



November 10, 2015

Board of Education  
Columbia Gorge Community College

**RECOMMENDATION:**

Receive and file the November Financial Report for Fiscal Year 2015-16.

**DISCUSSION**

The November Financial Report includes four months of financial data through thirty-two percent of the fiscal year. The year-end estimates-to-close are based on historical spending patterns and anticipated upcoming expenditures. Year-end estimates continue to be subject to change based on future operating decisions at the college.

*Fiscal Year 2015-16 General Fund Expenditures*

All major functional areas of the college are expected to end the year within budgeted appropriations. If current spending patterns persist, college General Fund expenditures are estimated to end the year seven percent below budget.

The close of October provides near final fall term enrollment figures. Lower than expected enrollment continues to challenge the college's ability to align section offerings to student demand. This fall term, thirty-two sections are being taught with less than twelve students. Nine sections have less than eight students. Average class size is 17.2. The Oregon Community College Association reports average community college class sizes of 25 to 30 students. All else held equal, low class sizes place pressure on future tuition and fee rates because faculty costs are spread over a smaller number of students.

*Fiscal Year 2015-16 General Fund Revenues*

The revenue outlook has not changed significantly with the addition of October financial data. Total revenues are expected to end the year approximately four percent below budget, driven primarily by reduced tuition receipts. All other major categories of revenue are still expected to end the year near budgeted amounts.

*Initial 2017-19 Biennial PERS Outlook*

The Executive Director of the Oregon Public Employee Retirement System (PERS) held a town hall meeting in The Dalles on October 2<sup>nd</sup> to explain the 2017-19 biennial impacts of recent PERS decisions. Attached to this report is the meeting handout. The Oregon Supreme Court's Moro Decision as well as changes to future mortality and investment return assumptions are anticipated to increase PERS employer rates by the maximum allowable increment next biennium. This "collared" rate increment is designed to phase-in large rate increases over multiple biennia.

Using a flat payroll assumption, the impact to Columbia Gorge Community College may be \$80k to \$120k of additional costs starting in Fiscal Year 2017-18. If the full impact of actuarial changes and court decisions were not "collared", the college would be responsible for approximately \$250k of additional costs in Fiscal Year 2017-18.

The current rate forecast is only advisory at this point and subject to changes in PERS investment earnings. The final 2017-18 biennial rates will be issued in the fall of 2016 based on a December 31, 2015 valuation of the PERS investment portfolio.

*Revised Winter Course Schedule*

The college introduced a revised schedule format for the upcoming winter term. The new format includes several pages of magazine style articles in the publication's outer pages. The 2015-16 budget anticipated discontinuation of the printed schedule as one of many deficit reduction initiatives. Summer and fall enrollment data suggested that resuming the hard-copy of the schedule would net a positive return on investment. The revised schedule format emulates similar publications at Mt. Hood Community College, Portland Community College, and Southwestern Oregon Community College. Resuming the printed schedule will cost \$4,318 per term. Moving to the new format with several outer color pages is an additional \$3,902 per term. This unbudgeted expense will displace other activities in the college's marketing budget. Attached to this report is a factsheet that was sent to all-staff and all-faculty explaining the decision to reformat and resume printing the winter schedule.

SUGGESTED ACTION:

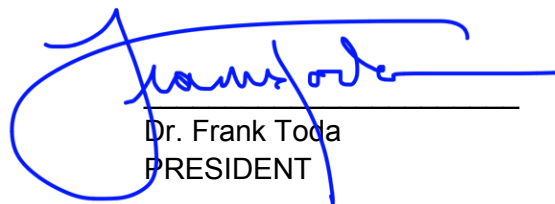
Approve recommendation.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Will Norris".

