OREGON COAST COMMUNITY COLLEGE

January 16, 2019
To: OCCC Board of Education
From: President Ryslinge

Dear Board,

The Budget Development process for 19-20 is underway and is particularly challenging for all Oregon Community Colleges. OCCC also faces some local conditions which further exacerbate the challenges. This memo will summarize the state and local conditions, and frame up major implications for the Board and College in our Budget Development process.

Condition	**Implication**	**Notes**
1. High uncertainty in CCSF funding	Colleges must choose a CCSF level to build budget before the actual CCSF funding is known.	Current is $550 mil. Most CC are considering $543 to $590. $543: Gov cut budget $590: DAS CSL $647: HECC CSL Co-Chairs budget (revenue forecast): Unknown, potentially lower than Gov:
2. Misalignment in timing.	CC: set tuition by March, develop budget by May, adopt by June 30. State: Unlikely to have a budget resolved until June (revenue package)	
3. Normal year to year expense increases: salary, benefits, cost of materials & contracts.	Since General Fund revenue less than budgeted expenses, structural deficit grows.	
4. Fully staffed, less vacancies	Salary savings not available to increase reserves.	
5. Declining reserves (above the 15% at OCCC)	Strategy of funding structural deficit via ending fund balances runs out in FY 18-19.	
6. Unusual one-time expenses: ERP Migration, Technology, PERS Supplemental, NWCCU	High near-run (2 years) impact, not a permanent condition.	
7. Three to Five-year fiscal outlook is stronger.	Once resolve the structural deficit, and pay for the one-time, there will be more resources available for budget.	Eliminate approx. $220K • duplicate ERP costs • PCC Services Title III Strengthening Capacity Grant FTE gains

See attached spreadsheet for 5-year fiscal analysis.

Strategies to Balance FY 19-20 Budget

1. Decrease less-strategic budgeted expenditures (already very lean)
2. Revenue:
    a. tuition increase
    b. legislative advocacy
3. Decrease reserve % (bring back to 15% after two years)
4. Freeze 18-19 expenditures to increase year-end fund balance
5. Waldport property sale.