



December 1, 2015

Board of Education  
Columbia Gorge Community College

**RECOMMENDATION:**

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

**DISCUSSION**

The November Financial Report includes five months of financial data through forty-two percent of the fiscal year. The year-end estimates-to-close are based on historical spending patterns and anticipated future expenditures.

*Fiscal Year 2015-16 General Fund Expenditures*

General Fund Expenditures continued to follow existing spending patterns consistent with previous monthly financial reports. There were no significant changes to year-end expenditure projections with the addition of November's financial data. General Fund Expenditures are anticipated to end the year \$648k or 7% below budget.

*Fiscal Year 2015-16 General Fund Revenues*

Year-end General Fund Revenue estimates increased moderately with the addition of Winter Term registration figures. Through the first ten-days of Winter Term Registration, tuition revenues are consistent with the same time last year. If this trend continues forward, it will be a significant reversal from Summer Term and Fall Term which experienced steep year-over-year tuition revenue declines from the same terms the previous year. The better than expected Winter Term registration figures contributed to a positive adjustment of \$157,840 to projected total tuition and fee receipts by year end. In sum, college revenues are now projected to end the year \$263,000 or 2.6% under budget.

If current expenditure and revenue trends continue, the college may post a small surplus by yearend. This would be the college's first operating surplus in three-years.

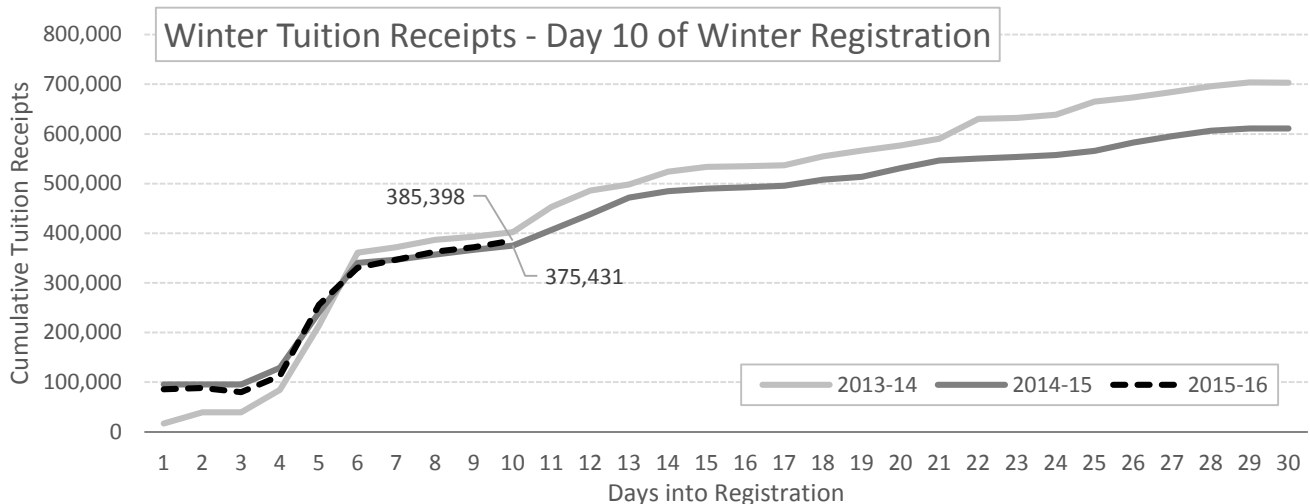
*Fiscal Year 2014-15 Carryforward*

The budgeted General Fund beginning balance in the 2015-16 Adopted Budget is \$554,000. This figure was estimated during the budget build process and took place approximately three-months ahead of the end of the fiscal year. The actual current year beginning balance can now be calculated with Fiscal Year 2014-15 concluded and the college's annual audit nearing completion. The true Fiscal Year 2015-16 beginning balance is now expected to be \$822,000. The largest portion of the unanticipated carryforward is associated with the closeout of college's Title III grant.

The difference between the actual and budgeted General Fund beginning balance of \$268,000 is available for appropriation at the discretion of the Board of Education. Board Policy 50.B specifies that one-time sources of funds, such as unanticipated carryforward budget savings, should only be used for one-time investments or rebuilding reserves. College staff will propose uses of the carryforward consistent with Policy 50.B as part of the 2<sup>nd</sup> Quarter Supplemental Budget at the Board of Education's January meeting.

