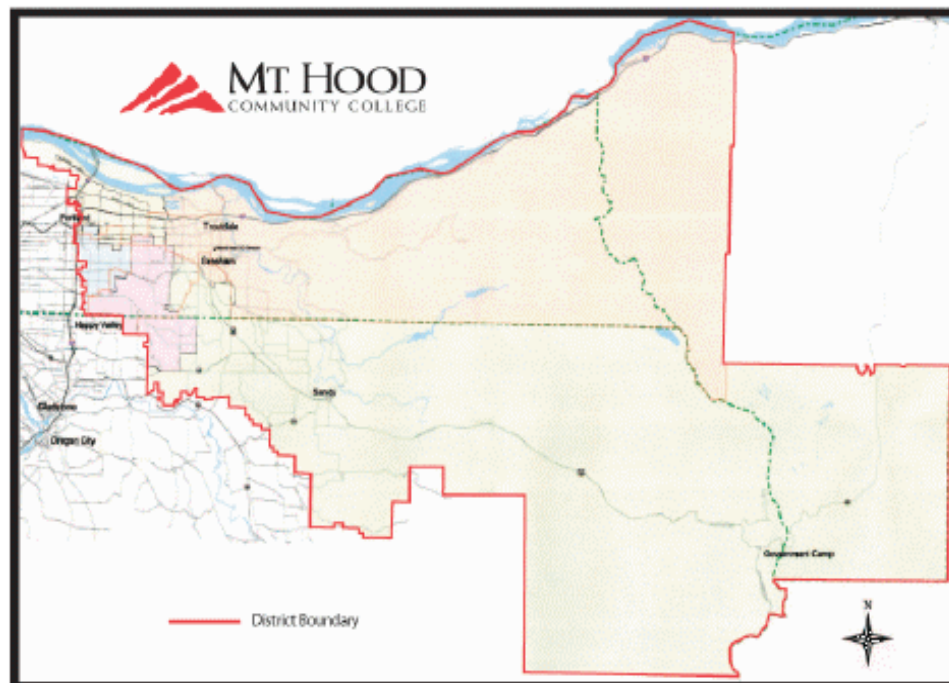


Mt. Hood Community College (MHCC) TSCC Budget Review 2020-21

1. Introduction to the District

MHCC serves a population of 330,000 within an area of 950 square miles. Boundaries encompass all of Multnomah County east of the Portland School District, the northwest portion of Clackamas County, and a small portion of Hood River County (Cascade Locks). A 225-acre college campus is located in south east Gresham. The district also offers instructional programs at The Bruning Center for Allied Health Education in northwest Gresham, at its Maywood Campus in the City of Maywood Park, at various schools and other locations throughout the district. The college enrolled 7,304 full time equivalent students (23,345) by head count and had 720 full time equivalent employees in FY20.



2. History

A seven-member board governs the district without compensation. All board members are elected to four-year terms: five are elected from zones and two are elected at large.

Community college curriculum is intended to provide broad, comprehensive programs in academic, professional and technical subjects. It is designed to provide two-year programs for some, serve a transitional purpose for others who will continue college work, and to aid others in determining future educational needs. Admission to the college is open to all high school graduates and non-graduates who can benefit from the instruction offered.

In recent years, Mt. Hood Community College has worked to form partnerships with local school districts, other community colleges, Eastern Oregon University and Portland State University to offer expanded educational programs for students.

Mt. Hood Community College	2016-17	2017-18	2018-19	2019-20
Assessed Value in Billions	\$26.184	\$27.388	\$28.522	\$29.495
Real Market Value (M-5) in Billions	\$37.514	\$42.621	\$47.309	\$49.135
Property Tax Rate Extended:				
Operations	\$0.4917	\$0.4917	\$0.4917	\$0.4917
Measure 5 Loss	\$-139,354	\$-139,975	\$-138,878	\$-148,437
Number of Employees (FTE's)	740	719	726	720
Enrollment:				
Headcount	26,298	25,598	24,574	23,345
Full Time Equivalents	8,238	8,009	7,689	7,304
Tuition Per Credit Hour	\$96.00	\$100.00	\$108.50	115.00

3. Strategic Plan / Performance Objectives

In her budget message, President Lisa Skari, Ed.D., presented the challenge the College faced this spring: balancing the budget by eliminating a \$2.8 million deficit while navigating the pandemic crisis. The means of eliminating the budget gap was laid out by the Board a year earlier.

