

Minutes
February 26, 2020

**MINUTES OF BOARD WORK SESSION/
BUDGET COMMITTEE ORIENTATION**

CHEMEKETA COMMUNITY COLLEGE
4000 Lancaster Drive NE
Salem, Oregon

January 22, 2020

The Board Work Session was held at the Chemeketa Center for Business & Industry (CCBI), 626 High Street NE, in Room 204.

Members in Attendance: Ed Dodson, Vice Chair; Jackie Franke; Ken Hector; Neva Hutchinson; Ron Pittman; and Diane Watson, Chair. Absent: Betsy Earls.

The work session was called to order at 8:35 am. Board members met together for 30 minutes to review and discuss the quarterly Board Guiding Principles assessment. A recess was taken at 9 am where college staff joined the board.

Diane Watson, Chair, called Executive Session to order at 9:16 am. Executive Session was held in accordance with ORS 192.660(2)(d) negotiations.

Members in Attendance: Ed Dodson, Vice Chair; Jackie Franke; Ken Hector; Neva Hutchinson; Ron Pittman; and Diane Watson, Chair. Absent: Betsy Earls.

College Administrators in Attendance: Jessica Howard, President/CEO; David Hallett, Vice President, Governance and Administration; Jim Eustrom, Vice President, Instruction and Student Services/Campus President, Yamhill Valley; Miriam Scharer, Associate Vice President/Chief Financial Officer; and Jeannie Odle, board secretary.

An update was shared on faculty negotiations.

Executive Session ended at 9:39 am.

The board work session resumed at 9:40 am.

Guest: Rory Alvarez, director, Capital Projects and Facilities (joined at 10 am)

Enrollment Report and Decline Mitigation

Jessica Howard referred to the two handouts behind the Enrollment tab in the board notebooks. One is a four-page matrix of enrollment actions or activities, both short- and long-term, the college has been doing since October, categorized by retention, recruitment, enrollment strategy for general education, and marketing strategy for promotion. Many, many staff have been involved in these efforts, and although enrollment is still down, it may have been a larger decline if these activities were not done. This is one of the reasons why a VP of Student Affairs is needed, to help focus and address enrollment.

Minutes
February 26, 2020

Minutes of Board Work Session/
Budget Committee Orientation
January 22, 2020
Page 2

Jessica referred to the 15-to-Finish handout. This handout shows the pace of completion and benefits of taking 15 credits per term (to finish in two years) vs. 12 credits per term (finish in three years). Although students are considered full-time if they take 12 credits, this flyer will help articulate to students the benefits of taking 15 credits per term and what it means to be “on track” and graduate and complete a degree in two years. The marketing department plans to do an internal promotion campaign to communicate this information to all students, and the academic advisors are sharing this with all new students during the advising process.

Jessica reviewed each of the 11 strategies on the matrix to give the board a sense of the scope of what the college is doing around enrollment.

Building Updates

Rory Alvarez shared updates on the following:

- Building 5 HVAC – The new HVAC units should be here by the first of March; the project is on schedule to be ready for spring term classes. Two music classes are still able to be held in Building 5.
- Diesel at Brooks – The college is in lease negotiations with Red Steer Glove Company for a portion of their building for the diesel program; and with Marion County on zone change permits. An aerial view of the Brooks Training Center property on Brooklake Road and the proximity of the Red Steer building on Highway 99E was distributed. A large access ramp needs to be built from the Brooks Training Center side to the Red Steer building along with a couple ADA parking spots. It will accommodate two trucks and lab space and classes would be taught in the Brooks Regional Training buildings. The anticipated program start date is fall 2020 or winter 2021, but all is contingent on the zoning.
- Woodburn Center Remodel – An Invitation to Bid just went out for Woodburn tenant improvements to remodel the leased space currently housing the Oregon Department of Human Services at the Woodburn Center. A large meeting room will be divided into two rooms and the Woodburn Center will be able to use the two new rooms for evening classes. Classes at the Harrison Street facility will move to the Lincoln Street facility and the Harrison Street facility will be sold.
- Ag Complex – The Ag Complex is in final design to ensure it is within budget. Funds will be added from the general fund this year and next year to help with the rising construction costs. The college is working with HECC to change the language in the scope of the project from “will” to “may include greenhouse donations and fund-raising opportunities” and “may include incubator farms.” A formal ground-breaking ceremony may take place in February or March.

