

May 16, 2018

## Budget Message

As required by Oregon State Budget Law, the Oregon Community College Accounting Manual and other applicable policies, we hereby present to the Oregon Coast Community College Budget Committee and the Board of Education a proposed balanced budget for the 2018-2019 fiscal year. The greatest challenges impacting the College's fiscal planning are

- 1) Sustaining capacity increases for mission fulfillment and growth,
- 2) The pursuit of independent accreditation,
- 3) Funding the acquisition of, and migration to, a new Enterprise Resource Planning System.
- 4) Enrollment lag of 2-3 years for enrollment growth initiatives
- 5) Lack of economies of scale inherent in small colleges.

The budget is a quantitative expression of the mission of Oregon Coast Community College and addresses current economic realities and future needs of the institution. I am exceedingly pleased to present a balanced budget aligned with our mission and strategic focus on student success, growth in high quality educational pathways to meet the needs of our service area, and the achievement of independent accreditation. To continue this progress in an environment of significantly constrained financial resources is a testament to the commitment, professionalism and adaptability of the faculty, staff and administration of Oregon Coast Community College.



As with OCCC budgets in the past, the 2018-19 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, when received). The result is that carryovers of financial obligations from year to year are precluded and projections of anticipated revenues are not inflated.

## Financial Guidelines

As with the last five fiscal year's budgets, the College once again maintains a minimum 15% contingency reserve in the ending General Fund balance. This reserve is calculated as a percentage of budgeted General Fund revenues per the best practices standards set forth by the Governmental Finance Officers Association.

Additionally, with a clear focus on our intention to achieve independent accreditation, we include below the two of the 24 NWCCU Accreditation Eligibility Requirements that most closely address financial guidelines:

### *ER 18: FINANCIAL RESOURCES*

*The institution demonstrates financial stability with sufficient cash flow and, as appropriate, reserves to support its programs and services. Financial planning reflects available funds, realistic development of financial resources, and appropriate risk management to ensure short-term solvency and long-term financial sustainability.*

### *ER 24: SCALE AND SUSTAINABILITY*

*The institution demonstrates that its operational scale (e.g., enrollment, human and financial resources and institutional infrastructure) is sufficient to fulfill its mission and achieve its core themes in the present and will be sufficient to do so in the foreseeable future.*

## Mission Driven Budget

The 2018-2019 Budget is designed to fulfill the mission of the College, and to advance strategic priorities. Mission fulfillment is framed in the two core themes of the College, Student Success and Educational Pathways. Strategic priorities are identified within the Five Big Ideas Strategic Framework.

Core Theme: Student Success *OCCC will improve post-secondary educational attainment across Lincoln County and close achievement gaps for underserved populations in our community.*

The Student Success core theme serves as the focus of all efforts of the faculty, staff and administration of OCCC. Two examples demonstrate the linkage between core theme planning and budget development.

- The Navigate program was first envisioned in 2016, with initial funding secured through a competitive state grant funding for FY 16-17. Our sustainability plan for Navigate included securing funding to move the program out of grant funding by 18-19. This has been accomplished by developing a shared cost model with LCSD, as well as prioritizing the funding of the remainder of the core Navigate program within the general fund.
- The current ERP system, SharkNet, is out of date and insufficient. The ERP is fundamental infrastructure for student success, as it maintains student records and enables us to track student progress. Since 2016, we have anticipated and planned for the implementation

of a new ERP. The cost of ERPs is significant, sometimes running into the millions. Through careful planning, setting aside funds over past years, working with other colleges, and prudent negotiation, we have now secured a new ERP that is within our means and will vastly improve our capacity to serve students, and to have access to real-time data related to student success.

Core Theme: Educational Pathways *OCCC will offer rigorous and engaging academic programs and educational options comprised of clear pathways to transfer, employment and self-development that enrich individual lives and promote the economic and civic vitality of Lincoln County and beyond.*

Creating sound and well-supported educational pathways is the “how” enabling the “what” of student success. Through community engagement, data analysis, careful planning, and securing significant grant funding, we have launched the latest educational pathway at the College. The Rural Teachers Education Project will have two tracks, k-12 Education, and early childhood. The first students will enroll in Fall 2018. Grant funding will provide the first four years of costs, with general fund sustainability planned for 2022, based on enrollment.

#### Five Big Ideas Strategic Framework

Each of the “Five Big Ideas” has near-term implications for expenses and expense control, and long-term implications for growth along with greater fiscal and organizational stability. The Five Big Ideas are provided below, along with highlights of progress in each.

1. The OCCC Diploma: The College will pursue NWCCU Independent Accreditation, beginning with filing for Applicant status by 2016, achieving Candidate status by 2020, and meeting criteria for Independent Accreditation by 2022.

Progress highlights:

- 2016 Applicant Status achieved
- 2017 Self-Study Process
- 2018
  - Filed for Candidate Status
  - Hosted Peer Evaluation Visit
  - On NWCCU Agenda for June 26, 2018 Consideration of Candidacy.

