

Columbia Gorge Community College

2012-13 Budget Message

PURPOSE

The budget message describes the Columbia Gorge Community College (CGCC) Budget Document in terms of important features, the reasons for any major changes from the previous year's approved budget and any major changes in the College's financial policy or status. The Oregon Revised Statutes, Section 294.391, directs the Executive Officer in each municipal corporation to prepare a budget message to accompany the annual budget document. The budget is a financial plan containing estimates of revenues and expenditures for one fiscal year.

The budget reflects a strategic plan that must respond to the changing environment: a living document subject to revision by the Board of Education. This budget supports candidacy for independent accreditation. Accreditation standards and core themes serve as the mission alignment mechanism and structure for college planning, budgeting and assessment. The budget includes resources from community, industry, state and federal partners to support instructional programs in concert with local and regional needs. The College prides itself on being a provider of choice for "anytime, anywhere" training and educational services focused on building vibrant communities throughout our service area. With a clear emphasis on teaching, learning, and community support, the College continues its focus of "Building Dreams and Transforming Lives". The summary level elements of the CGCC strategic focus are as follows:

Mission: Columbia Gorge Community College builds dreams and transforms lives by providing lifelong educational programs that strengthen our community.

Vision: Become the first option of choice for education and training services in the communities we serve.

Core Values: Respect for the individual, Integrity First, Community Focus, Commitment to Learning, Excellence, and Service

Core Themes:

- Building Dreams (Opportunities)
- Transforming Lives (Education)
- Strengthening our Community (Partnerships)

Key Function Areas:

1. **Educational Programs and Services.** CGCC will deliver quality educational opportunities that foster life-long learning for our communities.
2. **Students.** CGCC will focus on student development services that enhance life-long learning by facilitating access to college programs, supporting and recognizing student progress, providing opportunities for students to participate in the growth of the College, celebrating diversity, and promoting achievement of educational goals.
3. **Faculty and Staff.** CGCC will employ and develop a qualified faculty and staff and foster a supportive working and learning environment.
4. **Community.** CGCC will develop and maintain strong, collaborative partnerships and relationships within our community.
5. **Leadership, Planning and Evaluation.** CGCC will provide governance and administrative structures through innovative leadership and ongoing planning and evaluation.
6. **Finance.** CGCC will build the institution's financial capability through sound planning and effective use of fiscal resources.
7. **Operations and Sustainability.** CGCC will provide efficient operational processes which support current organizational needs and directions.
8. **Technology.** CGCC will provide the technology and support to optimize the College's teaching, learning, communication and productivity.

9. **Facilities.** CGCC will provide appropriate institutional facilities which support the achievement of the institution's goals.

BUDGET STRUCTURE

The College budget structure is organized by fund and by cost center within the General Fund. Funds are grouped according to purpose or source of funds per Oregon Budget Law: General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds, Reserve Funds, Enterprise Fund and Student Aid Funds (special revenue funds established to administer Federal, State and local student aid). The group of Special Revenue Funds includes funds established for student organizations and clubs which were previously categorized as Fiduciary Funds.

General Fund cost centers have been established for financial management and are consistent with State and Federal reporting requirements. Special revenue funds are organized according to function. All instructional cost centers and special revenue funds are grouped by the following student full-time equivalency (FTE) categories: General Academic Instruction, Career & Technical Education, Pre-College Programs (Developmental Education), Other Reimbursable (Self-Improvement) and Non-Reimbursable Instruction.

General Fund budget appropriations are categorized as: Instruction, Academic Support, Student Services, Institutional Support, Financial Aid, Plant Operation and Maintenance, Contingency, Debt Service, and Transfers.

Special Fund budget appropriations have separate totals for personal services, materials and services, capital outlay, debt service, and inter-fund transfers.