### Winter Registration

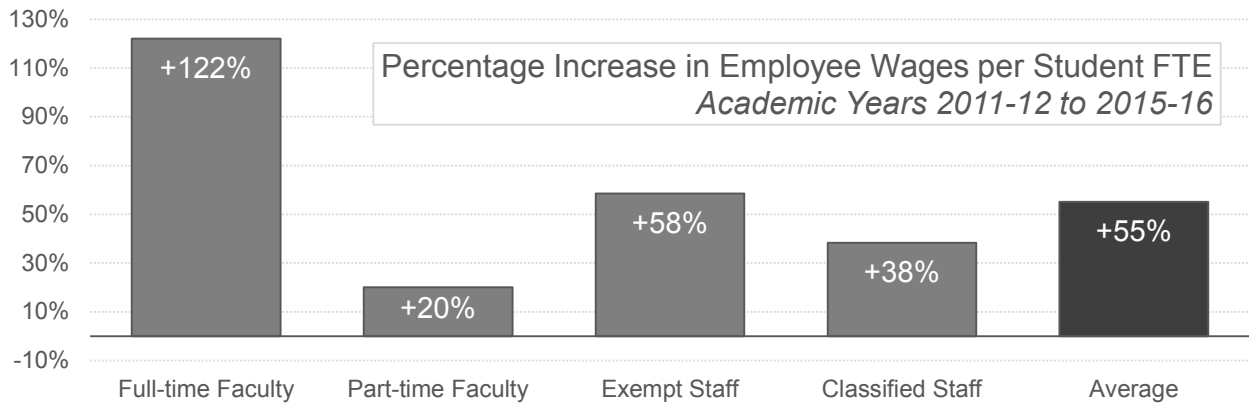
Through the first ten days of registration, Winter Term tuition revenue is on track with same time period last year. This compares to Summer Term and Fall Term which were down 23% and 11% respectively from the previous year. The tuition revenue pattern established in the first week of registration typically carries through the full registration period.



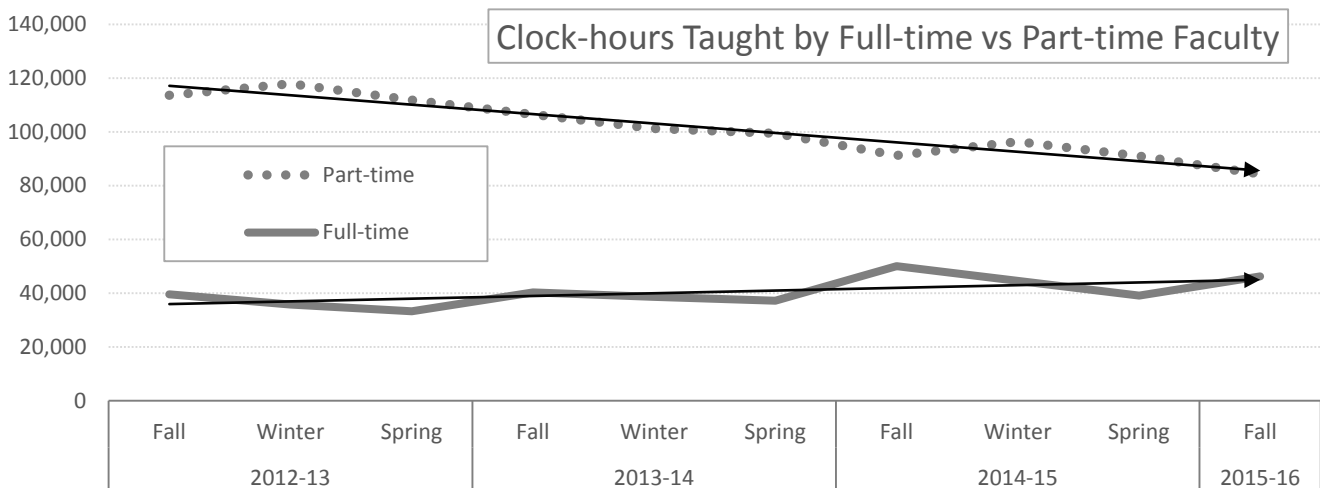
### Faculty Trends

Oregon community colleges experienced steep enrollment declines following the end of the last recession. The 2015-16 Adopted Budget implemented significant reductions to align staffing levels consistent with lowered Student FTE. Reductions were concentrated in Facilities, Institutional Support, and Student Services. Permanent faculty were exempted from layoff. The decision to exempt permanent faculty from reductions helped maintain stability within Instructional departments and fulfilled the stated budget priority of "maintaining all academic programs, degrees, and certificates". It also addressed a 2013 Northwest Commission on College and Universities recommendation that CGCC increase its

percentage of full-time faculty. While the decision to exempt permanent faculty from reductions was made deliberately, it has had significant impacts on the college's cost structure. These structural changes have implications for future student affordability and the tradeoffs should be understood by policy makers.



Maintaining full-time faculty positions during a period of declining enrollment has resulted in significant increases in full-time faculty wage expenditures per Student FTE. From 2011-12 to 2015-16, full-time faculty wages per Student FTE increased 122%. This compares to a college-wide average increase of 55% over the same time period. The large increase in full-time faculty expenditures per student FTE have largely come at the expense of part-time faculty. Course reductions due to low enrollment exclusively affect part-time faculty members. This is because full-time faculty are guaranteed a specific wage and course load. From the 2012-13 Academic Year to the current Academic Year, instructional clock-hours taught by part-time faculty have decreased 26%. Conversely over the same time period, clock-hours taught by full-time faculty have increased 17%.



