

**BUDGET MESSAGE
FISCAL YEAR
2023-24**

PRESENTED MAY 3, 2023

FY24LCC

PROPOSED BUDGET SNAPSHOT

TOTAL LCC BUDGET

\$338.07
MILLION

↑ 3.05%

From FY23 Adopted Budget

Key Principles

The college cannot afford to maintain all programs and services it currently provides and must limit its offerings to be financially sustainable.

The college must limit the use of one-time funds.

The college shall continue to invest in student success, access & equity, and regional economic strategic priorities.

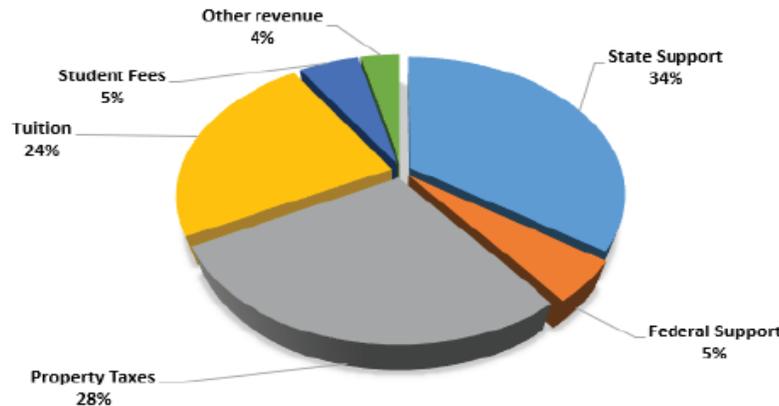


How is a tuition dollar spent?



As a steward of public funds, Lane Community College works to ensure responsible use of taxpayer and tuition dollars to achieve its mission. In collaboration with college departments, budgets are developed to support current operational needs and long term fiscal stability.

< Based on FY22 Actuals



FY22 General Fund Revenue

We focus on the general fund (or Fund 1) because it is the largest fund, and is considered an overall indicator of financial health. The general fund includes activities directly associated with the college's basic educational objectives.

Board of Education, Citizen Members of the Budget Committee, President Bulger, Colleagues, and Lane Community College District Members:

It is my honor to present the proposed fiscal year 2023-2024 budget for Lane Community College. The total proposed annual budget is \$338,069,325. The proposed general fund budget totals \$95,704,931.

Lane's budget reflects the prioritization and allocation of resources to support the College's vision, mission, and strategic goals.

Vision: Transforming lives through learning.

Mission: Lane is the Community's College. We provide quality, comprehensive, accessible, inclusive, learning-centered educational opportunities that promote equitable student success.

Strategic Goals from the College's 2022-2027 Strategic Plan: improve diversity, equity, and inclusion in student access and achievement; increase enrollment; increase student success; engage in continuous improvement; improve financial stability and sustainability; and identify strategic infrastructure investments.

In preparing the proposed budget, revenue and expenditure forecasts have been developed within the current economic environment. The College continues to be challenged by declining enrollments exacerbated by the pandemic, increasing personnel costs, and aging infrastructure.

The economic and public health impacts of the COVID-19 pandemic continue to cast a shadow over college operations. As a federal response to the COVID-19 pandemic, the United States Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and the American Rescue Plan Act (ARPA). Each piece of legislation included Higher Education Emergency Relief Fund (HEERF) Awards, and the College received funding from each Act. The HEERF funding expires in FY23, and the awards stipulated the use of the funds. Each award included dedicated funding for both COVID-related institutional expenses and emergency financial aid grants for students. The federal awards also allow lost revenue recovery, which is defined as revenue that was anticipated but not received due to the pandemic. Primary sources of lost revenue for the College are academic and auxiliary services.

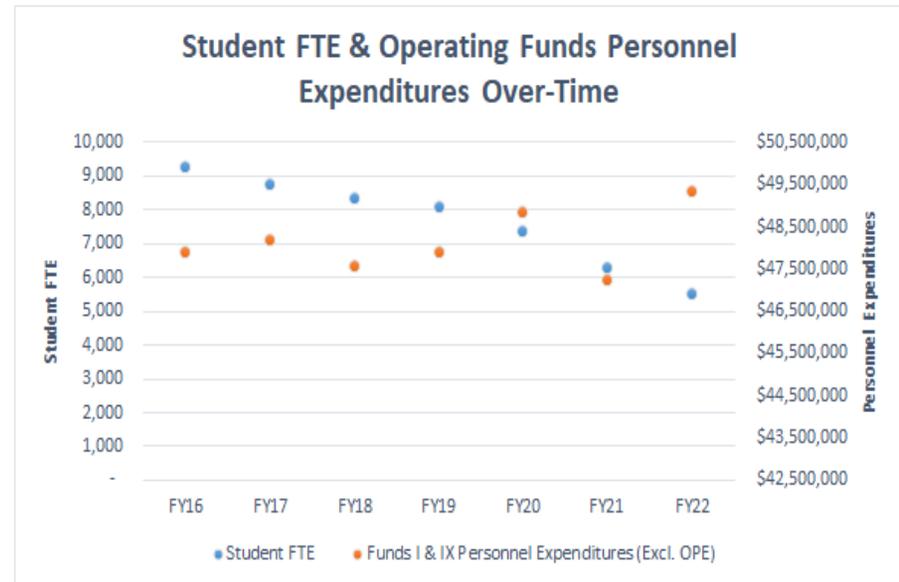
To address enrollment declines, the College is working to increase student enrollment and success through multiple strategic efforts, including the Guided Pathways Framework: Career Pathways programming; investments in customer relationship management tools; expanded enrollment management tools; expanded remote supports for tutoring and library services; website improvements; establishment of a Mental Health and Wellness Center; expansion of general education courses at the Mary Spilde Downtown Center; enhanced summer offerings; and the development of clear programs plans.