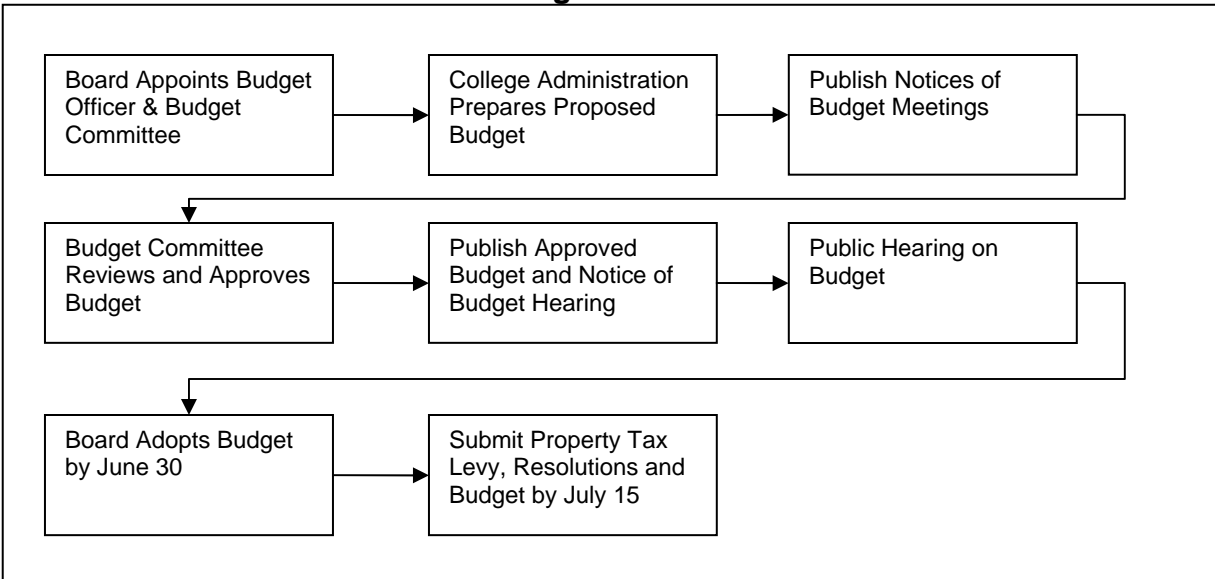
BUDGET DEVELOPMENT

To provide sound financial planning, a three-year budget projection is developed and revised annually to ensure the College balances its resources and budget requirements to meet its mission and strategic plan and to address the achievement of statewide education goals. The proposed budget for 2012-13 continues budget strategies developed during the previous biennium and provides funding support for statewide initiatives. The proposed budget represents the best estimates of resources and expenditures to provide academic and support services for a broad range of community needs and expectations for community college services. Current three-year projections indicate that the College will use its reserves to balance resources with requirements during the 2013-15 biennium.

Budget principles include focus on students; maximize efficiencies in operations and instruction; align the budget with the strategic plan, statewide initiatives, accreditation standards, and planning processes; and expand resource development through grants, institutional advancement and the Columbia Gorge Community College Foundation. Budget challenges include the gap between the State community college funding level and resources needed to support enrollment growth and student success, statewide initiatives and the increasing cost of operations. College administrators and managers revised the three-year budget projection with proposals which prioritize activities that focus on mission requirements to serve students, community, business and industry while supporting faculty and staff within College resources.

The budget format corresponds to the statewide classification of "revenue and expense accounting" for Oregon community colleges adopted statewide in 1994 and is prepared in compliance with Oregon Budget Law. The budget plan is subject to change by legislative and/or administrative action. The action of the Budget Committee will set limitations on appropriation levels. The following budget process flowchart shows the required steps to meet legal requirements.

Budget Process



COMMUNITY COLLEGE ACHIEVEMENT COMPACTS

Achievement compacts are agreements between the state, as represented by the Oregon Education Investment Board (OEIB), and the governing boards of its education entities for the purpose of setting and achieving targets for student success. In doing so, the achievement compacts encompass several core strategies:

- To align the education system toward achievement of the 40/40/20 goal of college and career readiness;
- To focus and inform state investment and local budget and program decisions to achieve these outcomes; and
- To showcase best practices and promote collaboration, where successful community college districts share their strategies with those that can benefit from additional guidance and support.

The board of education for each community college is solely responsible for establishing the targets in its achievement compact and adopting the compact itself. The legislation, Senate Bill 1581, requires that boards complete their compacts as part of their budget adoption processes, ensuring open communications with constituents for the purpose of discussing the outcome measures and targets contained in the compacts. At a minimum, boards should hold at least one public hearing on the achievement compacts, which can be done in conjunction with a public hearing on their proposed budgets for 2012-13.

Senate Bill 1581 also requires community college boards to enter into achievement compacts as part of the statutory budget process outlined in ORS Chapter 294. The intent is to ensure that the college's budget committee is taking into account the targets and goals set out in the achievement compacts as they discuss and make recommendations related to the budget. It also provides an opportunity for transparency and public comment as the budget is developed. The budget committee's role is to help align a college's budget with its compact, but a budget committee does not have the authority to revise or approve a college's compact. The compact must be officially approved by the college's board at the conclusion of the budget process and submitted to the OEIB by July 2, 2012.

The OEIB recognizes that this is an accelerated timeline and knows that many community colleges are already engaged in developing a budget that might not completely align with the achievement compacts this year. The OEIB understands that this will be a first step in engaging board members, budget committee members, faculty, staff, students, and community members in how the budget will relate to the achievement compact in the future. Columbia Gorge Community College's draft achievement compact will be distributed to the budget committee during the budget presentation.

GENERAL FUND

Revenue

The Community College Support Fund (CCSF) distribution model was used to estimate the amount of State revenue for Columbia Gorge Community College based on the legislatively adopted budget of \$395 million for community colleges for the 2011-13 biennium.

In the second year of the biennium, fiscal year 2012-13, CGCC is estimated to receive three payments projected to be \$2,539,174. The payment deferrals enacted by the 2003 Oregon State Legislature are expected to continue in future years. In 2011-12, State revenue represents approximately 47.9 percent of General Fund revenue and is projected to be 26.4 percent in 2012-13 due to the State's payment cycle.

Property tax revenue from Hood River and Wasco Counties is estimated to increase by 4.1% as estimated by the Oregon Department of Revenue with a 93.1% collection rate. Other taxes budgeted are payments in lieu of property taxes to Wasco County. Property taxes represent 10.9 percent of General Fund revenue.

