Columbia Gorge Community College  
Budget FAQ’s as of November 21, 2014

Q1: Does CGCC have a deficit?
A: Yes, CGCC has a structural deficit.

Q2: What is a structural deficit?
A: A structural deficit is when “ongoing expenses are greater than ongoing revenues”.

A one-time deficit can be eliminated through the use of reserves, savings, or other one-time resources. Structural deficits require eliminating ongoing expenses or creating new permanent revenues.

Q3: How much is the structural deficit?
A: This year the structural deficit is anticipated to be $1.6 million. If no action is taken, this figure is expected to grow to over $2 million in the next fiscal year.

Q4: How long does the college have to reduce or eliminate the deficit?
A: July 1, 2015.

Q5: Why isn’t there more time?
A: Oregon law states that the college has to adopt a balanced budget. In the past the college was able to use reserves or grant funds to make up the difference between ongoing expenses and ongoing resources.

Q6: Does CGCC have a current year deficit?
A: No. The current budget was balanced using reserve funds and other sources of one time funds.

Q7: If the current budget is balanced why is CGCC starting staff reductions this fiscal year.
A: The current fiscal year budget was balanced using one-time sources of funds which will not be available next year to support ongoing costs. The difference between ongoing sources of revenue and ongoing expenditures is approximately $2,000,000. Without reserve funds, additional grants or increased state funding, expense reductions must be fully in place by July 1, 2015.

Q8: How did the college get into this situation?
A: The college mirrored national trends of record enrollment growth during the recession and enrollment decline as the economy returned to normal. Apart from Property Tax, all of the college’s major General Fund revenue sources are directly tied to Student FTE.

Entering the recession, enrollment and revenues increased significantly. The college added employee positions and grew expenditures, but it did so conservatively. This conservative budget management approach supported large ending fund balances and growing reserves.

The General Fund ending fund balance and the reserves have allowed the college to avoid significant reductions over the last three-years even while enrollment and state revenues have
declined. In order to maintain the future strength and stability of the organization, ongoing costs will need to be brought in line with ongoing revenues over the next several years.

**Q9: Does CGCC have a Reserve Fund?**

**A:** Yes. The college established a Reserve Fund in 2010 during a period of revenue surplus. The college grew the fund to just over $3M in FY2011-12. This Reserve Fund has allowed the college to avoid significant reductions over the past three-years despite declining enrollment and reduced state support.

**Q10: Did the college have to use reserve funds to balance the current (2014 – 2015) fiscal year?**

**A:** Yes. The current fiscal year 2014 – 2015 budget was balanced by transferring $2.1M from the Reserve Fund.

**Q11: How much money will that leave in the Reserve Fund?**

**A:** Approximately $500,000

**Q12: Has CGCC always had a structural deficit?**

**A:** No. Structural deficits cannot continue indefinitely. Oregon law says that the college must adopt a balanced budget each year. Any single-year deficit must be closed with reserves, fund balance, or other one-time resources.

Over the last 14 years the college has been able to balance the budget using state grants, federal grants and other sources of revenue. When revenue would exceed expenses the college was able to build a reserve fund but with declining state and federal grant funds and other sources of revenue the college has had to draw down the reserve fund to balance the budget. CGCC has been one of the only colleges in Oregon to have a reserve fund that we could use to offset increasing expenses and declining resources. Simply put, the college’s projected expenses for 2015 – 2016 and 2016 -2017 are roughly $2,000,000 more than current and/or expected resources.

**Q13: Why did our expenses increase?**

**A:** Expenses increased because the college has been building capacity to support student focused goals in areas such as Nursing, Renewable Energy Technology, Computer Science as well as student support functions in Financial Aid, Student Life and Advising. This work has increased personnel and other expenses as well as the normal annual increases due to employee benefits and wages. In addition, in order to achieve independent accreditation functional and structural changes were required.

**Q14: Was a budget that was significantly more reliant on reserves approved by the board?**

**A:** Yes. The Budget Committee and Board of Education were presented, and approved, the 2014 – 2015 budget with the understanding we would need to find a way to bring down expenses and increase revenue for the 2015-2017 biennium (and beyond). It is also commonly known that the State does not normally approve the Community College Support Fund (revenue) until the end of
the legislative session. The next session of the Oregon legislature is starts in February, 2015 so the college shouldn’t expect a final legislatively approved revenue number until at least June 2015.