Jim added a short update on the testing areas. All placement testing was in Building 2 adjacent to Advising and Counseling. However, only placement testing for math, reading, and writing will be done in Building 2, and any other testing for state certifications, accommodations testing, and proctored testing will now be done upstairs in the Testing Center in Building 3. Jim also invited the board to stop in at the Advising and Counseling Center in Building 2, which has been reconfigured, painted, and new lighting and furniture added to make it brighter and more welcoming.

Minutes
February 26, 2020

Minutes of Board Work Session/
Budget Committee Orientation
January 22, 2020
Page 3

Salem-Keizer Partnerships

Jim Eustrom reported the college continues to work with Salem-Keizer on bringing high school students to the Salem Campus for pharmacy technology and welding and hopes to add electronics and other programs in the future. Dallas school district has also expressed interest.

One major opportunity is that Salem-Keizer currently has seven sites that offer alternative high school programs, and they have approached the college to consolidate the seven sites into one location at Chemeketa in Building 49 by fall term. A small group from Chemeketa, including Holly Nelson, Sara Hastings, Tom Howard, and representatives from Salem-Keizer have been meeting to discuss this opportunity. This would be a good opportunity to expose those students to college and hopefully provide a pathway to pursue a degree to a career or to transfer to a university. Although the college would not receive the FTE for high school students in this alternative high school, the college would receive the FTE from the GED courses

Work continues to make in-roads with CTEC to develop a partnership or pathway to pursue a certificate, degree or some other credential or perhaps college credit for some courses. Their mindset and messaging is that CTEC an “end all” to get a job. It was suggested to develop a flyer or brochure that acknowledges their CTEC training, but outlines the next step to college and to promote application to the Oregon Promise, a one-time opportunity for free tuition, but a short window to apply.

Jackie Franke mentioned that Mountain West held a weekend retreat for nonprofit leaders and school board members, but was surprised there was no representation from Chemeketa. Jessica said she received an invitation but was unable to attend. She hopes to attend the next meeting of this group.

Salem Chamber Forum Presentation/Preparation of April 24 Inservice

Jessica did a quick review of the PowerPoint slide presentation that she shared at the Salem Chamber Forum in January on “Creating the Future We Want: Our Community and Its Community College.” This provides some background on the visioning activity that will take place at the April 24 inservice day at the college. It included a composite of students; characteristics of the college service district; poverty figures; transfer opportunities; and partnerships. Then she focused on the changing nature of work including future technological advances (McKinsey Global Institute), automation and the impact on future workers, skills and job growth in the future.

The focus on April 24 will be on how will Chemeketa address these changes and what will the college look like in 2030. How does technology change the world of work? What will students need, and how will they need it. All board members are highly encouraged to attend the morning session to participate, interact, and engage with staff on April 24.

A short recess was taken at 12 noon for lunch with the Budget Committee members in Room 115, followed by the afternoon Budget Overview session. The meeting reconvened at 1:30 pm.

Minutes
February 26, 2020

Minutes of Board Work Session/
Budget Committee Orientation
January 22, 2020
Page 4

Budget Committee Members in Attendance: Ray Beaty, Chris Brantley, Ed Dodson, Ken Hector, Neva Hutchinson, Barbara Nelson, Don Patten, Ron Pittman (left at 12:50 pm), Joe Van Meter, and Diane Watson.

Absent: Betsy Earls and Jackie Franke.

Guests: Rich McDonald, Director, Business and Finance

Jessica Howard introduced herself and welcomed the Budget Committee members. Introductions were made.

David Hallett, Vice President of Governance and Administration, reported that Gustavo Gutierrez has resigned from the Budget Committee and the college is looking for a replacement. Referring to the Budget Committee roster, David noted that terms expire on June 30, 2020, for Barbara Nelson, Joe Van Meter, and Don Patten. They were asked if they would like to continue for another three-year term. All three members said yes, so their terms will be extended to June 30, 2024.