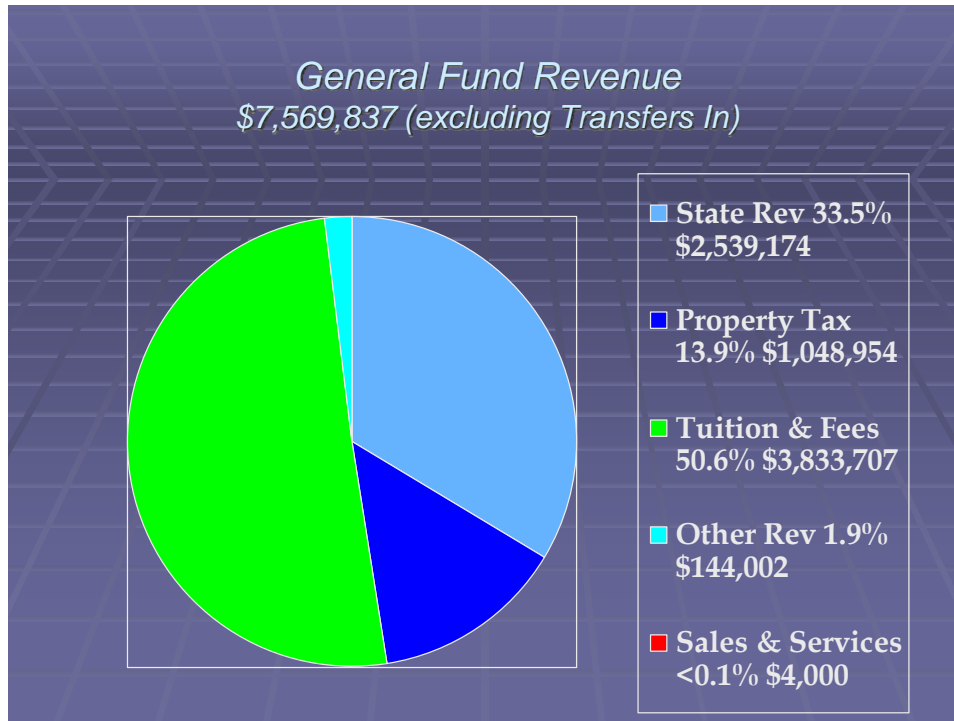
The tuition budget is dependent on the tuition rate, credit and non-credit enrollment and the level of write-offs. Tuition and fee revenues are budgeted on enrollment projections and adopted tuition rates. Enrollment for 2012-13 is projected to be at or near the 2011-12 enrollment level. The College Board of Education adopted a \$5 per credit tuition increase from \$84 to \$89 per credit effective summer term 2012 and a \$2 per credit service fee increase from \$10 to \$12 per credit, balancing student access and affordability. Tuition and fees are grouped in three categories of tuition, instructional fees, and special fees. Tuition and fees represent 39.8 percent of General Fund revenue.

Other revenue sources include indirect cost recovery revenue, interest on investments and taxes, restricted gifts and other income and represents 1.5 percent of General Fund revenue. The college estimates total gifts of \$50,000, from health care partners designated to support nursing and nursing assistant programs. The following schedule lists estimated sources of indirect cost recovery revenue.

| Sources of Indirect Cost Recovery Revenue | FY 2012-13 |
|--|-------------------|
| US Department of Labor State Energy Sector Partnership Grant | \$1,875 |
| US Department of Labor CASE Grant | 8,085 |
| Career Pathways Innovation Fund | 1,812 |
| Oregon Child Care Division Grant | 6,813 |
| Dept of Human Services Integrated Child Care Grant | 2,421 |
| Pathways Initiative State-Wide Director Grant | 20,411 |
| Pathways Initiative Projects and Technical Assistance Grant | 4,290 |
| Total Indirect Cost Recovery Revenue | \$45,707 |

Sales and services revenue include library services, rental and college vending and represents 0.04 percent of General Fund revenue.

The following chart summarizes the sources of General Fund revenue excluding transfers in.



Transfers In

Transfers from Special Funds are estimated to be \$2,059,024 and, in part, depend on the financial results of special fund activities. The transfer to the General Fund from the Reserve Fund for General Operations provides funding for General Fund during a three-payment State revenue funding year. The next largest transfer is from the Building Lease Fund in the amount of \$98,220 and is the amount of net lease revenue less direct expense. The following schedule of inter-fund transfers lists the budgeted transfers to the General Fund from Special Funds. Transfers from Special Funds represent 21.4 percent of total General Fund revenue.

| Transfers to General Fund from Special Funds | FY 2012-13 |
|---|--------------------|
| Reserve Fund for General Operations | \$1,945,098 |
| Building Lease Fund | 98,220 |
| Customized Training Fund | 5,000 |
| Fundamentals of Care-giving Fund | 2,999 |
| Insurance Fund | 2,207 |
| Elderhostel Fund | 2,000 |
| Health Occupations Customized Training Fund | 1,500 |
| Food Service | 1,000 |
| Non Reimbursable Community Education Fund | 1,000 |
| Total Transfers to General Fund from Special Funds | \$2,059,024 |

Expenses

The proposed General Fund budget is allocated by function. Instruction accounts for 38 percent of the budget. Academic Support accounts for 10 percent of the budget. Student Services accounts for 10.2 percent of the budget. Institutional support accounts for 27.3 percent of the budget. Student financial aid accounts for 0.3 percent of the budget. Plant Operations and Maintenance accounts for 10.2 percent of the budget. Contingency accounts for 3.8 percent of the budget. Transfers to Special Funds accounts for 0.2 percent of the budget.

