

Minutes of LBCC Budget Committee Meeting May 08, 2024 6:00pm – via Zoom

Board of Education members in attendance

Stacie Wyss-Schoenborn (Vice Chair), Dick Running, Sherlyn Dahl, John Sarna, and Ron Edwards (joined meeting at 6:14pm)

Budget Committee members in attendance

Pat Malone, Lizdaly Cancel, Isaac Grant, and Kim Kendall

Staff and Representatives in attendance

Lisa Avery, Sheldon Flom, Jess Jacobs, Ann Buchele, and Elizabeth Droscher

The meeting was called to order by Mr. Malone at 6:06pm

INTRODUCTIONS – Introductions of Board of Education, Budget Committee Members, and Linn-Benton Community College staff.

ELECTION OF FY 2024-25 PRESIDING OFFICERS (Mr. Malone)

Mr. Running moved to nominate Pat Malone to be the FY25 Chair. Ms. Dahl seconded. Motion to approve Pat Malone as Budget Committee Chair was approved unanimously. (9,0)

Mr. Running moved to nominate Isaac Grant to the FY25 Vice-Chair. Mr. Malone seconded. Motion to approve Isaac Grant as Vice Chair was approved unanimously. (9,0)

RECOGNITION OF PUBLIC COMMENTS (Chair Malone)

There were no public comments.

REVIEW OF LOCAL BUDGET LAW AND BUDGET COMMITTEE ROLE (Mr. Flom)

Mr. Flom reviewed the roles of the Budget Committee noting the ORS reference. The Budget Committee consists of the governing body and equal number of appointed members. Mr. Flom reviewed the responsibility of the Budget Committee. This first meeting is to hear the budget message, receive the budget document, listen to public comment, review and discuss the proposed budget, and approve the proposed budget following any revisions from the committee. The Budget Committee approves the spending authority of the college. He reminded the committee that they will be asked to approve the proposed budget at the May 15 meeting, the Board of Education will adopt the approved budget in June following a Budget Hearing, and the new fiscal year's budget will take effect July 1, 2024. The Budget Committee will be asked to reconvene to conduct adjustments if budget expended exceeds over 10% of the level approved.

BUDGET MESSAGE (President Avery)

President Avery thanked the Budget Committee members for attending tonight's meeting. President Avery shared that it has been a difficult fiscal climate. Last year, the college experienced budget reductions and program eliminations. Operating costs have increased despite best efforts. Enrollment is rebounding but not as

quickly as hoped it would be. Linn-Benton Community College has maintained a fairly conservative fiscal picture and is working closely with State partners to share a strong message for the need to support higher education.

REVIEW AND DISCUSSION OF PROPOSED BUDGET DOCUMENTS (Mr. Flom and Mr. Jacobs)

Mr. Flom reviewed the budget planning process for Linn-Benton Community College. Mr. Flom shared that there are current negotiations in process with the Faculty Association and the Classified Association.

Mr. Jacobs reviewed areas of presentation which include fund and program review, budget book, non-general funds, budget environment, and budget additions/changes.

Mr. Jacobs shared the LBCC fund types. The primary source is the general fund. Operational sources include auxiliary, restricted (special projects) and capital fund. Pass-through sources include debt service, financial aid, and agency funds. Mr. Jacobs presented information on program structure. These include student facing (instruction, instructional support, and student services) and operations (college support, plant maintenance, and transfers).

Mr. Jacobs reviewed the budget book structure that will be reviewed in tonight's presentation. This includes funding comparison of prior two years, budget categories, the current 23-24 budget, and the proposed 24-25 budget.

Mr. Jacobs presented current and proposed budget for auxiliary funds (personnel services, materials and services, capital outlay, transfers out, and contingency). Auxiliary Funds are self-balancing funds with specific purpose and charges. Examples include course fees, project funds, and non-credit programs. The overall change between current and proposed budget for this fund is 8.3%. Mr. Jacobs shared the largest increase is realized in materials and services. Mr. Jacobs reported that there is a higher budget requested for Food Services, Campus Store, and Printing Services. This is reflective of a return to in-person learning and increase in enrollment following COVID. These departments are working on expenses to become more sustainable. Mr. Jacobs shared fee increases in athletics, co-curricular, and technology.

Mr. Jacobs reviewed Capital Fund projects. Construction projects include roof replacement and bond projects (Ag Center, Courtyard, and Benton Center). Funding for these projects is through closeout of debt proceeds, state matching grant (Ag Center), and transfers from general fund. Mr. Jacobs reviewed the transfers from the general fund. These include roof reserve, major maintenance, technology reserve, and general equipment for a total of \$1,085,000. The transfer amounts are consistent with the 23-24 budget.

Mr. Jacobs reviewed restricted funds. which for LBCC is grant dollars. These funds include personnel services, materials and services, capital outlay, and contingency. The overall change between current and proposed budget is -10.9%. Notable increases are realized in grant, childcare resource, and referral, child development (mental health), HP Foundation (OER), and Stem Hub – combined grants. Notable decreases are realized in grant, Title III, and Career Connected Learning.