2. Student Success: 1000 by 2025<sup>1</sup>The College will double enrollment to meet the need for education, raise educational attainment and grow a college-going culture and narrow achievement gaps in Lincoln County. Doing so will create fiscal stability for the college. The college will take a multi-pronged approach to growth.

Progress highlights:

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<sup>1</sup> During the 17-18 year, College staff modified the prior “by 2020” goal to “by 2025,” given 1) statewide enrollment trends and 2) lagging impacts of 90% reduction in the Expanded Options program, 3) typical 3-year lag time to realize FTE impact of new initiatives.

- Initiated a new Matriculation program to facilitate the direct admission of LCSD seniors to OCCC the following fall.
  - Second year of Navigate Program: large scale high schools outreach and recruitment.
  - Successfully secured grant funding for the new Rural Teachers Education Project
  - Initiated curriculum development and staffing for Early Childhood Education program
  - Expanded Dual Credit access at high schools and increased Early College enrollment (in response to EO termination).
  - Robust programming with LCSD to accelerate early college and increase the number of HS grads who choose OCCC.
  - Entered talks with TBCC to support a cohort of Tillamook County Nursing Students
3. Make OCCC a Great Place to Work: create a work environment and culture that manifests our values, allows people to excel at what they do best, and keeps them with us for reasons in addition to compensation.
- Sustained annual salary increases for all employee groups.
  - Completed a successful year of evening “Dean of Darkness” and Security Staff during academic terms.
  - Implemented ongoing training program for all staff, in addition to safety and emergency training and preparation activities.
  - Increased participation in professional development all employee
  - Recognition of our staff that have served in 5-year increments along with special shout outs to our “shark pup” and “instructor of the year” with Celebrate Us
  - Added software- Aviso an early alert system to enhance student success and Paycom a payroll and human resources system that provides a portal for each employee to view pay statements and allows for electronic tracking of time worked, leave taken and leave balances.
  - Continue cross functional team growth
  - Developed and delivers Mental Health First Aid training to 45 staff.
4. Comprehensive Strategic Planning process: The College will develop comprehensive and sustained planning processes connecting planning with budget and resource allocation to reach strategic and operational goals.
- Progress highlights:
- Planning documents and processes now in place for facilities, technology and emergency response.
  - Developed a comprehensive Educational Services Migration Plan for the decoupling from PCC.
  - Significant planning efforts around the replacement of the ERP.
5. OCCC Will become an Agile and Flexible Organization: The College will develop the organizational structures and fiscal resources to allow us to fulfill our mission. OCCC will

respond creatively and positively to the significant changes that will occur over the five-year strategic plan period.

Progress highlights:

- Secured \$560,000 of mission-aligned grants
- Staffing structure is mature, policies and procedures increasingly in place to make time spent more efficient.
- The College increasingly responding proactively and creatively to environmental changes and opportunities.
- Continued commitment to budgeting for strategic opportunities and new program development.

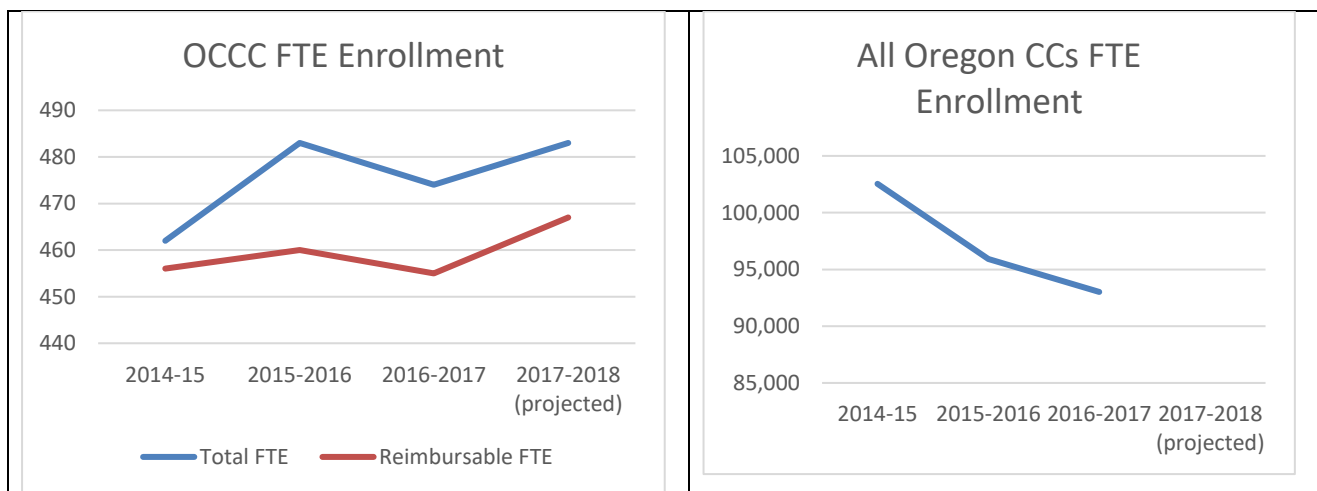
Revenue

The two major components of community college revenue, Oregon CCSF and local tuition and fees, are both dependent upon enrollment levels. Consequently, the tracking and projection of revenue is highly dependent upon enrollment trends and projections.