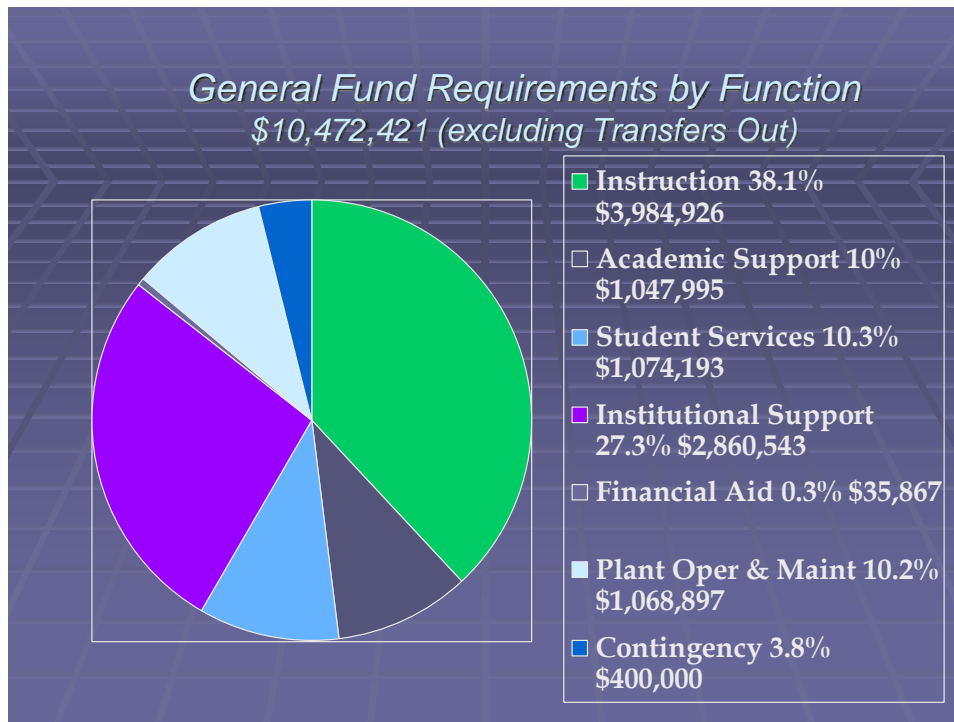
The contingency budget of \$400,000 represents 3.8 percent of total expenditures as compared to the prior year's percent of adjusted budget of 5.1 percent as of March 31, 2012. The Contingency budget of \$400,000 accounts for the uncertainty in the level of State appropriations, pending payroll benefit cost increases, results of ongoing labor negotiations, and other unanticipated expenditures or revenue shortfalls.

The following table shows the allocation of expenses for the College by functional classification for the 2012-13 proposed budget as compared to the 2011-12 adjusted budget as of March 31, 2012.

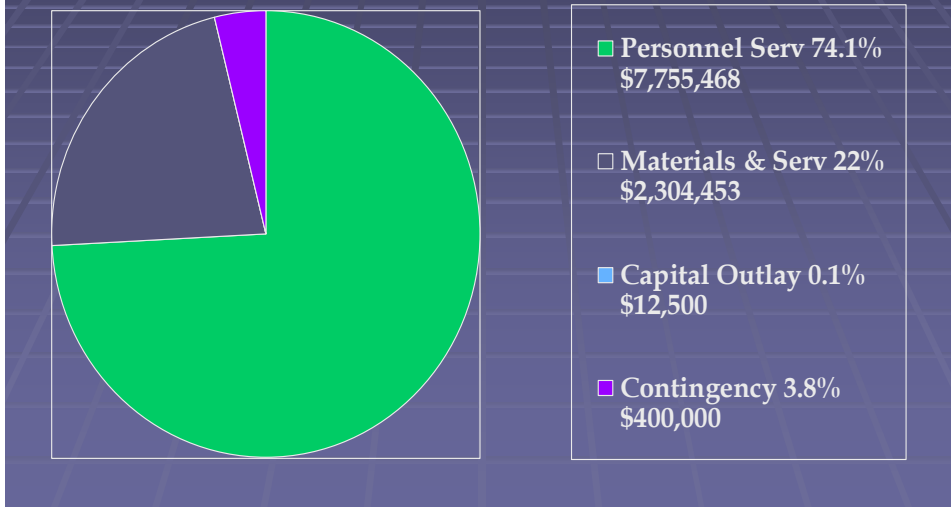
General Fund 2012-13 Proposed Expenditures and Requirements
As compared to the 2011-12 Adjusted Budget

| Function | 2011-12 Adjusted Budget | 2011-12 | 2012-13 Proposed Budget | 2012-13 |
|--|----------------------------|---------|----------------------------|---------|
| Instruction | \$3,598,942 | 33.0% | \$3,984,926 | 38.0% |
| Academic Support | 972,601 | 8.9% | 1,047,995 | 10.0% |
| Student Services | 987,276 | 9.1% | 1,074,193 | 10.2% |
| Institutional Support | 2,794,157 | 25.6% | 2,860,543 | 27.3% |
| Student Financial Aid | 62,873 | 0.6% | 35,867 | 0.3% |
| Plant Operations & Maintenance | 1,044,018 | 9.6% | 1,068,897 | 10.2% |
| Contingency | 550,576 | 5.1% | 400,000 | 3.8% |
| Total Expenditures excluding transfers | \$10,010,443 | 91.8% | \$10,472,421 | 99.8% |
| Transfers | 888,607 | 8.2% | 20,000 | 0.2% |
| Total Requirements | \$10,899,050 | 100.0% | \$10,492,421 | 100.0% |

The following charts summarize proposed General Fund requirements, excluding transfers out, by function and by object classification.



