# BUDGET COMMITTEE INFORMATION REQUESTS

May 9, 2022

To: Budget Committee Members

Thru: President Hamilton

From: Tatiana Bakhtina
Interim Director of Budget and Resources Planning

**1. Has Piper updated their feasibility analysis for PERS bonds with the recent and projected fed hikes?**

The College's underwriter, Piper Sanders ran three scenarios in January 2022, and will prepare an updated analysis for the board's work session on June 15th.

**2. Did LCC participate in the PERS employer incentive fund? Are there funds available if the legislature were to fund it next biennium?**

No, the College did not participate in the PERS Employer Incentive Funds because LCC was not a prioritized entity for the original round. There is a possibility that there may be funds available in the upcoming legislative session.

**3. Has LCC been able to make any changes to the early retirement fund?**

We do not currently have a phased-retirement program and it's not under discussion in bargaining.

**4. What are the main items included in other miscellaneous OPE in Table 4 (page 14)?**

Health Insurance and Early Separation Incentives.

**5. How does LCC's break out between credit/non-credit students compare to other community colleges?**

Lane Community College has an enrollment break-down between credit and non-credit students that is comparable to statewide average.

**Percent of Courses by ACTI code during AY2020**

**Source: HECC Snapshots**

| Institutions | Credit - LowerDivision (ACTIcode 100) | Credit-CTE (ACTICode 200s) | Credit - Dev Ed | Non-credit |
|---|---|---|---|---|
| Lane | 50% | 16% | 2% | 32% |
| Linn-Benton | 54% | 9% | 2% | 35% |
| Mt Hood | 34% | 28% | 2% | 36% |
| Clackamas | 41% | 16% | 2% | 42% |
| Chemeketa | 49% | 17% | 3% | 31% |
| Central Oregon | 41% | 12% | 1% | 45% |
| Umpqua | 25% | 8% | 0% | 66% |
| Statewide Average | 46% | 15% | 2% | 37% |

**6. What % of students receive Oregon Promise grants and does LCC have to pick up any of the cost?**
There are 795 (13%) students receiving the Oregon Promise. There is no college match. The program is state supported.

**7. Is the student/teacher ratio different for online course offerings vs in-person?**
The class sizes do not vary by mode of instruction. Maximum class capacities are outlined in the contract and are the same regardless of mode of delivery.

**8. How is enrollment tracking at the other community colleges and the impact on LCC's CCSF %?**
This year (2021-2022), LCC has had steeper enrollment declines relative to other mid to large size CCs in Oregon, possibly due to the impact of the vaccine requirement.

**9. Will the additional position (Retention Specialist) in student enrollment focus on increasing enrollment?**
Yes. This position will manage enrollment management software in addition to their other duties.

**10. Just a comment that I found interesting that degree statistics are holding despite the enrollment decrease.**
Yes, we have been working hard to provide support for our students to complete their programs. We are still battling low retention rates from year to year, but we are always working on identifying strategies to better support and retain students

11. **Due to supply chain and inflation issues, have the approved bond projects changed significantly from planned?**
No. Bond projects have not changed, but the expectations of what we can do with the current funds we have has changed. The College is intentional in discussing with the board and stakeholders, the state of each bond project.

**12. Will the higher FY 24 and 28 debt service result in a large increase in tax rates?**
No. For our Bond tax rate, the College stayed within our pledge not to raise taxes more than 12 cents per $1,000 on property taxes.

**13. With the deferred maintenance, is there a future bond issuance planned?**
The board will discuss this in the future. We have structured our debt so in 10 years, taxpayer rates will go down. The debt service plan will allow the future board to go with an ask that will not raise taxpayers' rates.

**14. Is LCC eligible to do a local option levy?** Yes

**15. Is there anything in the budget (or maybe there doesn't need to be) for accreditation recommendations?**
Yes. We have budgeted for a contract with Watermark (Software as a Service) for Planning and Assessment in response to the "needs improvement" for Student Learning Outcomes and the transparency for Institutional Effectiveness. In addition, we have increased the budget for the curriculum and assessment office to support faculty in completing student learning outcome assessment.

**16. The total budget is over 300 million but the General fund budget is just under 100 million. Can you explain where the other 200 million goes?**
The College has nine funds, including financial aid fund, debt fund, bond projects and other restricted funds.

Following is the summary of all funds (page 32 of the proposed budget document).

| Summary - All Funds | | | | | | |
|---|---|---|---|---|---|---|
| FY 2019-20 ACTUAL | FY 2020-21 ACTUAL | FY2021-22 BUDGET | Fund | FY 2021-23 PROPOSED | + / - | Explanation of changes in budget of > 10% |
| 81,918,542 | 80,901,416 | 93,659,092 | General Fund I | 95,807,043 | | |
| 708,760 | 471,562 | 795,000 | Internal Service Fund II | 910,000 | + | Funding for motor pool van |
| 14,532,168 | 23,466,791 | 19,897,510 | Debt Service Fund III | 20,296,817 | | |
| 2,670,040 | 5,040,807 | 137,778,066 | Capital Projects Fund IV | 121,241,225 | - | Adj. to reflect current activity |
| 32,735,223 | 26,227,098 | 49,832,500 | Financial Aid Fund V | 43,032,500 | - | Adj. to reflect current activity |
| 7,916,645 | 4,539,168 | 2,800,000 | Enterprise Fund VI | 2,740,000 | | |
| 444,424 | 414,935 | 5,925,739 | Early Retirement Fund VII | 5,500,000 | | |
| 10,396,339 | 20,715,582 | 30,775,000 | Special Revenue Fund VIII | 20,000,000 | - | Phase out of HEERF Grants |
| 10,603,007 | 8,882,037 | 16,598,281 | Administratively Restricted Fund IX | 18,247,663 | | |
| 161,925,149 | 170,659,396 | 358,061,188 | **Total All Funds** | 327,775,248 | | |

**17. Which revenue and expense levers were used to close the 8.1M deficit gap?**
The College was able to address the deficit gap primarily by increasing revenue through an adjustment to tuition and fees, reduction in personnel, and materials and services expenditures. In collaboration with other stakeholders on campus, the College was able to close the gap using our shared governance system.