Strategic direction framing deficit mitigation

In March 2019, the Board voted to increase tuition by \$8 per credit hour for the 2019-20 academic year as one element in addressing the deficit. The Board also directed the College at that time to:

- Prioritize high-enrollment, high-completion academic programs, and those that are financially sustainable with business partnerships, and include an evaluation of non-academic programs.
- Prioritize equity and access for all students, especially for the historically disadvantaged.
- Prioritize affordability for low-income students, evaluating demographics of those we serve.
- Identify non-tuition revenue, focusing on fees for non-student uses of programs/facilities.

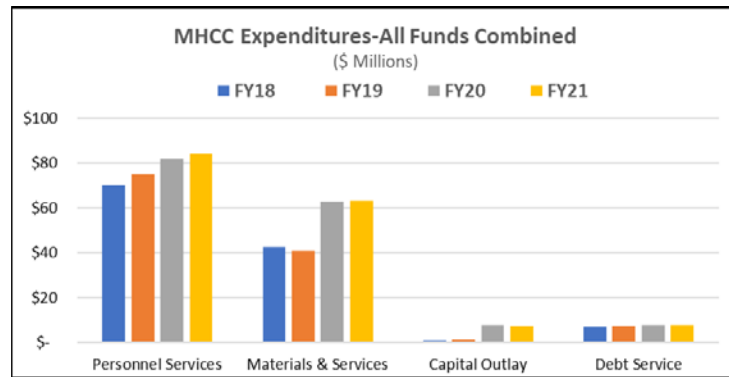
4. The Budget in Total

The FY21 Budget is \$172 million, an increase of \$6 million (4%). The increase is in personnel services costs (\$2.3 million) and contingency (\$4.1 million). Ending fund balance is budgeted to be \$1.8 million, \$292,000 higher than the FY20 budgeted EFB.

MHCC Total Requirements				
All Funds Combined (\$000)				
	FY18	FY19	FY20	FY21
	Actual	Actual	Budget	Budget
Personnel Services	70,326	75,066	81,762	84,091
Materials & Services	42,572	40,658	62,825	63,280
Capital Outlay	832	1,224	7,627	7,287
Debt Service	<u>7,123</u>	<u>7,338</u>	<u>7,798</u>	<u>7,948</u>
Total Expenditures	120,853	124,285	160,012	162,607
Fund Transfers	704	705	1,150	547
Contingencies	0	0	2,831	6,969
Ending Fund Balance	<u>18,311</u>	<u>18,927</u>	<u>1,473</u>	<u>1,766</u>
Total Requirements	139,868	143,916	165,466	171,889

Expenditures by Object Codes (All Funds)

Spending is constrained in the FY20 budget. Personnel services are up 3%, materials and services are up 1%, and capital outlay is down 4%. The following chart shows the expenditure trends by object codes for the last four years.



As mentioned above in excerpts from Dr. Skari’s budget message, last year the College set out to trim an anticipated budget deficit by evaluating and prioritizing programs. The result is a net reduction 18 FTE in Instruction and Student Services. The reductions are illustrated in the following charts. While the first chart is labeled “General Fund”, the vast majority of the reductions were in that fund and so this represents the college-wide reduction impact.

Area	Budget		Increase (Decrease)		Actual budget reductions implemented	% of 2020 Budget
	Revised 2019-20	Proposed 2020-21	\$	%		
Instruction & Instr. Support	42,463,532	41,571,709	(891,823)	-2.1%	1,497,907	4%
Administrative Services	16,496,243	16,629,119	132,876	0.8%	388,688	2%
Student Development	6,883,731	6,779,399	(104,332)	-1.5%	347,083	5%
Institutional Items (1)	8,456,458	11,755,671	3,299,213	39.0%	-	0%
President's Office	2,054,394	1,992,334	(62,060)	-3.0%	348,255	17%
Development & Dist. Comm.	1,541,103	1,300,854	(240,249)	-15.6%	104,457	7%
Total	77,895,461	80,029,086	2,133,625	2.7%	2,686,390	3%

(1) Institutional items include: Debt service, tuition waivers, elections, title IV match, and contract requirements

Personnel Services

Personnel services costs increased from \$81.7 million to \$84.1 million in the FY21 budget, and increase of \$2.3 million or 3%. Full Time Equivalent (FTE) positions decreased from an FY20 budgeted amount of 721 to 703. The budget document highlighted these reductions.