*General Fund Requirements
by Object Classification
\$10,472,421 (excluding Transfers Out)*



Wage, Salary, and Employer Payroll Expense Factors

Personnel expenses account for 74.1 percent of the General Fund budget and 38.1 percent of all funds. Personnel expenses include wages, salaries and associated employer payroll taxes, expenses and benefits.

Collective bargaining agreements (CBA) set wage and salary placements and amounts for represented employees. The two-year faculty CBA ends June 30, 2012. The three-year classified CBA ends June 30, 2012. Budget estimates for instructors are based on current full-time and part-time faculty salary schedules. Budget estimates for classified positions are based on position placement and projected step movement during the year. Labor negotiations for subsequent agreements are in process with both faculty and classified employee bargaining units.

Administrative and confidential employees' salaries are based on the 2005 salary schedule and are projected to receive step increases in 2012-13, if eligible.

The budget document details other payroll expenses within each cost center or special fund. Social security taxes include 6.2% FICA and 1.45% Medicare tax. Workers' compensation premiums are estimated to be 4.5% of wages for custodial and maintenance employees and 0.5% of wages for all other employees based on the current year's premiums. The State Workers Benefit Fund Assessment to employers is based on the current rate of 1.4 cents per hour worked. Unemployment insurance tax is estimated to be 2.3% of wages up to \$33,000 per year based on the current 2012 rate.

The Oregon Public Employees Retirement System (PERS) employer contribution rates are set every two years based on actuarial valuations. The PERS employer rates for 2011-13, effective July 1, 2011 through June 30, 2013, are based on the December 31, 2009 valuation. The PERS rate applied to Tier 1 and Tier 2 members is 16.27% of wages, which is the total of the payment to PERS of 10.63% plus the 5.64% rate credit that funds the debt service of the pension bonds. The Tier 1 and Tier 2 rate for the current biennium added 4.26% to the previous rate of 12.01%, which represented a 35.5% increase. The Oregon Public Services Retirement Plan (OPSRP) rate is 14.61% of wages, which is the total of the payment to PERS of 8.97% plus the 5.64% rate credit that funds the debt service of the pension bonds. The OPSRP rate for the current biennium added 1.96% to the previous total rate of 12.65%, a 15.5% increase. Final rates for the 2013-15 biennium will be determined by the PERS Board in September 2012.

The following table shows the current CGCC employer rate history since January 1, 2004 when PERS legislative reforms took effect creating OPSRP. Rates are expected to increase in subsequent years. PERS employer contributions represent approximately 32% of the total cost for other payroll expenses. These rates do not include the mandatory 6 percent employee contribution paid by eligible employees.

| | Effective Dates | Net PERS Rate | PERS UAL Rate Credit | Total Expense |
|----------------------|--------------------|---------------|----------------------|---------------|
| PERS Tier 1 & Tier 2 | 1/1/2004-6/30/2005 | 0.0064 | 0.1062 | 0.1126 |
| | 7/1/2005-2/28/2006 | 0.0502 | 0.1071 | 0.1573 |
| | 3/1/2006-6/30/2007 | 0.0502 | 0.0637 | 0.1139 |
| | 7/1/2007-6/30/2009 | 0.0409 | 0.1091 | 0.1500 |
| | 7/1/2009-6/30/2011 | 0.0288 | 0.0913 | 0.1201 |
| | 7/1/2011-6/30/2013 | 0.1063 | 0.0564 | 0.1627 |
| OPSRP | 1/1/2004-6/30/2005 | 0.0804 | 0.0000 | 0.0804 |
| | 7/1/2005-2/28/2006 | 0.0804 | 0.0000 | 0.0804 |
| | 3/1/2006-6/30/2007 | 0.0167 | 0.0637 | 0.0804 |
| | 7/1/2007-6/30/2009 | 0.0656 | 0.1091 | 0.1747 |
| | 7/1/2009-6/30/2011 | 0.0352 | 0.0913 | 0.1265 |
| | 7/1/2011-6/30/2013 | 0.0897 | 0.0564 | 0.1461 |

Disability, life insurance, and accidental death and dismemberment insurance are provided to full-time employees through the Oregon Educator's Benefit Board and Standard Insurance Company. The long term disability insurance premium rate is budgeted to be .0020 of wages up to \$13,333 per month. The life and accidental death and dismemberment insurance premium rate is budgeted to be \$1.14 per \$10,000 coverage per month.

Health insurance premiums are budgeted to increase by 12% beginning with the October 1, 2012 plan year. OEGB renewal premium rates and plan information are expected in May. After open enrollment, budgets will be adjusted to account for differences between actual and projected rates. Budget estimates of employer-paid health insurance premiums for full-time and eligible part-time employees vary by plan and number of covered dependents. The employer cost of health insurance represents approximately 42% of the total cost for other payroll expenses. The total employer cost of health insurance premiums has exceeded PERS employer retirement contributions since fiscal year 2008-09.

Transfers Out

Only one transfer to special funds is budgeted this year. A transfer of \$20,000 from the General Fund to the Federal Student Aid Fund is budgeted as required 25% program matching funds.

General Fund Net Working Capital Carry-over or Fund Balance

The unappropriated ending fund balance is an amount set aside in the budget to be carried over to the next year's budget. It provides the College with cash until revenues are received later in the year. This amount cannot be transferred by resolution or used through a supplemental budget, unless necessitated by a qualifying emergency.