Q15: Was a budgeting error made in the 2014-2015 budget that overestimated the expected payments from the State of Oregon Community College Support Fund (CCSF)?

A: Yes. A material budgeting error was identified after the October Financial Report to the Board of Education was presented.

Q16: Will the error result in any staff reductions?

A: No. Vacancies are being held open and contingency funds are being used to mitigate the one-time impact of this budgeting error. As addressed in other Q & A’s, anticipated reductions are the result of other budgetary constraints.

Q17: Who recommends the funding amount for Community Colleges?

A: The Higher Education Coordinating Commission (HECC) is appointed by the governor and they recommend funding based on guidelines provided by the governor.

Q18: Is the Higher Education Coordinating Commission (HECC) recommending increased funding?

A: Oregon Community Colleges asked for $650,000,000 for 2015 – 2017 but the HECC, under the governor’s directive, could only propose funding of $519,000,000, to be divided between the 17 Oregon Community Colleges. This amount may still be revised before the governor’s final proposed budget is presented to the legislature and before the legislature adopts a final State budget.

Q19: How much does CGCC receive from the Community College Support Fund (CCSF)?

A: Approximately 1.62% in the current fiscal year. This percentage changes each year depending upon the college’s student FTE relative to all other students in the Oregon Community College system. Historically, the number has hovered around 1.7%.

Q20: If a $519 Million CCSF budget is approved, how much more revenue could this provide to CGCC?

A: Approximately $270,000 annually over the next two fiscal years.

Q21: If CGCC is getting more revenue why is there still talking about the potential for staff reductions?

A: Even with an additional $270,000 in State Community College Support Fund revenues, the college must close a $2,000,000 difference between ongoing expenditures and revenues.

Q22: When is the last time we raised tuition?

A: Tuition was last increased in the summer of 2012.
Q23: What about grants and other partnerships?

A: CGCC continues to seek additional resources and partnerships. Unfortunately, the college can’t assume additional resources so CGCC must focus on eliminating the structural deficit and balancing the 2015-2016 budget.

Q24: Who is responsible for monitoring the budget?

A: President, CFO, Executive Leadership Team, Managers, Directors, Coordinators, Grant Managers, Board of Education. CGCC provides full opportunities for everyone who works at CGCC to access budget information. The budget is regularly discussed at the weekly Executive Leadership Team meeting, the monthly Quality Council (management team) meeting, quarterly staff meetings, department staff meetings, faculty in-service meetings and a monthly public report is given to the Board of Education.

Q25: Is financial information available to all employees and the public?

A: Yes. All employees have the ability to monitor ongoing expenses and revenues. The college publically posts the following on the CGCC web page:

**Budget:**

- Budget Process
- State Deferred payments
- Budget Development – Notice of Budget hearings
- Budget Development – Budget Committee Agenda
- Budget Development – Calendar for fiscal year
- Budget Development – Budget Planning Schedule for fiscal year

**Adopted Budgets:**


**Fiscal year End Financial Statements:**


**Fiscal year 2013 – 2014:**

- October 31, 2014; September 30, 2014; August 31, 2013; July 31, 2013
Audit Reports:


Media:

The August 27, 2014 edition of The Dalles Chronicle featured a story about CGCC. The story referenced the potential for a future budget challenge if CGCC didn’t receive additional state funding. "She [Lisa Deswert] said the legislature pared back funding for colleges to 2007 levels when the Great Recession began in 2009 and has not caught up with present needs.

The gorge college was allotted a 1.7 percent share of the $465 million in state funding for the current biennium, which is down from $500 million in 2007.

Deswert said 70 percent of the college’s general fund — $10.7 million in the upcoming year — is spent to cover personnel costs. Expenses are budgeted to rise slightly more than $100,000 in the upcoming year due to rising health care premiums, retirement expenses and overtime for 100 full-time employees. There are also 127 part-time faculty on the two campuses.

“If the state doesn’t give us more funding in the next biennium, we’ll have to make some choices about how to move forward,” said Deswert.”

Q26: How much general funds are budgeted for SBDC?

A: Approximately $90,000

Q27: How much money is budgeted for Child Care Partners?

A: CCP receives no general funds. CGCC supports CCP by providing rent free space and in-kind administrative services such as financial, human resources, payroll, legal and IT.

Q28: How much money is budgeted for the bookstore?