The 2018-2019 budget is developed based on projected 475 FTE, a 2% increase over the projected ending year FTE for the current year. Looking beyond 18-19, we anticipate enrollment will continue an upwards trajectory as strategies associated with *Strategic Framework, Five Big Ideas #2 Student Success, 1000 FTE by 2020* are implemented.

OCCC Full Time Equivalent Student Enrollment

	2014-15	2015-2016	2016-2017	2017-2018 (projected)
Total FTE	462	483	474	483
Reimbursable FTE	456	460	455	467
All Oregon CCs	102,540	95,919	93,018	



Statewide enrollment declines: From 2014-2015 year to 2016-2017 year, Oregon Community Colleges total enrollments declined by 9%. State data for the 2017-2018 year will not be finalized until October 2018, but ad hoc reports indicate decline is slowing but still declining. Meanwhile, OCCC has achieved a cumulative 3% enrollment increase since 2014-2015.

The statewide enrollment decline can be attributed to several factors including an improving economy and lower unemployment rates, with fewer Oregonians pursuing education and job training. State support over time for higher education has not kept pace with increased costs resulting in higher direct costs to students, decreasing affordability, and likely causing some potential students to forgo higher education.

### Tuition

The OCCC Board of Education approved a \$6 per credit tuition increase beginning Fall 2019. The last tuition increase was in 2011, and there was a significant need to adjust tuition to address the impact of cost escalators over the intervening years. Significant cost escalators include salary and benefits (especially PERs) as well as increases in information technology. OCCC has strived to offset rising tuition costs for students through a variety of supports.

Year	OCCC Scholarship Awards	SEAL Scholarship Awards	Total Foundation Awards	Oregon Promise Awards
2016-17	110,700	18,700	129,400	31
2017-18	100,000	22,000	122,000	58

### Balancing the 2018-2019 Budget and Building Capacity

The total appropriation for the *PROPOSED* 2018-2019 budget is \$10,967,255. This budget creates capacity for the future and is balanced via the following strategies:

1. Building in cost escalations for 18-19
  - a. Annual salary increases (projected).
  - b. PERS and other benefit increases (projected).
2. The General Fund structural gap (difference between projected revenue and expenses) is at \$299,739 which include the duplicate costs of the existing and new ERP (Prior deficits 15-16: \$350,000; 16-17: \$200,000, 17-18: \$261,756).
3. College is 100% staffed, and all current positions including vacancies are carried forth in the budget. Capacity for mission fulfillment is the strongest in a decade.
4. Funding of strategic initiatives includes accreditation, new program development to increase FTE, and sustains system improvements for students and to meet accreditation requirements
5. Multi-year strategies addressing the revenue/expense gaps described above:
  - a. Revenue Strategies include modest FTE and other non-traditional (entrepreneurial) revenue generating programs.
  - b. Board Policy for annual small predictable tuition increases linked to CPI
  - c. Cost containment strategies will continue to align and optimize financial

resources through appropriate staffing levels, expenditures, operating expenses and program development commensurate with a current size of 500 FTE and a trajectory to reach 1000 FTE over the next 8 years.

- d. Continue the strategy of building ending year balances wherever possible above to continue in the following year filling the diminishing structural gap and continue strategic investments
6. Continue to increase strategic and institutional alignment between the College and the OCCC Foundation and explore opportunities for the Foundation to support Accreditation and Program development efforts, in addition to the current focus on scholarships.
7. Vigorously pursue new grant opportunities aligned with Big Five Strategic Framework, Accreditation efforts, new program development, and community-building collaborations.

### **In Closing**

The budget presented here was developed through college participation especially in the areas of program growth, organizational review and redesign, and strategic planning. The budget addresses the current economic realities and needs of the institution and builds for the future. As noted in the introduction of this budget message, there are significant challenges impacting the College's strategic and fiscal planning, including stagnant or declining state support, our small college size, independent accreditation, and potentially a few years before growth strategies are realized. These are no small challenges.

In the face of these challenges, the College has proactively managed its financial resources through strategic planning, organizational redesign, and budgetary principles to reach mission fulfillment. Such a sustained approach will year over year improve our results in our Mission Core Themes of Student Success, Educational Pathways, Responsiveness to Community and Enriching the Economic and Civic Vitality of Lincoln County.

Given the reality faced by the College of little to no additional resources in the short run, our growth in capacity comes from changing the way we approach our work and alternative use of existing resources. Recognition of the College's strategic vision and fiscal circumstances by faculty, staff, students and the public has been critical and is greatly appreciated. This document presents a balanced proposed budget for approval by the Budget Committee and the Board of Education, as required by Oregon State Budget Law.

*Birgitte Ryslinge*

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President  
Oregon Coast Community College