The General Fund net working capital carryover or beginning fund balance is estimated to be \$1,363,560 on July 1, 2012. Of the beginning fund balance, a total of \$863,560 is budgeted to offset the difference between current year revenue and current year expense leaving an unappropriated ending fund balance on June 30, 2013 of \$500,000. The College is targeting an ending fund balance of approximately five percent of expenditures less transfers out for 2012-13.

SPECIAL FUNDS

Per Oregon Budget Law requirements, this budget document includes all special revenue funds and other funds with activity in the current year, prior two fiscal years, or the proposed budget year. Funds are grouped according to purposes or source of funds per Oregon Budget Law. Special Fund budget appropriations have separate totals for personal services, materials and services, capital outlay, debt service, and inter-fund transfers.

Special Revenue Funds – Career & Technical Education

- The Carl D. Perkins Title I Grant Fund 210 accounts for the Carl D. Perkins funds which support the enhancement of Technical Education programs to better prepare students for a future in the workforce.
- The Health Occupations Customized Training Fund 216 is used to record revenues and expenditures relating to specialized health occupations training programs offered under customized training contracts.
- The U.S. Department of Labor WIA Section 171 Grant Fund 222 accounts for an earmark grant to infuse other renewable energy technology in the RET curriculum.
- The U.S. Department of Labor State Energy Sector Partnership Grant Fund 223 will account for the launch of the Oregon Green Tech Certificate which will prepare entry level workers in industries that are associated with or support green jobs.
- The Customized Training Fund 225 is used to record revenues and expenditures relating to specialized training programs offered to businesses and organizations.
- The Small Business Development Center (SBDC) Program Income Fund 227 accounts for Small Business Development Center program income and expenditures.
- The Federal SBDC Grant Fund 228 accounts for Federal Small Business Administration Small Business Development Center Grant.
- The State SBDC Grant Fund 229 accounts for State Small Business Development Center Grant.
- The Fundamentals of Care-giving Fund 230 accounts for the contract with the State of Washington and customized fundamentals of care-giving training.
- The Mid-Columbia Economic Development District Intergovernmental Agreement Fund 232 accounts for the SBDC activity to provide technical assistance to individuals meeting income specification through the Klickitat-Skamania Loan fund and the Klickitat Microenterprise project.

Special Revenue Funds – Developmental Education

- The TITLE II AEFLA Comprehensive Grant Fund 240 accounts for the Title II Adult Education and Family Literacy Act Comprehensive Grant received through the Department of Community Colleges and Workforce Development.
- The Accountability Grant Fund 241 accounts for funding for assessment and accountability activities related to Basic Skills programs through a grant from the Department of Community Colleges and Workforce Development.
- The Program Improvement Grant Fund 242 accounts for the Program Improvement Grant from the Department of Community Colleges and Workforce Development.

- The Tutoring Grant Fund 243 accounts for the outreach tutoring grant through the Department of Community Colleges and Workforce Development to provide outreach project tutoring services for adult literacy students.
- The English Language Civics Grant Fund 244 accounts for the English Languages Civics Grant from the Department of Community Colleges and Workforce Development.
- The Gorge Literacy Fund 251 accounts for Columbia Gorge Community College literacy activities.

Special Revenue Funds – Non-reimbursable Instruction

- The Non-Reimbursable Community Education Fund 265 accounts for the revenue and expenses of self-supporting community education classes.
- The Elderhostel Fund 266 accounts for the revenue and expenditures of the College's Elderhostel program. Elderhostel is a network of colleges and educational institutions offering travel and educational programs to adults over the age of 21.

Special Revenue Fund – Academic Support

The U.S. Department of Labor CASE Grant Fund 255 accounts for the sub-grant to focus on the computer applications software and office systems (CASOS) pathways certificate by developing an advisory committee for CASOS, developing internship opportunities, and close collaboration with Mid-Columbia Council of Governments to reach the target population. The goal is to have students be able to complete the program in less than one year.

Special Revenue Funds – Student Services

- The Oregon Student Assistance Commission Program Fund 269 accounts for the program revenue provided for outreach to students seeking financial aid and scholarships.
- The Career Pathways Innovation Fund 270 accounts for the support of Computer Application/Office Systems and Business program completions for low skilled adults.

Seven special revenue funds account for the financial activities of student organizations. The following funds were previously classified as fiduciary funds for budget purposes.

- The Student Council Fund 713 accounts for receipts and expenses for student activities and fund raisers separate from the General Fund cost center.
- The Phi Theta Kappa Fund 712 accounts for student honor society activities separate from the General Fund cost center.
- Environmental Club Fund 711
- Student Nurse Association Fund 714
- Japanese Club Fund 715
- Delta Energy Club Fund 716
- Multicultural Club Fund 717

Special Revenue Funds – Public Service

- The Oregon Child Care Division Fund 275 accounts for the pass-through grant from funding provided by the U.S. Department of Health and Human Services which supports the College's Child Care Resource and Referral Program.
- The Child Care Resource and Referral Fund 276 accounts for tuition and food handler certification test fee revenue and expenses of the Child Care Resource and Referral Program.