WILL NORRIS  
CHIEF FINANCIAL OFFICER

APPROVED:

A handwritten signature in blue ink, appearing to read "Frank Toda".  
\_\_\_\_\_  
Dr. Frank Toda  
PRESIDENT

GENERAL FUND REVENUE SUMMARY  
Through October 2015 (Through 33% of Fiscal Year)

Revenue	Adopted Budget	Adjusted Budget	Actual Revenue thru October 2015	Year End Estimate	Year End Estimate Over / (Under) Budget	Percentage of Adjusted Budget Received thru October 2015	Fiscal Year 2014-15 Revenue thru October 2014	Year-End Actual Revenue
State of Oregon	\$ 5,281,094	\$ 5,281,094	\$ 3,009,812	\$ 5,244,148	\$ (36,946)	57%	\$ 1,998,334	\$ 3,003,269
Property Tax	1,090,563	1,090,563	-	1,118,855	28,292	0%	166,361	1,096,917
Tuition	2,540,684	2,540,684	905,227	2,136,022	(404,662)	36%	1,039,606	2,435,291
Fees	647,268	647,268	266,784	673,465	26,197	41%	233,387	607,874
Other	124,647	124,647	25,085	116,579	(8,068)	20%	26,049	121,056
Sales & Services	8,001	8,001	534	2,700	(5,301)	7%	2,376	5,530
Transfers In	430,200	430,200	-	430,200	-	0%	-	2,406,852
<b>TOTAL</b>	<b>\$ 10,122,457</b>	<b>\$ 10,122,457</b>	<b>\$ 4,207,442</b>	<b>\$ 9,721,969</b>	<b>\$ (400,488)</b>	<b>42%</b>	<b>\$ 3,466,113</b>	<b>\$ 9,676,789</b>

GENERAL FUND EXPENDITURE SUMMARY  
Through October 2015 (Through 33% of Fiscal Year)

Function	Adopted Budget	Adjusted Budget	Expenses thru October 2015	Year End Estimate	Year End Estimate Over / (Under) Budget	Percentage of Adjusted Budget Expended thru October 2015	Fiscal Year 2014-15 Expenses thru October 2014	Year-End Actual
Instruction	\$ 3,479,582	\$ 3,479,582	\$ 979,759	\$ 3,348,333	\$ (131,249)	28%	\$ 1,123,522	\$ 3,845,642
Academic Support	1,026,979	1,026,979	268,867	843,460	(183,519)	26%	344,265	912,141
Student Services	758,201	758,201	177,065	697,662	(60,539)	23%	384,844	952,361
Institutional Support	2,437,876	2,437,876	850,419	2,304,683	(133,193)	35%	1,032,674	2,564,831
Financial Aid	24,393	24,393	10,386	25,041	648	43%	8,430	16,382
Plant Operation & Maintenance	956,823	956,823	291,374	939,778	(17,045)	30%	332,415	998,443
Other (Transfers, Debt, Contingency)	499,322	499,322	47,314	366,022	(133,300)	9%	43,653	203,219
<b>TOTAL</b>	<b>\$ 9,183,176</b>	<b>\$ 9,183,176</b>	<b>\$ 2,625,185</b>	<b>\$ 8,524,979</b>	<b>\$ (658,197)</b>	<b>29%</b>	<b>\$ 3,269,803</b>	<b>\$ 9,493,019</b>

(Structural amount, excludes one-time expenditures and revenues)

Surplus/(Deficit)	\$ (66,726)
Net Variance to Budget	\$ 257,709
Projected FY15/16 Ending Bal.	\$ 811,709
Projected FY16/17 Beg. Bal.	\$ 1,756,330

CASH & INVESTMENTS

Account	Oct 31st, 2015	Oct 31st, 2014
Local Government Investment Pool	\$ 1,483,102	\$ 1,959,996
US Bank	790,009	418,683
Fidelity Investments	2,923,821	3,186,522
<b>TOTAL</b>	<b>\$ 5,196,933</b>	<b>\$ 5,565,201</b>