A: The bookstore receives no general funds. CGCC supports the bookstore by providing rent free space and in-kind services.

Q29: Why has the Student Service Department grown?

A: In order to be a comprehensive community college and meet the required functions associated with accreditation; Student Services is performing functions (awarding financial aid, records, transcripting, degree awarding etc.), which were previously being done under our contract with PCC.
Q30: Why did the Human Resources Department budget increase so much between 2012-2013 and 2013 - 2014?

A. In 2013 - 2014 three (3) employees and their associated costs (Salary Expense, Other Payroll Expense, and Material & Services) were transferred from Facilities Services and the Business Office budgets to the Human Resources Department budget.

Q31: Does CGCC have minimum student enrollment level for classes?

A: The current Administrative Rule states that 12 is the minimum number of students per class but we are currently using 8 as the minimum.

Q32: Is CGCC building a new building on the Hood River - Indian Creek Campus?

A: Any plans for additional expansion are indefinitely on hold until the current structural deficit is addressed.

Q33: Why don’t we stop all travel?

A: Departments are currently reducing travel expenses by eliminating some planned trips. The amount budgeted for all General Fund travel is $173,687. Last year the General Fund actual expenses for travel were $164,983. The structural deficit is approximately $2,000,000. So you can see that if we stopped all travel we would still have a significant deficit. It is not realistic or reasonable to assume that no CGCC employee will travel. The college should always be mindful of employee travel and only travel when it is important to mission fulfillment.

Q34: Why not stop purchasing office supplies?

A: The amount budgeted for all General Fund Office Supplies is $25,680. Last year the general fund actual expenses for office supplies was $44,852.

So while the college has already reduced this expense it is not realistic or reasonable to assume that a college can operate without office supplies.

Q35: Has CGCC considered employee furlough days, wage reductions, or other options?

A: Many options have been, and will be, considered. Since CGCC is one of the last community colleges in Oregon to face a deficit of this size, and duration, the college has the benefit of learning from others mistakes. Furlough days, wage reductions, across the board cuts, etc. are at best short term solutions. The college does not have a one time or short term deficit. CGCC needs to reduce expenses and/or raise revenue by approximately $2,000,000 by July 1, 2015. The college intends to meet with the union to assess whether there are ways to avoid layoffs.

Q36: Will there be wage reductions?

A: Not at this time. All employees are currently either covered by collective bargaining agreements or employment contracts which are in effect until June 30, 2015.
Q37: Will there be furlough days?
A: Not at this time, but if they are considered in the future the college would ensure it complies with its obligations under the Public Employee Collective Bargaining Act and engage in bargaining, if appropriate.

Q38: Will there be reductions of hours for full time employees?
A: Not at this time, but if they are considered in the future the college would ensure it complies with its obligations under the Public Employee Collective Bargaining Act and engage in bargaining, if appropriate.

Q39: Will there be a wage freeze in 2015/2016?
A: Wages of employees in bargaining units will be negotiated as part of the next collective bargaining process.

Q40: Will each department budget be reduced by the same amount?
A: No. The size and scope of the structural deficit will ultimately determine the reductions. Eliminating a structural deficit of $2,000,000 (without current plans to reduce full time faculty) will require significant staff reductions. Some departments will have to take more reductions than others.

Q41: Does the college have a hiring freeze?
A: Yes. Effective immediately there is a hiring “freeze” in place and only positions deemed critical by the president will be considered for replacement.

Q42: Why does the college need to reduce staff?
A: The 2014 – 2015 budget was balanced using approximately $2,100,000 from reserve funds. In order to balance the 2015 -2016 budget with a $2,000,000 structural deficit and no reserve funds means the college has to reduce expenses. Approximately 73% of all expenses are personnel related.

Q43: When could staff reductions start?
A: As early as January, 2015. The college intends to meet with the Union to assess whether there are ways to avoid layoffs.

Q44: Will staff reductions be across the organization or department by department?
A: Initial reductions would be from management and staff support positions.

Q45: Will there be reductions in full time faculty?
A: Not at this time. The faculty collective bargaining agreement requires 10 month notice and this notice has not be issued.
Q46: Will there be reductions in Executive Leadership Team positions?
A: Not at this time. The ELT has already been reduced from seven positions to five.

Q47: Will the college have an exit incentive or early retirement program?
A: This issue is being researched.