- The Department of Human Services Integrated Child Care Grant Fund 277 accounts for the contract from the Oregon Department of Human Services for the integrated child care program from funding provided by the U.S. Department of Health and Human Services.
- The Co-curricular Activities Fund 278 accounts for program income and expenditures of the Spring Humanities Series sponsored by Columbia Gorge Community College and related expenditures.
- The Career Pathways Program Income Fund 283 accounts for the program income and associated expenses of the state-wide director.
- The Pathways Initiative State-Wide Director Grant Fund 284 accounts for the grant with the State of Oregon through the Department of Community Colleges and Workforce Development to provide a state-wide director and related expenditures in support of the career pathways state-wide initiative.
- The Pathways Initiative Projects & Technical Assistance Grant Fund 286 accounts for the contract with the State of Oregon through the Department of Community Colleges and Workforce Development to provide technical assistance for career pathways state-wide initiative.
- The Oregon Council for the Humanities Grant Fund 288 accounts for a proposed National Endowment for the Humanities grant through the Oregon Council for the Humanities in support of the Spring Humanities Series sponsored by Columbia Gorge Community College.

Special Revenue Fund – Institutional Support

- The U.S. Department of Education Title III Fund 103 accounts for the five year developing institutions grant awarded in 2010-11.
- The Insurance Fund 285 accounts for the unanticipated receipt of insurance claim proceeds and expenditures.

Special Revenue Funds – Non-operating

- The Building Lease Fund 296 accounts for lease revenue and expenditures of facilities and office space to state agencies, public entities and non-profits and provide transfers to the General Fund.
- The Food Service Fund 297 accounts for revenues and expenditures of the campus food service contract.

Capital Projects Fund

The State Capital Projects Fund 302 accounts for State of Oregon capital construction and improvements projects. The budget for 12-13 accounts for the receipt and expenditure of Oregon Lottery bonds to fund equipment purchase as approved by the 2012 Oregon Legislature.

Debt Service Funds

- The Debt Service Fund 401 - Wasco County G.O. Bonds accounts for the accumulation of resources to pay the principal and interest on General Obligation Bonds, Series 1993 approved by Wasco County voters and refunding General Obligation Bonds, Series 1998. Final debt service payments will be made during FY 2012-13.
- The Debt Service Fund 402 - District G.O. Bonds accounts for the accumulation of resources to pay the principal and interest on General Obligation Bonds, Series 2005 approved by district voters of Hood River and Wasco Counties and refunding General Obligation Bonds, Series 2012.

- The Pension Bond Debt Service Fund 451 accounts for the accumulation of resources to pay the principal and interest on pension obligation bonds issued by the College in 2003 and is funded by a credit to the College's PERS employer rate which began May 1, 2003.

Reserve Funds

- Established in FY 2005-06, the Reserve Fund for Facilities and Grounds Maintenance (Fund 501) provides funding for long term facilities and grounds maintenance expenditures. Any funds not expended will remain in the fund for future use.
- Established in FY 2010-11 with an initial transfer of \$2,313,224, the Reserve Fund for General Operations (Fund 502) provides future funding for general operations. Transfers are budgeted between the General Fund and the Reserve Fund to smooth the effects of the uneven community college support fund payments in each year of the biennium. The remaining balance may be depleted in the following biennium depending on financial operating results. A summary of actual and estimated Reserve Fund transactions is listed below.

Reserve Fund for General Operations

| | Actual 2010-11 | Adjusted Budget 2011-12 | Proposed 2012-13 | Projected 2013-14 | Projected 2014-15 |
|--|-------------------|----------------------------|---------------------|----------------------|----------------------|
| Prior Year Fund Balance | \$0 | \$2,313,224 | \$3,044,331 | \$1,097,026 | \$1,491,575 |
| Transfer from General Fund | 2,313,224 | 731,107 | 0 | 394,549 | 0 |
| Transfer to General Fund | 0 | 0 | 1,947,305 | 0 | 1,491,575 |
| Amount Reserved for Future Expenditure | 2,313,224 | 3,044,331 | 1,097,026 | 1,491,575 | 0 |
| Unappropriated Ending Fund Balance | \$0 | \$0 | \$0 | \$0 | \$0 |

Enterprise Fund

The College Bookstore Fund 601 accounts for revenue and expenditures of the College bookstore which stocks student textbooks and supplies, general merchandise and items for internal sales to college departments. The proposed budget supports the retail bookstore on The Dalles campus and for counter service on the Hood River Indian Creek campus.

Special Revenue Funds – Student Aid Funds

Four special revenue funds account for student aid programs.

- The Federal Student Aid Fund 800 accounts for the College's participation in US Department of Education Title IV Federal student aid programs (Pell Grant, Federal Supplemental Educational Opportunity Grant, Federal Work-Study, and Direct Loan programs). CGCC administration of Title IV programs began summer 2011.
- The Oregon Student Aid Fund 801 accounts for Oregon Opportunity Grants and Oregon Student Assistance Commission Scholarships. CGCC administration of Oregon student aid programs began fall 2012.
- The CGCC Foundation Scholarship Fund 802 accounts for the scholarships awarded by the CGCC Foundation. This fund accounts for scholarship activity previously recorded through accounts receivable as third-party agency payments prior to 2011-12.
- The Third Party Scholarship and Loan Fund 803 accounts for third party scholarships and credit based education loans. This fund accounts for scholarship activity previously recorded through accounts receivable as third-party agency payments prior to 2011-12.

Inactive Special Revenue Funds

The following special funds will become inactive at the close of the 2011-12 due to program, contract, or grant close-outs and completed projects.