Budget Balancing Framework presented at the 4.6.22 Board meeting.

**18. Financial forecast for the college for the next few years**
The College does have a Long-Range Financial Plan, which was developed for the 2017-2022 FYs. The College is moving on developing a new five-year LRFP. The plan will be developed in the context of the pandemic challenges and the ongoing conversations of the Higher Education Coordinating Commission (HECC) about the redesign of the Community College Support Fund. The General Fund Draft Forecast Model LRFP was presented at the January 2021 Board meeting. The forecast was developed before the College received the HEERF funding from the American Rescue Plan Act. The forecast will be updated with the context of current economic conditions.

**19. How will the PERS reserve be replenished?**
If the College has a successful Pension Obligation Bonds (POB) issuance, we anticipate a 2% drop in our PERS rates in August 2022. It is the staff's recommendation that the College pays current rates, transferring 2% to a reserve account.

**20. Feasibility of issuing PERS bonds (POBs)**.
The College is in process of a PERS bond issuance in July 2022.

**21. Explain the faculty's early retirement benefits and the history of management early retirement benefits.**
From the LCCEA contract: Article 41.1 *Benefits at Age 58. When a contracted employee reaches the age of fifty-eight (58) and for each year thereafter, the College shall offer the option of an early retirement program which will provide the employee three hundred fifty dollars ($350) per month until he/she reaches age sixty-two (62) if they have retired prior to July 1, 2001, and one hundred seventy-five dollars ($175) per month if they retire on or after July 1, 2001.* Early retirement benefits for faculty became effective in 1996, but the current language was adopted in 2006.

There are no former managers receiving early retirement benefits, nor are any eligible to receive them as the population of eligible employees have aged-out.

**22. The impact of tuition prices on enrollment and how LCC's tuition and fees compare with other colleges in the state.** Click here to view Tuition Recommendation report from Paul

**23. Did we use·one-time funds to balance the budget?**
Yes. We used $1.5 million for a stabilization reserve fund (Board Policy 290). Click to view the Budget Balancing Sheet

**24. What is a reasonable target for personnel ratios?**
Personnel ratios are benchmarked across a number of professional associations and industry standards that the College uses as a guide to inform staffing decisions.

For instruction, we have class sizes that vary based upon discipline and type of activity. In general, lecture classes have class sizes between 30 and 40. Lab classes and others that require more hands-on training have class sizes in the 18-24 range. Some of our Health Professions clinical labs have external accreditation mandates that require more reduced sizes (6-8). In general, our goal is for an efficiency of at least 70% of total capacity across the college.

Instruction is carried out by both fulltime and part time faculty. State Funding is not sufficient to have all instruction carried out by full time faculty. We also rely on part time faculty to allow our section offerings to expand and contract as needed by student demand. We have a contractual obligation to have our total faculty FTE be at least 60% full time.

**25. An update on Titan Court financials**

626000 TITAN COURT

| | FY 2012 - FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | ^ *FY2021* | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Reveunue** | | | | | | | | | |
| Housing Revenue | $ 2,225,687 | $ 1,624,410 | $ 1,832,725 | $ 1,677,560 | $ 1,824,279 | $ 1,782,502 | $ 1,940,271 | *$ 1,974,951* | 14,882,386 |
| **Expenditures** | | | | | | | | | |
| Paid by LCC | 45,979 | 21,418 | 32,154 | 92,187 | 50,071 | 20,172 | 13,210 | 3,099 | 278,290 |
| Paid by Project Management | 1,389,198 | 842,269 | 913,876 | 968,976 | 946,070 | 932,032 | 939,918 | 888,689 | 7,821,028 |
| Total Expenditures | 1,435,177 | 863,687 | 946,030 | 1,061,163 | 996,141 | 952,204 | 953,128 | 891,788 | *10,405,523* |
| Income / (loss) before interest | 790,511 | 760,723 | 886,695 | 616,397 | 828,138 | 830,298 | 987,143 | *1,083,163* | *6,783,068* |
| **Interest** | | | | | | | | | |
| Interest | 1,436,596 | 718,298 | 761,868 | 753,299 | 735,162 | 632,300 | 606,400 | *579,500* | 6,223,423 |
| Income / (loss) after interest | (646,085) | 42,425 | 124,827 | (136,902) | 92,976 | 197,998 | 380,743 | *503,663* | *559,645* |
| *** Principal Payments** | 0 | 0 | 0 | 680,000 | 695,000 | 635,000 | 660,000 | 685,000 | 3,355,000 |

* Bonds refinanced 10/2016. No principal payments before FY2017

^ FY2021 impacted by COVID. The loss revenue is reimburseable from a HEERF Grant is included in housing revenue.

**26. How much of the health insurance premiums are paid by employees and is it based on a percentage or a dollar amount? When was the last change?**
The monthly premium paid by employees varies by employee group. There is a percentage cost share for faculty for handling increases passed along by OEBB. Management and classified have a capped employer contribution.

Classified Health Insurance Premiums
Faculty - Full Time - Health Insurance Premiums
Faculty - Part Time - Health Insurance Premiums
Management Health Insurance Premiums

28.. **With health care costs over $19,000/FTE, are any plan changes being considered?**
No plan design changes are being contemplated at this time.