

President Spilde's All Staff Meeting, February 10, 2011

I just want to highlight a couple of items before we get into the budget. There are an amazing number of extraordinary things going on at the college

Slide 2

Planning:

1. I hope you have been tracking the long range planning we have been doing for the campus and the surrounding land that we own. This is a long term, visionary look at how we want to be as a community in the next 20 to 30 years. In many ways it's a legacy project—for those who will be here 15 years from now we will help build it; for those who are happily in retirement we can be assured that the college is well positioned to influence what happens around us. This project has been ably led by Sonya Christian, with Bob Baldwin as the chair. Last week there were some charettes that were open to everyone, and tomorrow from 2 to 3:30 there will be a review of the work to date.
2. Strategic planning: focus this year on technology and progression and completion. Two highly successful conferences have been held- ILane last fall and more recently Cliff Adelman was here to focus on the research and progression and completion.

Enrollment: We have been seeing extraordinary enrollment growth the last two years. We are expecting that growth rate to slow down and flatten out. This unprecedented growth has only been made possible by your extraordinary work and I thank you for it.

Legislative – 2000 bills introduced; Governance; PERS, plastic bags, wine in culinary, dual enrollment, 40-40-20

Facilities – all great work done on campus; 2, 4, 5, 6, 19, 10 – H&W, Longhouse

Longhouse

SLIDE 3 Downtown Campus

SLIDE 4 National picture – Misery loves company

State: How did we stack up; Governor's budget, could be worse – ARRA funding, health and human services; Universities, OSAC, OHSU

SLIDE 5 Update on state support – continuing disinvestment; 9% reduction- uncertainty

SLIDE 6 – Projection

SLIDE 7 – Additional Challenges for Next Year

SLIDE 8 – Policy Options – growth, reserves, tuition, reductions

State direction – Managing through; Outcomes Based; Redesign



All Staff Presentation

February 10, 2011



Planning

Enrollment

Legislative

Facilities

Campus Projects

Longhouse

Downtown Campus



LANE COMMUNITY COLLEGE
LANE COMMUNITY COLLEGE

Figure 3:

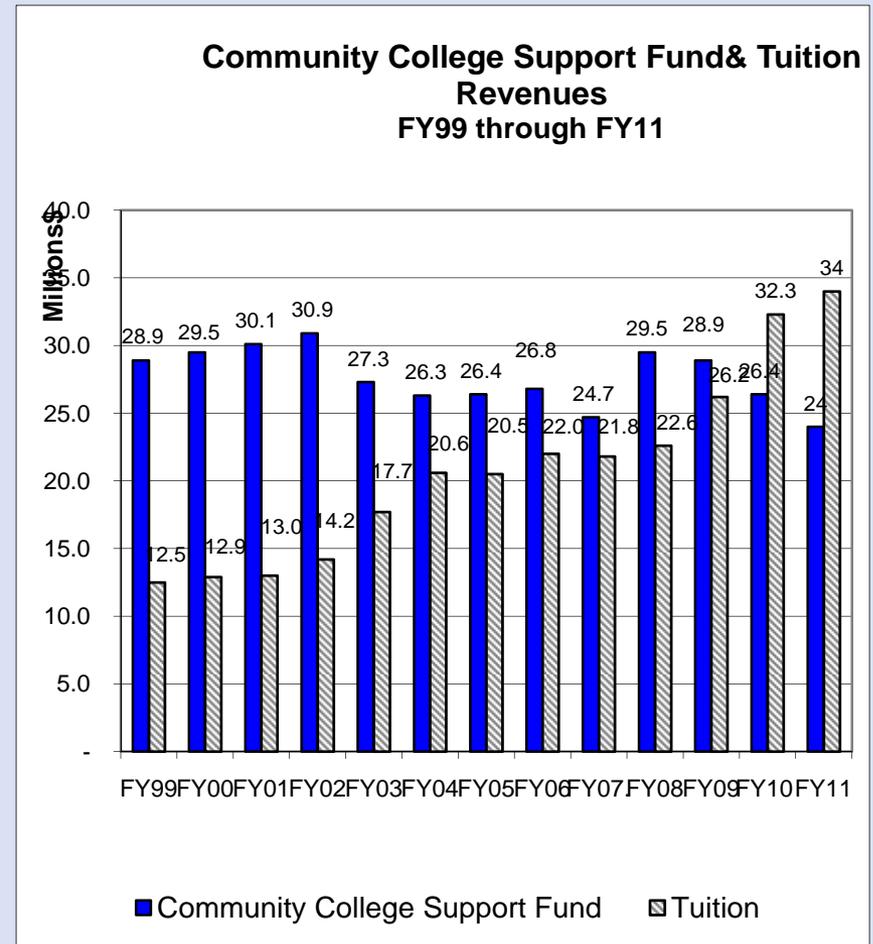
Thus Far 44 States are Anticipating Shortfalls in the Coming Year



Source: CBPP survey

Update on State Support

- Governors Budget - \$410 Million for 2011-13
- Represents 9% cut
- Revenue forecasts and legislative process could still change.