## 2015/16 Fall Term Enrollment Report

Department	Enrolled Students	Section Count	Avg. Class Size	Count of Under-Enrolled Courses:	
				Less than 12 Students	Less than 8 Students
Arts & Humanities	186	13	14.3	4	2
Reading, Writing, Lit, Lang.	351	20	17.6	6	2
Business Administration	107	6	17.8	3	-
Certified Nursing Assistant	33	2	16.5	-	-
Computer Applications	97	4	24.3	-	-
Computer Science	31	3	10.3	1	1
Emergency Med Tech	18	1	18.0	-	-
First Aid & CPR	11	1	11.0	1	-
Physical Education	89	5	17.8	-	-
Math	96	4	24.0	-	-
Medical Assisting	59	3	19.7	-	-
Medical Terminology	28	1	28.0	-	-
Nursing	48	2	24.0	-	-
Other Professional Tech	136	8	17.0	-	-
Post-Secondary Remedial	88	7	12.6	2	-
Pre-College	139	12	11.6	6	3
Pre-College Math	201	10	20.1	1	-
RET	60	5	12.0	2	-
Science	215	13	16.5	4	1
Social Science	257	11	23.4	2	-
<b>Summary</b>	<b>2,250</b>	<b>131</b>	<b>17.2</b>	<b>32</b>	<b>9</b>

*Source: RogueNet Fall Term Average Class Size Report, as of 10/3/2015  
 Excludes Community ED (CED & SBD courses), ESOL, and Career Svcs*

Academic Year	Historical Fall Average Class Sizes				
	2010-11	2011-12	2012-13	2013-14	2014-15
Average Class Size	20.6	18.1	17.5	15.5	16.2