- Carl D. Perkins Reserve Fund 217
- U.S. Department of Labor Community Based Job Training Renewable Energy Technology Grant Fund 218
- U.S. Department of Energy Grant Fund 221
- Learning Standards Grant Fund 246
- First Year Persistence Development Project Grant Fund 272
- Pathways Green Labor Market Information (LMI) Initiative Grant Fund 291

PROPERTY TAX LEVIES

The following property tax levies for 2012-13 will be presented to the Budget Committee and Board of Education for approval.

- A permanent tax rate levy of \$0.2703 per \$1,000 of taxable assessed value for the Columbia Gorge Community College District.
- A property tax levy in the amount of \$829,420 for the Debt Service Fund - Wasco County General Obligation Bonds in Wasco County – The final bonds mature on June 1, 2013.
- A property tax levy in the amount of \$1,411,857 for the Debt Service Fund - District General Obligation Bonds in Hood River and Wasco Counties – The final bonds mature on June 15, 2025.

BUDGET PRIORITIES & SUMMARY

With permanent campuses in Hood River and The Dalles, the Columbia Gorge Community College is positioned to serve students, the community, business and industry with its comprehensive community college mission. With prudent fiscal management and budgeting that links funding to strategic planning and core theme objectives with a focus on continuous process improvement, the College will sustain its mission while facing the realities of tough economic times when demand for services is at its highest.

This budget reflects the high level priorities for the College: accreditation, student focus, human capital, sustainability and goal 40-40-20 reengineering of the state education system.

- The focus of accreditation is to specifically and clearly address all recommendations of the last evaluation visit report in anticipation of the spring 2013 visit.
- The student focus priority is to deliver meaningful value while meeting expectations of the student and the state.
- A priority on human capital is to make appropriate investments in improved work performance and potential, provide adequate compensation systems and a focus on work/life balance.
- A priority of sustainability is to provide balanced approaches to generating revenue, managing costs, and minimizing the carbon footprint as a “green-focused” institution.
- The 40-40-20 reengineering of the state education system is focused on completion, quality and connections to community. Achievement compacts and participation in statewide initiatives will help to address statewide goals.

Supports Building Dreams through Opportunities

The proposed budget supports the College's core theme objectives by providing a broad array of education and training programs through general academic instruction, career and technical education, adult continuing education, and customized training designed to meet regional workforce needs. The budget supports signature programs in health occupations and renewable energy technology through General Fund and grant support. The budget supports using multiple modes of effective teaching, learning and service strategies by providing campus locations in two counties and both in-person and online instructional and student support services. The budget supports serving the diversity of students in the district by providing outreach advising services in area high schools, disabilities advising, and providing training to English speakers of other languages. The budget supports the following education initiatives by adding cost centers and allocating budget: Foundations of Excellence Achieve the Dream, and Strategic Enrollment Management. The budget fosters student success through funding appropriate student services, student organizations and co-curricular activities. The budget supports administration of Federal and State student aid. The budget provides for business operations support to provide appropriate financial services that support college operations, grant activities and to meet legal requirements.

Supports Transforming Lives through Education

The budget supports adapting curriculum and programs for careers by providing resources to support administrative structures to perform program reviews, assessments and provide continuing education. Distance learning resources will be primarily focused on assisting faculty in the use of instructional technologies, increase training for faculty in the use of Quality Matters Standards, and implementing an online class and faculty observation/evaluation process. The budget supports administration to provide partnerships to provide a seamless K-16 education in support of the statewide 40-40-20 education goals. The budget supports state-wide career pathways activities by serving as the fiscal agent for the State-wide Director of Career Pathways who coordinates and provides technical assistance for pathways efforts at all 17 community colleges.

Supports Strengthening Our Communities through Partnerships

The budget supports business and industry with a quality workforce by providing customized training opportunities and providing Small Business Development Center services that provide technical assistance and specialized training to small businesses. The budget supports creating effective external relations through funding of the Governing Board, President's office, and Resource Development activities, and by funding public information and marketing activities. The College budget reflects the emphasis on fund-raising efforts to seek additional funding through a combination of partnership contributions, Federal and State sources, private foundations and through activities of the Columbia Gorge Community College Foundation. The budget provides public services through grants that support child care resource and referral programs. The U.S. Department of Education Title III developing institution grant provides necessary funding to launch new processes, and added staffing infrastructure in support of candidacy of independent accreditation in the areas of institutional research, resource development, student services and information technology services.

Summary

The proposed 2012-13 budget represents the financial plan of the College's key function areas for the second year of the 2011-13 biennium. This budget supports the operations of The Dalles and Hood River campuses. This budget includes implementation of processes, procedures and organizational structures to support the College's steps toward independent accreditation. The budget supports statewide initiatives and achievement compact goals. Limited available resources and increased costs of operation will continue to challenge the College in providing high quality and comprehensive academic and support services to the district. The College expects to continue its successful fund-raising efforts to attract unrestricted and restricted gifts and to seek State and Federal grants that meet local and regional needs.

The following charts summarize total proposed funds revenue and total proposed funds requirements by both function and object classification excluding inter-fund transfers and the state capital projects fund of \$300,000. The difference between total revenue and expenditures of \$3,358,429 is equal to the amount

of total fund balance that is appropriated for use. The unappropriated fund balance across all funds is \$744,330 (\$500,000 in General Fund working capital and \$244,330 in Bookstore Fund working capital). The amount reserved for future expenditures across all funds is \$2,407,026 (\$1,097,026 in Reserve for General Fund and \$1,310,000 in the Pension Debt Service Fund).