Lastly, Mr. Jacobs shared an update on passthrough funds which include Student Government fees, debt service, financial aid, and agency funds. Per the Student Government request, there was a large increase in that fund for the 24-25 budget. These funds are used by Student Government for their programming and they manage that budget.

Mr. Jacobs shared the General Fund budget environment. This includes approving the 2024-25 multi-year budget projects. Additionally, Mr. Flom reviewed major variables for PERS (expected flat rates for 2024-25),

State Aid (mid-biennium flat for 2024-25), Enrollment (projecting 2% increase for next year), Tuition (4% increase for 2024-25), no new reduction are scheduled/recommended for 2024-25, and fund balance (availability of Federal Funds).

Mr. Jacobs shared growth assumptions in revenue and expenses. These categories includes revenue projections from tuition, enrollment, State aid, and property tax. Expenses projections included personnel expenses, PERS, Health Insurance, and materials/services.

Mr. Jacobs reviewed the five-year projection model. The 23-25 biennium is estimated to be a net loss of \$363,428 for 24-25. Mr. Jacobs also highlighted the fund balance which are the college reserves. Mr. Jacobs shared a graph of the estimated difference between ending fund balance (actual fund balance) and the target fund balance (10% target of annual budget). The differential between the ending fund and target fund continue to show an estimated larger gap for upcoming years. The projection model is estimated and will adjust based on funding variables.

Mr. Running inquired on the graph included on the President's Page of the budget document and that the numbers do not match those being presented later in the document. Mr. Jacobs stated that the graph on the President's page was for example only but will be update to reflect the same graph.

Mr. Sarna inquired on inflation impact on the budget. Mr. Jacobs answered to satisfaction.

Mr. Jacobs presented the General Fund current budget vs. the proposed budget and projected percentage change. Personnel Services is estimated to increase .77%, Materials & Services is estimated to increase 10.3%, Capital Outlay – no expected change, Transfers Out estimated to increase .75%. Overall total expenses estimate an increase of 1.91%. Mr. Jacobs highlighted in the general fund revenue a tuition increase of 4%, state funding, enrollment increase, and potential transfer in from Capital Fund (ERC). Mr. Jacobs shared an update of the ERC (Employee Retention Credit) one-time funding. This is a subset of COVID relief funds. Linn-Benton has had an active claim submitted for some time with the IRS and is still awaiting disbursement. Mr. Jacobs reported on the college areas that would benefit from the ERC funds.

Mr. Jacobs reviewed personnel expenses including contractual/non-contractual increases (step increases, 2.5% budgetary placeholder, and funds estimated for final negotiated rates in contingency), healthcare increase (estimated at 3%), and PERS (no change expected for 2024-25).

Mr. Jacobs presented current service level (materials and services, software license agreements, insurance premiums, utility rates, transfers out, and debt service adjustments).

Identified reductions were realized in both 2023-24 and 2024-25 for a total budget reduction of \$2,416,912. From this total amount, the reductions for 2024-25 are \$1,023,121.

Mr. Jacobs shared Investment Categories (Budget Enhancements and Strategic Initiatives). Strategic Initiatives, which are funded at \$400,000 for 2024-25. serve as research and development to encourage LBCC to pursue potential breakthroughs and/or potentially successful teaching or operational efficiencies.

Mr. Jacobs shared a diagram of general fund by program which includes instruction, instructional support, student services, college support services, plant operations/maintenance, and transfers for a total of \$63,324,909. Of this the Instruction, Instructional Support, and Students Services are 70.4% of direct student spending. Mr. Jacobs shared new investments by program which include instruction, student services, and college support. These new investments are 91.6% direct student spending.

Mr. Jacobs presented a summary and next steps that include personnel increases and inflationary materials and service increases, contingency for final negotiated personnel costs, ERC fund transfer (reinvestment and deficit offset), budget enhancements and continued strategic initiative funding. The Budget Committee will meet again on May 15 to formally approve the budget and the budget will be submitted for Board adoption at their June 17 meeting. The Budget team will continue to address budget deficit throughout 2024-25. Mr. Flom shared that LBCC is not alone in budget challenges. All Oregon Community Colleges are facing deficits.

Budget Committee members asked questions and Mr. Flom and Mr. Jacobs provided the inquired information in response. The Budget Committee stressed the importance and concern with Linn-Benton Community College maintaining the reserves at 10%. The Committee indicated a possible inclusion of a statement during the approval process that signals future adjustments will be needed to maintain this. Additionally, President Avery shared that receipt of the ERC funds would help with the reserves. Work continues to be done to, hopefully, expedite that funding process. A discussion was also held regarding enrollment and student retention.

If there are any other questions between tonight's meeting and May 15, please send them to Elizabeth at drosche@linnbenton.edu and she will pass them along to Jess and Sheldon for reply.

The college will ask the Budget Committee to approve the full \$157m budget as presented at the May 15, 2024 meeting.

Chair Malone closed the meeting with congratulations for the work done to get the college through the COVID pandemic and the work that continues to be done.

Adjourned 7:48pm