## Information for PERS Employers



PERS has provided secure retirement benefits since 1945

# What is the PERS funding equation?

$$B = C + E$$

**BENEFITS = CONTRIBUTIONS + EARNINGS**

Present value of  
earned benefits

Employer funds to  
pay those benefits

Future returns on  
invested funds

Set by:  
Oregon Legislature

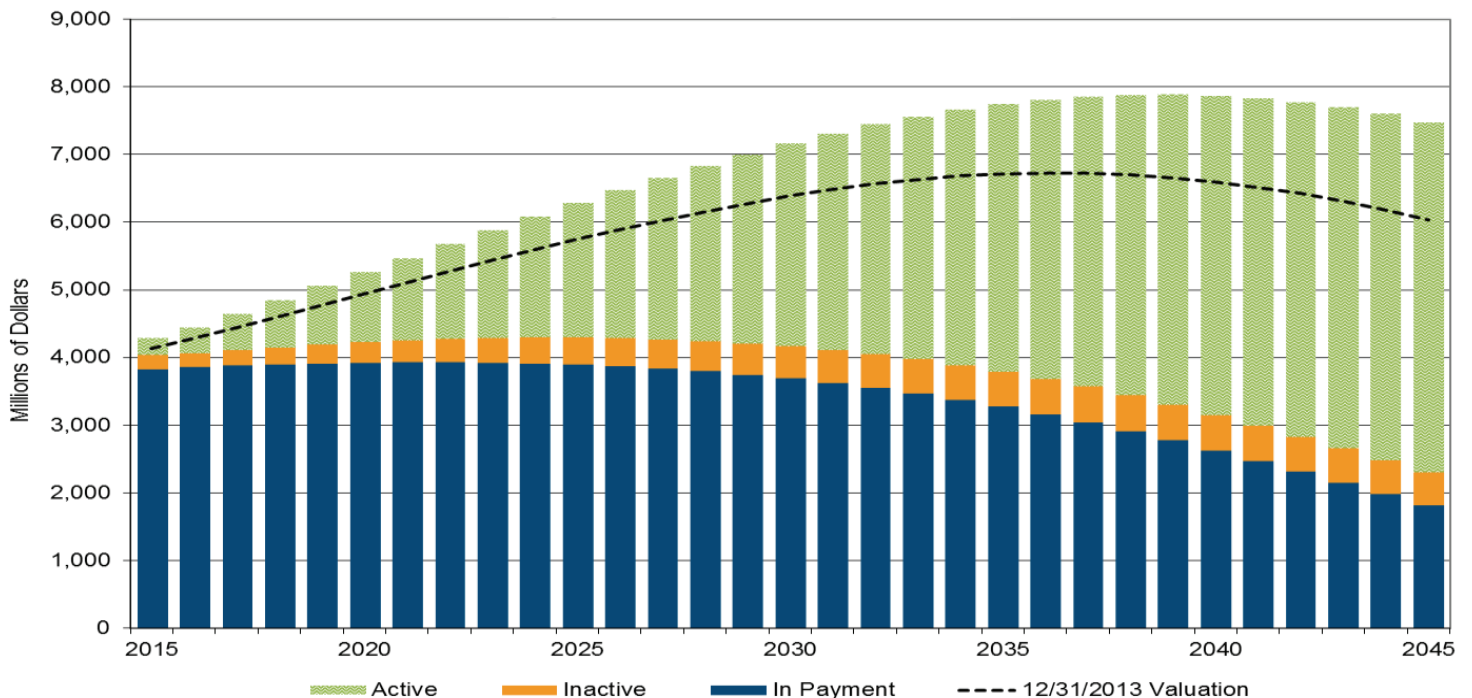
Set by:  
PERS Board

Managed by:  
Oregon Investment Council

## Where does the money to pay for benefits come from? (1970-2014)



## What are PERS' projected estimated benefit payments?



## What are the projected\* 2017-19 system wide employer payroll and contribution rate increases?

(\$ millions)	Projected 2015-17 Payroll*	(A) Projected 2015-17 Contribution	Projected 2017-19 Payroll**	(B) Projected 2017-19 Contribution	(B) - (A) Projected Contribution Increase
State Agencies	\$5,580	\$575	\$5,980	\$800	\$225
School Districts	\$5,950	\$560	\$6,370	\$850	\$290
All Others	\$7,350	\$870	\$7,870	\$1,155	\$285
<b>Total</b>	<b>\$18,880</b>	<b>\$2,005</b>	<b>\$20,220</b>	<b>\$2,805</b>	<b>\$800</b>

\* Projections do not reflect effects of actual 2015 investment returns.

\*\* Assumes payroll growth at 3.5% annually based on December 31, 2014 active member census, reflecting proportional payroll composition (Tier One/Tier Two vs. OPSRP) as of December 31, 2014.

## Funded status and unfunded actuarial liability (UAL)

(\$ billions)	System wide		As of 12/31/14	
	12/31/13	12/31/14	SLGRP*	School Districts
Actuarial liability	\$62.6	\$73.5	\$37.2	\$27.1
Assets (excluding side accounts)	\$54.1	\$55.5	\$28.5	\$20.3
UAL (excluding side accounts)	\$8.5	\$18.0	\$8.7	\$6.8
Funded status (excluding side accounts)	86%	76%	77%	75%
Side account assets	\$5.9	\$5.9	\$2.7	\$3.1
UAL (including side accounts)	\$2.6	\$12.1	\$6.0	\$3.7
Funded status (including side accounts)	96%	84%	84%	86%

\* State and Local Government Rate Pool

Sources of 2014 UAL increase	UAL Increase (\$ billions)
Expected UAL increase/(decrease) during 2014	\$0.2
2014 investment performance below assumption	\$0.2
<i>Moro</i> adjustment to projected benefits	\$5.1
Decrease in assumed rate of return to 7.5%	\$1.7
Update to mortality assumption	\$1.8
All other assumption changes and actual experience	\$0.5
<b>Total</b>	<b>\$9.5</b>



## What is the employer contribution rate setting cycle?

Actuarial valuations are conducted annually, but alternate between “advisory” and “rate setting” valuations: e.g., the December 31, 2014, valuation results project what employer rates might become, and the December 31, 2015, valuation will be used to set actual rates. Once employer rates are adopted by the PERS Board (in the fall of the even-numbered year), they become effective the following July 1 of the odd-numbered year (18 months after the valuation date).