FY 2012- FY 2013 TWO YEAR PROJECTION

Funds I & IX

	2012	2013
REVENUE		
Intergovernmental		
Total Public Resources	42,100,790	42,383,090
	42,100,790	42,383,090
Tuition & Fees		
Tuition	35,139,224	35,455,477
Student Fees	7,143,072	7,143,072
Non-Mandatory Fees	642,030	642,030
Other Fees & Charges	1,498,679	1,498,679
	44,423,006	44,739,259
Other Revenue Sources		
Administrative Recovery	471,435	471,435
Gifts & Donations	988,982	988,982
Interest Income	145,494	145,494
Other Revenue	3,152,376	3,152,376
Sale of Goods & Services	1,449,411	1,449,411
	6,207,699	6,207,699
Operating Transfers In		
Transfers In	148,849	148,849
	148,849	148,849
	92,880,344	93,478,897
EXPENDITURES		
Personal Services		
Personal Services	58,889,836	58,889,836
Personal Services - P/T	18,911,044	19,061,044
	77,800,880	77,950,880
Other Expenditures		
Materials & Services	13,923,765	13,923,765
Capital Outlay	799,764	799,764
Goods for Resale	1,193,631	1,193,631
	15,917,160	15,917,160
Operating Transfers Out		
Transfers Out	2,157,681	2,157,681
Transfers Out - Fin. Aid	551,339	556,852
	2,709,020	2,714,533
	96,427,060	96,582,573
REVENUES OVER/UNDER EXPENDITURES	-3,546,716	-3,103,676

Additional Challenges for Next Year

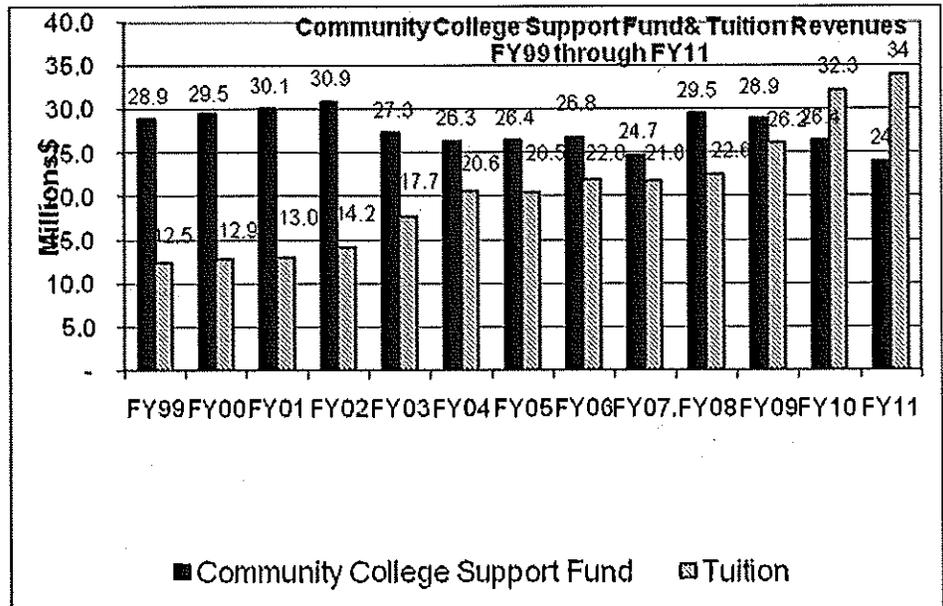
- PERS employer rates rising dramatically
- Enrollment increase is likely near peak
 - Some areas starting to drop
 - Growth limit in state policy
 - Nearing capacity constraints
- Health Insurance increases
 - 6.9% employer increase included in projections
- Tuition surcharge expires
- Shortfall of at least \$3.5 million before addressing compensation.

Policy Options

- Growth
- Reserves
- Tuition
- Reductions

Budget Outlook 2010

The 2011-2013 biennium is shaping up to be fiscally challenging for all public organizations and education is no exception. The Governor's budget provides only \$410 million for Community Colleges – a 9% cut from the previous biennium which was a 10% cut from the prior biennium. This places state funding at levels much lower than the 90's without even considering the impact of inflation. Significant



reductions were experienced due to lower tax revenue forecasts earlier in the year impacting the college by \$4.2 million dollars. Two pending forecasts in this year still possibly threaten both current and next year funding.

Additional Challenges for next year:

1. The current shortfall based on state projections falls about \$3.5 million short of basic requirements without provision for increased expenses but the reduction in state support is only one of the factors.
2. PERS: The employer PERS contribution is rising dramatically by over 6%. Since the last biennium rates were artificially low based on actuarial data at the peak of the market the college maintained previous rates of assessment which were about 3% and so the additional impact next year is only about \$1,300,000.
3. Health Care: The projection does provide a 6.9% increase for employer contribution to health insurance. This will cost about \$830,000 and is likely not going to be equal to anticipated cost increases based on preliminary information.
4. Tuition: A \$3 per credit hour surcharge established by the board at the beginning of the current biennium expires this year.

Policy Options:

1. **Growth assumptions:** Our growth expectations for the current year have yet to be realized and while overall enrollment is still positive, nine of twenty four divisions are reporting lower enrollment this term. It appears we are at or near peak enrollment and

with facilities near or at capacity, assumption of continued growth for budgeting purposes does not appear prudent.

2. **Reserves:** The board set aside \$2million for a PERS reserve during the current biennium and restricted \$3.5 million of the ending fund balance as a financial stabilization fund. Some portion of that can be used to offset the shortfall in the next two years. Given that lower tax revenue is expected to continue beyond the next biennium the question is over how long of a period should the reserves be used? Additionally, the college will need to issue remaining bond authority during the next biennium and too rapid a drawdown in fund balance will have an adverse impact on our bond rating and bond interest expense.
3. **Tuition:** The tuition assumptions include a \$1 increase in the base tuition rate. Even with the expiration of the surcharge our tuition and fee costs remain at or near the highest in the state.
4. **Reductions:** this is clearly the least preferred alternative due to the destructive impact on staff. Reductions in capacity similarly impact students as well. The \$35 million in tuition leverages over \$95 million in financial aid. When there aren't faculty and staff to meet the demand, students are unable to meet both their educational objectives and may fail to qualify for the federal aid they are counting on to meet living expenses. Capacity reductions are clearly a lose/lose for everyone.