The pandemic has slowed progress in many areas due to the challenges and limitations of mixed remote/in-person work environments, technology enhancements for collaborative work, and focus on communication across campus. During the 2021-2022 Academic Year, the College revamped the Strategic Enrollment Management Plan to focus on post-pandemic enrollment conditions.

The following goals guided the 2023-2024 budget development process:

1. The College cannot afford to maintain all its current programs and services and must limit its offering to be financially sustainable.
2. The College must limit the use of one-time funds.
3. The College shall continue to invest in student success, access, equity, and inclusion and improve its financial stability and sustainability.

The fiscal year 2023-2024 Proposed Budget reflects these goals and includes a complex mix of balancing options that will impact our students, staff, and community. To close a \$4.9 million forecast budget gap partially due to personnel cost increases, inflation, and historic enrollment declines due to the COVID-19 pandemic the College looks to reductions in materials and service expenses, targeted program growth, increase student enrollment and retention, reduced major maintenance funding, holding vacant positions open, and staggering hiring for vacant positions.



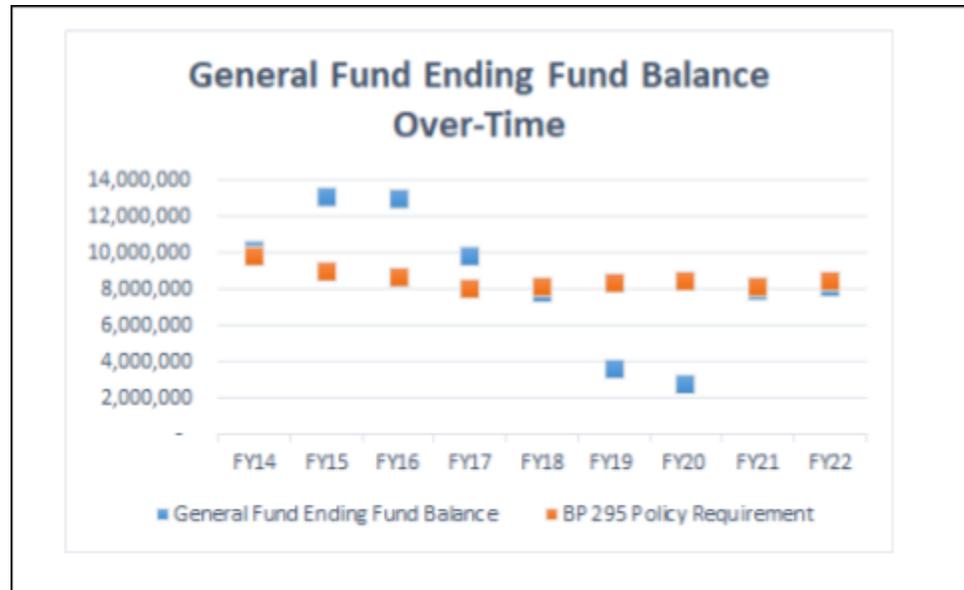
The proposed budget includes a \$6.5 per credit increase in student tuition, equal to the Higher Education Price Index of 5.2%, minus \$0.39 per credit increase. The proposed budget also includes additional funding to support investments recommendations generated through strategic planning, program review, and department planning. These allocations further the investment into Lane’s strategic goals.

In 2022, the Oregon Legislature passed Future Ready Oregon, a \$200M investment in Oregon’s workforce. The targeted investment package focuses on advancing opportunities for historically underserved communities. The Future Ready Oregon program provides funding for several initiatives: “Prosperity 10,000” Grants to Local Workforce Development Boards; Workforce Ready Grants; Postsecondary Career Pathway Training Program Grants; Credit for Prior Learning Grants; Industry Consortia; Workforce Benefits Navigator Grants; Bureau of Labor and Industries Registered Apprenticeships; and, Youth Development Division Youth Programs.