Budget Update

Miriam Scharer Vice President of College Support Services, reported the budget overview has been scaled down a bit from last year since there are no new budget committee members. She briefly reviewed the Budget Principles and Financial Environment for the 2020–2021 Fiscal Year, the proposed student tuition for 2020–2021, along with the comparison sheet of the other community colleges and universities, and Rich McDonald shared an update on the PERS Employer Incentive Fund. The Chemeketa Community College Financial Guidelines are included in the packet, but it will not be covered; no changes were made from last year.

Miriam had copies of the 2018–2019 Audit Report available for budget committee members if they would like a copy. Miriam reported the main purpose of this meeting is to give some context about the budget process prior to the budget committee meetings. The first budget meeting is April 8 at 6 pm; the second budget meeting is on April 15 at 4:30 pm; and the optional budget meeting date is April 22. A public hearing will be held on May 20 at 7 pm and the board will adopt the budget on June 24.

Miriam reviewed the key factors including Budget Principles, which includes the colleges core themes, and values; Financial Environment, which includes state legislative appropriation, state support and distribution of resources, economic growth, enrollment, and tuition and fee revenue; and Expenses including general fund expenditures, unfunded mandates such as the Oregon minimum wage and pay equity, PERS rates, and health insurance.

Referring to state legislative appropriation, Miriam reported the college built last year's budget based on \$590 million, but was pleased that the legislature allocated \$640.9 million for the biennium (2019–2021). However, it did not get community colleges to the current service level. Oregon continues to have a strong economy with low unemployment rates, which may have had

Minutes
February 26, 2020

Minutes of Board Work Session/
Budget Committee Orientation
January 22, 2020
Page 5

an impact on enrollment. Last year the college budgeted for a three percent enrollment decline; however, fall term experienced an eight percent decline which impacts tuition and fee revenue as well as the state funding through the distribution formula. As a result, the college is actively working on several strategies including developing a strategic enrollment management plan, Guided Pathways, and exploring new programs based on workforce and community needs. For the upcoming year, the college is budgeting for a three percent enrollment decline based on current projections.

Mike Stewart asked if the enrollment drop is in step with the rest of the state, and what areas are experiencing declines. Most colleges and universities have had enrollment declines, some more, some less. Jim said areas experiencing the most decline is accelerated learning in high schools' programs, most likely as a result of the Willamette Promise, as well as drops in college-level math, writing, and science. A deliberate effort has been made to reduce the number of credits in two-year CTE programs so students can complete in two years.

Joe Van Meter asked if there are any plans for solar or hemp growing. Jim said solar has not been an area of focus at this time. Early on, there was direction from the Agribusiness Management Advisory Committee to not offer hemp or marijuana courses due to federal regulations and the mindset around marijuana. However, the Agribusiness Management Advisory Committee will be having discussions based on requests from the community. Jim shared a brief overview of advisory committees. Each CTE program has an advisory committee that provides advice and guidance on keeping the curriculum current and relevant, equipment needs, and a connection to experts and professionals in the field. There are over 30 advisory committees and over 300 individuals who volunteer their time to serve on these committees.

Miriam reminded the budget committee that tuition setting guidelines were revised last year and a commitment was made by the board, with input from the budget committee, to realign tuition rates and universal fee (annualized cost of attendance), to be in the middle of comparator colleges (Linn-Benton, Lane, Portland, Mt. Hood, and Clackamas) over the next three years. As a result, a \$10 tuition increase was approved last year and a \$5 differential fee for high cost programs and courses was added for first-year CTE programs and all science courses.

Chris Brantley asked if there was any correlation in the increase in tuition and enrollment decline. Miriam said she has not heard any direct correlation, and Jim said there has not been any decrease in nursing or automotive, which have added the differential fee. Don Patten asked if the \$5 differential fee is adequate to cover costs. Miriam said part of the strategy of the differential fee is to set aside a pool of money to offset equipment for CTE programs. The college won't see the impact until next year.

Referring back to the budget principles, Miriam noted expenses include rising employee costs, unfunded mandates, additional PERS costs as a result of SB1049, which will add an additional cost of \$250K to cover the PERS costs for retirees who continue to work. Also, capital construction of the Ag Complex and other deferred maintenance adds to the expenses.

Minutes
February 26, 2020

Minutes of Board Work Session/
Budget Committee Orientation
January 22, 2020
Page 6

Ray Beaty asked what was Chemeketa's share of the \$640.9 million. Miriam said the college received approximately \$2.4 million additional this year, which was placed in the contingency fund.

