

## **Minutes of Budget Committee Meeting May 11, 2022 6:00pm – via Zoom**

### ***Board of Education members in attendance***

Jeannie Davis (Vice Chair), Dick Running, Tony Lapiz, Jim Merryman, John Sarna

### ***Budget Committee members in attendance***

Pat Malone, Tom Oliver, Ran Hanson, Jack Lehman, Shane James Lori McKinnon

### ***Staff and Representatives in attendance***

Lisa Avery, Sheldon Flom, Ann Buchele, Jennifer Boehmer, Jess Jacobs, Margi Dusek, Elizabeth Droscher

The meeting was called to order by Mr. Malone at 6:04pm

**INTRODUCTIONS** – Introductions of Board of Education, Budget Committee Members, and Linn-Benton Community College staff.

### **ELECTION OF FY 2021 PRESIDING OFFICERS** (Mr. Malone)

Mr. Running moved to nominate Pat Malone to be the FY 23 Chair. Mr. Oliver seconded. Motion to approve Pat Malone as Budget Committee Chair was approved unanimously, (10,0)

### **RECOGNITION OF CITIZEN COMMENTS** (Mr. Malone)

There were no citizen comments.

### **REVIEW OF LOCAL BUDGET LAW AND BUDGET COMMITTEE ROLE** (Mr. Flom)

Mr. Flom reviewed the roles of the Budget Committee noting the ORS reference. The Budget Committee consists of the governing body and equal number of appointed members. This first meeting is to hear the budget message, receive the budget document, listen to citizen comment, and to review and discuss the proposed budget before them. He reminded everyone that they will be asked to approve the proposed budget at the May 18 meeting, the Board of Education will adopt the approved budget in June, and the new year's budget will take effect July 1, 2022. The Budget Committee will be asked to reconvene to conduct adjustments if public funds expended exceed over 10% of the level approved.

### **BUDGET MESSAGE** (President Avery)

President Avery reminded the committee that the college continues to be in a delicate state with lower enrollment but at the same time the college continues to be innovative. President Avery deferred the rest her time to the committee to address questions particularly related to enrollment strengths and vulnerabilities coming out of a pandemic. Budget Committee members asked questions and President Avery, Mr. Flom and Mr. Jacobs answered them to their satisfaction.

## **REVIEW AND DISCUSSION OF PROPOSED BUDGET DOCUMENTS** (Mr. Flom and Mr. Jacobs)

Mr. Flom began by recapping the changes that have transpired due to the pandemic and one-time funding that was available during that time. Mr. Flom also reviewed the potential one-time funding of the Employee Retention Credit. There are a lot of unknowns due to fall registration not yet open and state funding for college support has not been announced. Budget projects are updated as new information is received.

Lori McKinnon joined the meeting at 6:30pm

Mr. Jacobs then went over the fund structure included in the budget. This included fund and program review, budget book explanation, non-general funds, review budget environment, and review budget additions and changes.

The primary fund is the General Fund, this is the where the majority of the budget presentation is focused. The other funds within the budget are highlighted below.

Operational Funds included Auxiliary, Restricted (Special Projects), and Capital Fund. The Auxiliary funds are several individual funds that are self-balancing with specific purpose and charges such as course fees, project funds, and non-credit programs. Restricted (Special Projects) are those that can only be used for a specific purpose such as grants. The Capital Fund which is where construction projects are captured in addition to other like projects.

Pass-through funds include debt-service, financial aid, and agency, meaning the college is simply the custodian of these funds.

The other categories reviewed in the budget is audit program structure categories which includes student facing and operations. Student-Facing includes instruction (classroom work), instructional support (directly supporting classroom instruction), and student services (financial aid, advising, and other 1:1 student supports). Operations includes college support (administration, business office, human resources, IT, etc.), plant maintenance (Facilities), and transfers (where money is moved out of one fund into another for a designated purpose).

Mr. Jacobs did a review of the budget book structure which included the budget message and entire \$152m+ budget submitted for review and approval.

Mr. Jacobs then guided the committee members through the budget review of auxiliary funds, capital fund, notable increases and decreases in restricted funds, and other funds.

Mr. Jacobs reviewed the general fund budget environment which included approving 2022-23 in context of multi-budget projections, review of major variables, and remaining financial levers.

The general fund has three revenue sources, state aid, tuition, property taxes and other revenue. The general fund noted discontinuation of Higher Education Emergency Relief Fund support after the 2021-22 fiscal year and the potential receipt of approximately 6.5 million for the Employee Retention Credit. President Avery recognized the budget team for their work on the Employee Retention Credit.

Mr. Jacobs reviewed growth assumptions in a five-year model in both revenue and expenses. Mr. Jacobs reviewed the comparison of the general fund 2021-22 and 2022-23 budget and projected changes in the areas of personnel services, materials & services, capital outlay, transfers out, and contingency. Overall the change percentage is -4.4%.

Mr. Jacobs shared what is included in the general budget. This is current service level, estimated personnel increases, healthcare (increase in medical premiums), materials and services (inflationary increases), transfer outs, investment categories, budget enhancements, capital project operating costs, strategic initiatives. Mr. Jacobs also reviewed the general fund by programs. Those programs are instruction, instructional support, student services, college support services, plant maintenance, and transfers. Instruction, instructional support, and student services equate to 71.8% of direct student spending. The prior year was 71.2%

Budget Committee members asked questions and Mr. Flom and Mr. Jacobs provided the inquired information in response.

If there are any other questions between tonight's meeting and May 18, please send them to Elizabeth at [drosche@linnbenton.edu](mailto:drosche@linnbenton.edu) and she will pass them along to Jess and Sheldon for answers.

The college will ask the Budget Committee to approve the full \$152m budget as presented at the May 18, 2022 meeting.

**Adjourned 7:42pm**