Valuation Date	Employer Contribution Rates
December 31, 2013	→ July 2015 - June 2017
December 31, 2015	→ July 2017 - June 2019
December 31, 2017	→ July 2019 - June 2021

## Problem: benefits (B) and contributions & earnings (C+E) don't align

Obligations (B)	Amount	Resources (C&E)	Amount
Retired members	\$46.4	Tier One/Two benefits in force reserve	\$23.8
Inactive members	\$4.9		
Tier One - active members	\$13.0	Tier One/Two member accounts	\$6.9
Tier Two - active members	\$6.4	Tier One/Two employer reserves	\$22.8
OPSRP - active members	\$2.8	OPSRP employer pool	\$2.0
		<b>Assets:</b>	<b>\$55.5</b>
Present value of future (PVOF) normal cost - actives	\$7.5	PVOF normal cost - actives	\$7.5
		PVOF unfunded actuarial liability contributions	\$18.0
<b>Total obligations:</b>	<b>\$81.0</b>	<b>Total resources:</b>	<b>\$81.0</b>

## Economic Benefit of PERS

Oregon PERS paid approximately \$3.3 billion\* in benefits to PERS retired members living in Oregon in 2014. Funding for these benefits came mostly from investment earnings on contributions previously paid by members and public employers.

- The \$3.3 billion in annual benefit payments multiply to \$3.9 billion in economic value to Oregon when the full financial impact of these dollars spent in local communities is considered.
- These benefit payments sustain an estimated 36,000 Oregon jobs, and add approximately \$1.1 billion\*\* in wages to Oregon's economy.
- Additionally, the state of Oregon collected an estimated \$171.7 million in income taxes on PERS retired member benefits during 2014.

\* Additional benefit payments from the Individual Account Program (IAP) were not used in this study.

\*\* The \$1.1 billion in wages is included as a component of the \$3.9 billion in economic activity.

### Public Employees Retirement System

11410 SW 68th Parkway  
Tigard, Oregon 97223

Contact your PERS representative directly or call the general employer line: 888-320-7377

Employer website: <http://www.oregon.gov/pers/EMP/pages/index.aspx>



The outer design of the class schedule was modified for this winter term. The publication now includes several color pages of CGCC related articles. This change was a response to summer and fall enrollment data as well as research on best practices of other Oregon Community Colleges. The goal was to reach district families this winter as they make decisions on next year’s post-secondary education. The timing coincides with the beginning of the application periods for the “Oregon Promise” and 2016-17 FAFSA.

Due to the short timelines involved, there was not an opportunity to collaborate with a large portion of the campus community in this decision. The factsheet below explains the reason for the change.

**Background**

The current year budget included discontinuation of the printed schedule as one of many deficit reduction activities (cgcc.edu/budget). In addition to saving money, a paperless schedule was seen as a contemporary practice that aligned with the college’s sustainability policies (Policy 60.A). The move was meant as a trial, which could be reversed if it negatively impacted enrollment.

*Initial Summer Term Trial*

Elimination of the hard-copy publication sped the schedule development process this summer, saving costs and allowing greater flexibility in design. However, the college also saw an enrollment decline from the previous summer of 2014.

CGCC enrollment data over the last decade suggests that summer term is a very strong indicator of full-year Student FTE. The relationship between summer enrollment and total enrollment is highly correlated and statistically significant. It cannot be definitively determined whether elimination of the hard-copy schedule significantly contributed to the summer enrollment level. Many other factors could have had an influence as well. However, the small cost of printing the schedule, relative to potential revenue impact from lost enrollment, meant that reversing course and printing a hard-copy schedule made sense. For example, a single student FTE is the equivalent of 45 credits. At \$106 per credit tuition and fees, that equals \$4,770 without including associated state funding.

SUMMARY OUTPUT: Full-year Student FTE as estimated by Summer Term Student FTE

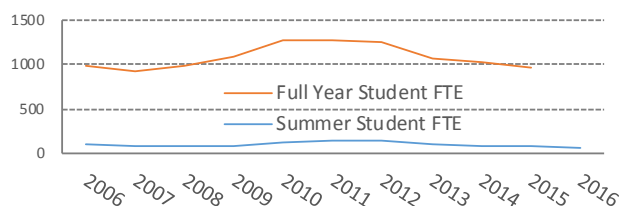
Regression Statistics	
Multiple R	0.92
R Square	0.85
Adjusted R Square	0.83
Standard Error	54.52
Observations	10

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	137,125.68	137,125.68	46.14	0.00
Residual	8	23,775.48	2,971.94		
Total	9	160,901.16			