Miriam referred to the Proposed Student Tuition for 2020–2021 board report that was presented to the board on January 15. This is the second year of the three-year plan so the following was proposed to the board:

- Tuition increase of \$4 per credit for a total of \$95 per credit
- Universal fee increase of \$7 per credit for a total of \$31 per credit
- Out-of-State and international tuition increase of \$4 for a total of \$259 per credit
- No universal fee increase for non-credit courses
- No differential fee increase, however, will be further implementing into the second year
- The total per credit increase would be \$11 to \$126 per credit.

Referring to the Oregon Community Colleges 2018–2020 Tuition and Fees sheet and Oregon University System 2019–2020 Tuition and Fees (both of which reflect current rates) in the notebook, the proposed increase in tuition and fees would result in an annualized cost of tuition and fees of \$5,670 compared to \$5,175 in the current year. This would be an increase of \$495 a year (or \$165 per term) based on 45 credits. Chemeketa is currently the second lowest in tuition and fees among comparator colleges. This increase would place Chemeketa closer to the middle based on the current 2019–2020 tuition and fees chart and within dollars of the statewide average of \$5,636. However, it is likely that the comparator colleges will increase tuition. Miriam noted that the increased Pell grant will cover the increase of the proposed tuition and fees for those who are eligible. Joe Van Meter asked what percentage of students are on Pell grants. Miriam said she thought it was around 65 percent. In addition, many students are eligible for both the Oregon Promise and Chemeketa Scholars, as well as Foundation scholarships which further reduces the cost of attendance.

Ray Beaty presented a different angle. Instead of comparing and being in the middle, and as long as we are providing value and it's worth it, what would it take and what would excellence look like if we were the most expensive. Miriam said it's more philosophical—to continue to be an excellent source of education, but to balance the philosophical impact on students. The college has been strategic in decisions made in the budget process and whatever is brought forward contributes to excellence and strategic initiatives, but maintaining an affordable cost to students. Neva Hutchinson said the college does not want to sacrifice quality for quantity and that's why the board is willing to consider a larger increase in tuition. Don Patten asked what is the percentage of students that transfer at the end of two years, and what percent go into a trade. Staff did not have the percentage of students that transfer after two years but could find out; however, it was noted that 30 percent of offerings are CTE and 70 percent are lower division transfer offerings.

There was brief discussion on the applied baccalaureate in that the legislature passed a bill last year allowing community colleges to offer applied baccalaureate degrees. The Higher Education

Minutes
February 26, 2020

Minutes of Board Work Session/
Budget Committee Orientation
January 22, 2020
Page 7

Coordinating Commission (HECC) is working on guidelines, parameters, and an application process. However, there currently is a pathway for nursing students. Many students take the prerequisites to get them out of the way; apply for the nursing program, and if accepted, they go through the two-year nursing degree; and then they can transfer to universities such as Linfield, George Fox, or Warner Pacific, to get their bachelors of science in nursing.

Rich McDonald, director of Budget and Finance, shared an update about the PERS Employer Incentive Fund. Legislation was passed in 2018 to establish a fund where the state will match 25 cents for every dollar placed in a side account at PERS.

For this biennium, the Legislature appropriated \$100 million to fund the program on a first-come, first-serve basis in two pools. The first round was reserved for employers with an unfunded actuarial liability (UAL)/payroll ratio of 200 percent or above; the second round was for all other employers. Chemeketa applied in the second round and was approved for \$5 million deposit and \$1.25 million match.

The deposit with PERS is scheduled to be on February 28 with a rate credit effective immediately. The initial rate savings is estimated to be 0.83 percent from our actuarial calculation for 2020–2021. This is estimated to save the general fund about \$350,000 during the first year. Over the life of the side account, there will be approximately \$9.9 million in savings. It was fortunate to have reserves to take advantage of this opportunity.

Adjournment

Meeting adjourned at 1:40 pm.

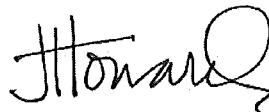
Respectfully submitted,



Board Secretary



Board Chair



President/Chief Executive Officer

February 26, 2000

Date