Q48: If people voluntarily leave would that reduce the number of needed staff reductions?
A: Yes.

Q49: Is the college considering other expense reduction options?
A: Yes.

Q50: Will any academic programs be eliminated?
A: Not at this time.

Q51: How many employees are there at CGCC?
A: 219 (at print time)

Q52: How many employees in each classification?
A:

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<th>P/T</th>
<th>Totals</th>
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<tr>
<td>Totals</td>
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<td>131</td>
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Q53: What is the approximate annual cost of employee salary and benefits?
A:

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$6,033,984 + $784,761 = $6,818,745
Q54: What is OPE?

A. OPE stands for “Other Payroll Expenses”. OPE includes retirement (PERS), Medical, Dental, Vision, Payroll Taxes, etc.

Q55: If a position is eliminated how much notice will affected employees get?

A: This is set forth in the Classified Collective Bargaining Agreement

**Classified:**

ARTICLE VIII - PROBATION, SENIORITY, LAYOFF, RECALL (C.5) Layoff:

5. Employees designated for layoffs shall be given at least fourteen (14) calendar days’ notice of layoff or compensation to the extent such notice is deficient. A copy of the notice shall be sent to the Union.

**Exempt:** Management employees would generally receive 60 days’ notice.

Q56: If there are layoffs, does seniority have anything to do with who would be laid off first?

A: **Classified** Collective Bargaining Agreement (link) states "When voluntary layoffs do not meet the necessary reduction in the work force, layoffs within the affected job group will be first from temporary employees, then probationary employees, then part-time employees, then full-time employees based on inverse order of seniority within those jobs, providing that the remaining employees can do the remaining work within (1) month".

**Exempt** employees have no seniority rights.

Q57: If work hours are reduced, how many hours are required to keep benefits?

A: **Classified** Collective Bargaining Agreement states “...the employer will pay 50% of the monthly employee-only premium for eligible part-time employees who participate in the program. Part-time employees must work an average of 20 hours per week for a minimum of 42 weeks per year to be eligible for this coverage”.

Therefore, a full time employee who was reduced to part-time would receive 50% of the employee-only premium and no coverage for spouse, children or family.

**Exempt** employees who work more than 25 hours per week on average the college will pay 50% of the monthly employee-only premium for eligible part-time employees who participate in the program. Part-time employees must work an average of 20 hours per week for a minimum of 42 weeks per year to be eligible for this coverage”. Therefore, a full time employee who was reduced to part-time would receive 50% of the employee-only premium.

Q58: If a position is eliminated are there bumping rights?

A: Possibly, if an employee is a Classified position and meet the criteria under Article VIII for bumping rights.
ARTICLE VIII - PROBATION, SENIORITY, LAYOFF, RECALL (C.6) Layoff:

Within ten (10) calendar days of receiving a notice of layoff, an employee designated for layoff may replace the employee with the least seniority in the bargaining unit provided the employee is capable of immediately performing that job. An employee who exercises replacement rights and is unable to perform the duties of the new position within one (1) month of assuming that position shall be laid off from the original position rather than be considered for dismissal. There can be only one (1) level of “bumping” under this provision.

Q59: If a position is less than 40 hours per week, does that mean the position is at risk?

A: The Classified Collective Bargaining Agreements requires temporary and part-time positions to be eliminated before full-time.

Q60: Is it likely that the college would have across the board cuts to our hours?

A: No. Across the board cuts are a short term solution and highly ineffective. CGCC must focus on long term solutions.

Q61: If hours are reduced is there unemployment for the reduced hours?

A: The Employment Department of Oregon makes this determination, but in general yes. The Employment Department’s website should have more information.


Q62: If a position is eliminated are there recall rights?

A: Recall Rights are described in the Classified employee Collective Bargaining Agreement.

Classified:

ARTICLE VIII - PROBATION, SENIORITY, LAYOFF, RECALL (D) 1. Laid-off employees shall be placed on a recall roster for six months after the effective date of the layoff and shall be recalled in the inverse order of the layoff provided they possess the necessary qualifications to perform the assignment to which they are recalled. 2. Notice of recall shall be sent by certified mail to the employee’s last address on the Employer’s record. A copy of the notice shall be sent to the Union. This will be the only notification. 3. For six (6) months after the effective date of the layoff, no new employee including a temporary employee can be hired in a job unless all laid off employees possessing the qualifications for that job have been recalled.