	Coefficient	Std Error	t Stat	P-value
Intercept	544.40	80.74	6.74	0.00
X Variable 1	5.26	0.77	6.79	0.00



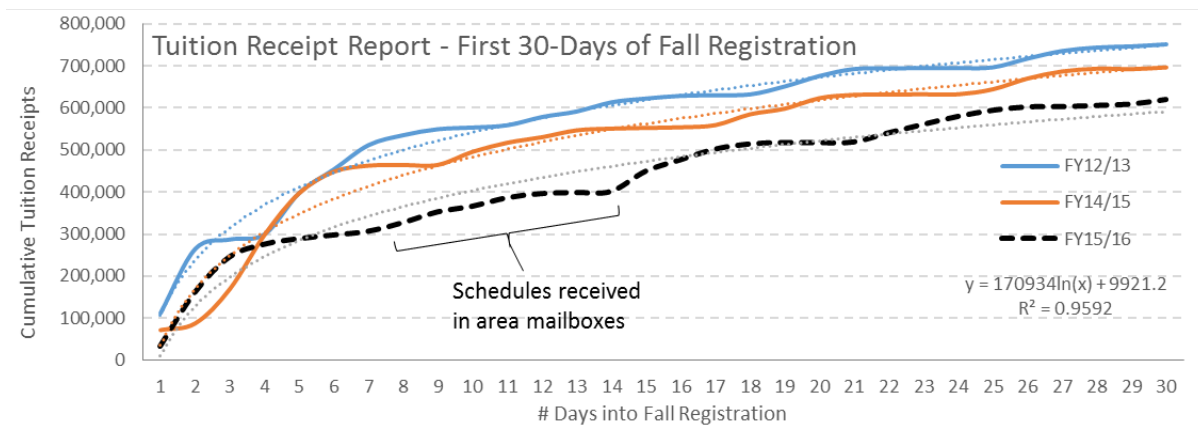
Academic Year	Summer FTE	Full-Year FTE
2006	98	979
2007	79	921
2008	81	981
2009	84	1090
2010	131	1270
2011	133	1262
2012	140	1248
2013	98	1070
2014	89	1021
2015	87	964
2016	67	

Source: RogueNet Section Reports

## Fall Term

After summer term enrollment numbers were analyzed, Dr. Toda sent a Presidential Decision Memo to the staff members most involved in schedule production. It outlined the reasons to resume a hard-copy schedule. A copy of this memo is included as an attachment to this factsheet.

The reversal meant that the Fall Schedule was slightly delayed, reaching district mailboxes one to two weeks into fall registration. While unintended, the late mailing incidentally provided corroborating evidence of the marketing value of the hard-copy publication.



Tuition revenue (accrual basis) is received in a fairly stable pattern each term. The curve follows a logarithmic trend line where the majority of registration activity occurs in the first two weeks and then slowly tapers off. Before receipt of the hard-copy schedule in district mailboxes, fall registration was experiencing similar declines as summer. After district residents received the printed publication, registration and tuition revenue ticked up significantly.

### Additional Content added to Schedule Publication

The evidence from both summer and fall terms suggested that investment in the class schedule publication had a positive return. PCC, MHCC, and SWOCC were identified as potential models to emulate. Below are examples of publications from these three institutions:

Portland Community College: <http://www.pcc.edu/about/magazine/documents/communities-15-fall.pdf>

Mt. Hood Community College: <https://www.yumpu.com/en/document/view/42221521/college-community-mt-hood-community-college>

Southwestern Community College: [http://www.socc.edu/images/academics/fall\\_schedule\\_2015\\_coos.pdf](http://www.socc.edu/images/academics/fall_schedule_2015_coos.pdf)

The example schedules use a consistent design each term and have a magazine type feel, highlighting events and student/faculty/staff. As a result, the CGCC Winter schedule includes several short articles. The stories are organized around the college's core themes of "Building Dreams," "Transforming Lives," and "Strengthening our Community<sup>1</sup>." The goal is to continue this structure moving forward.

