductions included the elimination of roughly 47 positions in FY20 and another 2 positions in FY 21 in classified, faculty, academic professional, and management job categories. Another 4 positions are slated for FTE reduction in FY20.

# Budget Assumptions – PERS

PCC addressed mounting PERS obligations by issuing full faith and credit pension bonds of \$171,865,000 in November 2018 to prepay the college's net unfunded actuarial liability (“UAL”).

- PCC received an immediate rate credit of 9.32% for T1/T2 and OPSRP General Service. The rate credit is expected generate at least \$3.7 million in savings for the FY19-21 biennium that PCC would not have seen if it had not issued the bonds.
- The savings will be countered by an overall UAL percentage increase that will increase total PCC PERS costs by 4% in FY 19-21.

# Budget Summary

Total Budget –All Funds	\$ 1,348,549,285
Total General Fund Budget	\$ 508,447,251

- Austere budget but is transformative in that it adeptly leverages resources for key strategic initiatives.
- Budget strategically aligns with the President’s Work Plan to improve opportunity and strive toward equitable student success.
- FY19-21 Biennial Budget allows for alignment of the new Strategic Plan with the FY21-23 Biennial Budget.

# Questions?

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