The shift from part-time to full-time faculty taught courses increases the average cost per course taught at CGCC. The typical four-credit lecture course taught by a part-time faculty member costs \$2,500 to

\$3,500. The equivalent course taught by a full-time faculty member averages \$6,900, or approximately 130% more. This is due in large part to the costs of employee benefits. The relative growth in full-time faculty taught courses increases the college's operating costs. All else held equal, increasing operating costs places pressure on future student tuition and fees rates.

SUGGESTED ACTION:

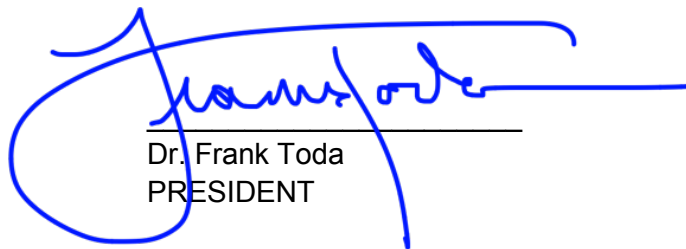
Approve recommendation, receive and file.

Respectfully submitted,



WILL NORRIS  
CHIEF FINANCIAL OFFICER

APPROVED:



Dr. Frank Toda  
PRESIDENT

GENERAL FUND REVENUE SUMMARY  
 Through November 2015 (Through 42% of Fiscal Year)

Revenue	Adopted Budget	Adjusted Budget	Actual Revenue thru November 2015	Year End Estimate	Year End Estimate Over / (Under) Budget	Percentage of Adjusted Budget Received thru November 2015	Fiscal Year 2014-15 Revenue thru November 2014	Year-End Actual Revenue
State of Oregon	\$ 5,281,094	\$ 5,281,094	\$ 3,110,713	\$ 5,244,148	\$ (36,946)	59%	\$ 1,998,334	\$ 3,006,924
Property Tax	1,090,563	1,090,563	750,570	1,108,571	18,008	69%	876,201	1,101,455
Tuition	2,540,684	2,540,684	1,307,996	2,263,692	(276,992)	51%	1,417,001	2,435,291
Fees	647,268	647,268	358,056	703,635	56,367	55%	341,786	607,874
Other	124,647	124,647	27,734	106,786	(17,861)	22%	30,186	116,226
Sales & Services	8,001	8,001	952	2,642	(5,359)	12%	2,971	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>\$ 5,556,020</b>	<b>\$ 9,859,674</b>	<b>\$ (262,783)</b>	<b>55%</b>	<b>\$ 4,666,478</b>	<b>\$ 9,680,152</b>

GENERAL FUND EXPENDITURE SUMMARY  
 Through November 2015 (Through 42% of Fiscal Year)

Function	Adopted Budget	Adjusted Budget	Expenses thru November 2015	Year End Estimate	Year End Estimate Over / (Under) Budget	Percentage of Adjusted Budget Expended thru November 2015	Fiscal Year 2014-15 Expenses thru November 2014	Year-End Actual
Instruction	\$ 3,479,582	\$ 3,479,582	\$ 1,305,667	\$ 3,388,747	\$ (90,835)	38%	\$ 1,456,520	\$ 3,839,426
Academic Support	1,026,979	1,026,979	354,573	852,091	(174,888)	35%	420,186	914,781
Student Services	758,201	758,201	240,366	705,815	(52,386)	32%	464,285	952,859
Institutional Support	2,437,876	2,437,876	1,071,875	2,286,717	(151,159)	44%	1,262,143	2,567,301
Financial Aid	24,393	24,393	11,947	26,206	1,813	49%	10,220	17,842
Plant Operation & Maintenance	956,823	956,823	365,252	943,591	(13,232)	38%	417,840	1,003,809
Other (Transfers, Debt, Contingency)	499,322	499,322	47,314	331,322	(168,000)	9%	43,653	203,219
<b>TOTAL</b>	<b>\$ 9,183,176</b>	<b>\$ 9,183,176</b>	<b>\$ 3,396,995</b>	<b>\$ 8,534,489</b>	<b>\$ (648,687)</b>	<b>37%</b>	<b>\$ 4,074,847</b>	<b>\$ 9,499,238</b>

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

Surplus/(Deficit)	\$ 61,469
Net Variance to Budget	\$ 385,904
Projected FY15/16 Ending Bal.	\$ 939,904
Projected FY16/17 Beg. Bal.	\$ 1,884,525

(Higher than FY15/16 ending bal due to "5th payment" carried forward)

**CASH & INVESTMENTS**

Account	Nov 30th, 2015	Nov 30th, 2014
Local Government Investment Pool	\$ 2,631,982	\$ 2,652,725
US Bank	452,850	444,239
Fidelity Investments	2,921,417	3,189,864
<b>TOTAL</b>	<b>\$ 6,006,249</b>	<b>\$ 6,286,828</b>