For the time being, the Business Office is coordinating the quarterly articles with Student Services. At least a dozen staff contributed to the winter publication. The process will continue to be a group effort for the foreseeable future. Please reach out to Will Norris (wnorris@cgcc.edu) if you would like to contribute content for a future schedule publication.

<sup>1</sup> A description of each core theme can be found at: [cgcc.edu/mission](http://cgcc.edu/mission)

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**From:** Frank Toda  
**To:** Executive Leadership Team  
**Date:** 7/2/2015 4:19 PM  
**Subject:** PDM 20150702-1 Production of a 2015/2016 Fall Schedule  
**Cc:** Griffin-Conner, Jessica; Justesen, Dawn; Kramer, Mary; Martin, Mary; ...

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**To: CGCC Executive Leadership**

**Cy:** Dawn Justesen, Mike Taphouse, Mary Kramer, Mary Martin, Jessica Griffin-Conner

**Decision - CGCC shall produce a Fall Schedule.** This schedule will be unique from the perspective that it will be focused on the positive presence that CGCC brings to the Columbia Gorge Region. In the future, we will bridge this publication to a "College and Community" outreach document similar to what other community colleges in Oregon are currently doing - for example MHCC and SWOCC. As we fine tune our "market sound bytes" during a separate activity now under way, we will place heavy emphasis in the November - January time frame where many future students make their decisions in line with completion of FAFSA documentation.

**I am directing this action for the following reasons:**

**1. While we are still faced with major financial challenges, in addition to cost cutting activity - we need to take aggressive action to rebuild our position and vision to be a provider of choice for education and training in the Columbia Gorge.** We have many pieces currently being worked on right now but because they are new, it will take time to get them out and working. The "Schedule Process" has been well tested and we can quickly touch as many as 39,000 people with our positive presence.

**2. My research and conversations with SWOCC, MHCC, PCC, and TVCC has convinced me beyond any reasonable doubt that this is the right thing to do at this time.** As you may know, PCC studied this subject and determined that there was no predictable statistical impact to going to online schedules only - the result is well known. They immediately encountered complaints and reduced enrollment. As a result, they brought back the schedule and are now looking at other ways to improve touch with the community to include an abbreviated schedule and more community outreach activity. In my interview with the President of SWOCC last night it became clear that other colleges struggle with this same decision. At SWOCC, they studied the problem for four years and ultimately came up with a "schedule like" document to provide constant contact with the community. In their case, they were talking about 100,000 copies per term so therefore an area where they wanted to be highly efficient and effective. As I've shared before, MHCC has been working on this for some time and ultimately decided they needed to keep something in place.

**3. Again - one of my biggest concerns was sending the wrong message** about our budget at a time when we need to be aggressive about revenue generation. However as I studied the facts ... sharing a upbeat Fall Schedule could in fact contribute to revenue generation. Here are some observations:

- **Without a schedule or similar document, there are 3 areas that become less visible and one college president said "invisible"**. First, our community education area is a positive revenue generator for the college and can be counter cyclical to the economy up and our funding down challenge. Without the separate quarterly update - it becomes very difficult to keep these programs on the radar screen. Second and Third areas of concern are new Workforce Training opportunities under WIOA and SBDC support.
- **One of the challenges faced by all colleges is the fact that the Post Office will not bulk mail post cards without an address.** This quickly became a big issues and one of the primary reasons for moving to some form of combined schedule and outreach document that does not require a specific address. Today, I again verified this with two other colleges, our CGCC staff, and the post office.

On the path to this decision, I learned a lot from my staff, fellow colleagues and colleges. This will likely be an ongoing discussion in the future but for now we need to move quickly to put out our "Fall Schedule". My notes could easily fill more pages of text, but I will save them for future discussions of next steps to move us forward as an institution. Thank you all for the energy and time that you spent with me in discussion this topic. It was greatly appreciated.

Dr. Frank K. Toda, President  
Columbia Gorge Community College  
[ftoda@cgcc.edu](mailto:ftoda@cgcc.edu)  
[www.cgcc.edu](http://www.cgcc.edu)  
(541) 506-6103 phone  
(541) 506-6102 fax  
Teaching, Learning and Community -  
Building Dreams, Transforming Lives