Economic Environment

The proposed budget is built upon a Community College Support Fund (CCSF) of \$748 million. Considering Lane’s Fall and Winter term enrollments, the proposed budget assumes an 8% share of the fund compared to a high of 13.35% in the fiscal year 2012-2013.

As required by Board Policy 245, when the College’s fund balance falls to 9% or less, the College must adopt a plan to replenish the ending fund balance to at least 10% within three years. At this time, the College complies with BP 245. An adequate fund balance is necessary to provide cash for first quarter payroll and operations, allow for emergency or unexpected events, support the College’s overall financial position and bond rating, and prevent the need for costly short-term borrowing.



The College prudently funded a PERS reserve account in anticipation of PERS rate increases. The College utilized \$860 thousand of this reserve in FY18 through FY22 to stabilize rates and did not utilize this reserve in FY23 due to sale of Bond Series 2022. PERS expenses comprise the second most significant portion of OPE expenses, including employee health insurance, pension obligation bond payments, payroll taxes, and other related costs. The estimated ending FY24 PERS reserve fund balance is \$1.2 Million.

Lane Community College will face estimated PERS increases of up to \$3.5 million in the 2023-2025 biennium and an additional \$400 thousand in the 2025-2027 biennium. Total projected contributions are estimated to increase by \$17.4 million for the 2027-2029 biennium when compared to the current biennium. In addition to the sale of PERS Bonds, replenishing the College’s internal PERS Reserve is necessary to mitigate market fluctuations. PERS cost escalation is an ongoing budget challenge for the College.

General Fund Budget for the Fiscal Year 2023-2024

The proposed general fund budget is \$95.7 million, a 0.11% decrease from the 2022-2023 budget. Budgeted tuition and fee revenues total \$27.1 million, reflecting tuition and fee adjustments. The College is committed to providing a financially sustainable model for reliable and comprehensive access to education that meets community needs. Under the current funding model, College expenses must be firmly linked to – and limited by – incoming revenue. Despite reductions in staffing levels realized from holding vacant positions open, and other efforts, personnel service expenditures continue to constitute the majority of the general fund operating budget – approximately 74% as proposed.

Administratively Restricted Budget for the Fiscal Year 2023-2024

The proposed budget for the special revenue administratively restricted fund is \$18.7 million. Fund IX hosts Technology, Academic Technology, KLCC FM, the Child Care Center, the International Program, Transportation Fund, Specialized Support Services, Student Activity Fee recipients, the Health Clinic, Flight Technology, and Extended Learning. Projections used for budget development combine the General Fund I and the Administratively Restricted Fund IX.

Capital Fund Budget for the Fiscal Year 2023-2024

Voters approved Ballot Measure No. 20-306 to increase safety, repair and construct labs for training, extend the life of aging facilities, update technology, and finance capital costs to support student learning. Since the approval of bond funding, the Facilities Management and Planning team has developed the strategic vision outlined in the 2019 Facilities Master Plan into a framework of capital project initiatives. The framework and associated funding allocations are designed to address the core goals established by the Master Plan, in complete alignment with bond requirements. The scheduling of these initiatives balances a range of prioritization principles. Taking a student-centric approach to projects, implementation planning balances impact to campus constituents, prevention of significant infrastructure damage or failure, opportunities with underutilized spaces, and the ability to leverage matching funds for some projects.

To date, \$21.7 Million of the 2020 Bond funds have been spent eliminating major deferred maintenance. An annual expenditure of approximately \$110 Million is planned to achieve FY24 goals. The Capital Fund also includes a small personnel budget for bond administrators and staff.

Early Retirement Fund for the Fiscal Year 2023-2024

The College is budgeting the Early Retirement Fund to increase transparency and enhance community awareness of College resources and liabilities. Information regarding Fund VII is reported in the College's annual financial report (annual financial audit). Fund VII accounts for the accumulation of resources for and the payment of the College's early retirement and healthcare commitments.

The College maintains a single-employer defined benefit public employee early retirement supplemental plan, which provides early retirement benefits to all management personnel who commenced employment before July 1, 1991, and all College faculty members. The plan was established under collective bargaining agreements with the faculty and contract negotiations with management.

Additional Important Information

This budget document is consistent with the budget laws of the State of Oregon and other applicable policies. The budget is 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). The result is that carryovers of financial obligations from year to year are precluded, and projections of anticipated revenue are not inflated. The format and summarization are consistent with Oregon Accounting Guidelines for Community Colleges. This budget expresses the basic and essential fiscal requirements of Lane Community College as set forth by the Board of Education.

The 2023-2024 Proposed Budget Document is submitted for your consideration and action. We are ready to assist you in the vital task of reviewing this document.

Respectfully,

Marlene J. Rocha
Associate Vice President for Finance and Accounting