Over the biennium, the College will eliminate 25 FTE (Full-Time Equivalent positions). The impacted positions crossover all employee groups, and all but two of the positions were vacant at time of elimination:

	Classified	Faculty	Management	Total
Vacant positions eliminated	6	3	1	10
Filled positions eliminated	1		1	2
Positions held open temporarily		13		13
Total	7	16	2	25

MHCC				
Staffing - Full Time Equivalent				
	2018	2019	2020	2021
Instruction	352	338	332	318
Instruction Support	92	98	100	101
Student Services	111	115	117	112
Financial Aid	51	51	52	52
Community Services	1	1	1	1
College Support Services	76	84	82	80
Facilities Management	37	39	39	39
Fund 16 (Grant-Funded) Estimate	230	230	200	200
Total FTE	949	956	921	903

The cost per FTE increased by 5% in the FY21 budget.

MHCC				
Personnel Services Costs per FTE				
	FY18	FY19	FY20	FY21
Personnel Services	\$70,326,114	\$75,065,981	\$81,762,034	\$ 84,091,451
FTE	949	956	921	903
Cost per FTE	\$ 74,071	\$ 78,537	\$ 88,756	\$ 93,125
Annual Increase		6%	13%	5%

Resources (All Funds)

Total resources balance to total requirements. State revenues and property taxes are anticipated to increase while other revenues will be stable or drop slightly. The budget document presented the following revenue-impact assumptions.

Resources for 2020-21 include the following assumptions:

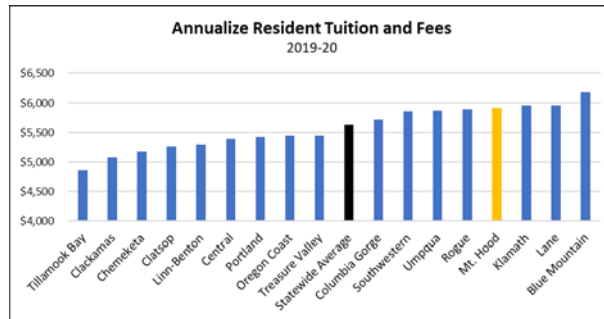
- * 2.6% (\$3) increase in tuition rates
- * Flat enrollment increase over 2019-20 Enrollment projections
- * 4% increase in property tax revenue
- * 10% increase in state support over the 2019-20 Adopted Budget and 1% increase the 2019-20 Forecast

MHCC Total Resources				
All Funds Combined (\$000)				
	FY18	FY19	FY20	FY21
	Actual	Actual	Budget	Budget
Beginning Fund Bal	17,171	18,311	11,447	11,440
Intergovernmental Rev	75,352	76,616	102,940	109,969
Fees and Charges	26,931	26,753	28,058	27,375
Property Taxes	12,288	13,350	13,334	14,320
Other Income	7,421	8,182	8,463	8,188
Total Revenue	121,993	124,900	152,795	159,852
Transfers In	704	705	1,225	597
Total Resources	139,868	143,916	165,467	171,889

Federal and state support is the primary revenue source for the district, followed by fees and charges, and then property tax. Total resources increase by \$6 million to \$171.5 million (4%) in the FY21 budget. That increase is predominately in funding from state and federal sources.

Property taxes are projected to increase from \$13.3 to \$14.3 million. The Permanent tax rate is \$0.4917 per \$1,000 of assessed value and the school has no outstanding general obligation bonds.

Fees and Charges revenue, primarily from tuition and fees, decreases by \$1 million to \$27.3 million. The board approved a tuition increase of \$8.00 per credit for FY20 and an additional \$3 for FY21. The district annualized tuition and fees are in the top 25% of the state's community colleges in the latest (April, 2019) Tuition and Fees summary from the state community college association.



5. Analysis of the General Fund

The General Fund, where instruction and administrative costs are budgeted, increases by \$2.1 million from \$77.9 million to \$80.0 million. The increase is in the contingency, which increases by \$4 million to \$5.8 million. All other appropriation categories are virtually the same as the FY20 budget. Ending fund balance is constant at \$1.4 million. Combined contingency/fund balance is 10% of operating expenses, a drop from prior years' levels of 13% to 15%.

	2017-18 Actual	2018-19 Actual	2019-20 Budget	2020-21 Budget
Instruction	30,206	31,538	34,291	33,129
Education Support Svcs	33,294	35,549	38,414	38,605
Enterprises & Comm Svcs	83	99	105	109
Facilities Acq & Const	145	192	733	360
Transfers Out	675	675	1,100	487
Total Expenses	64,403	68,053	74,642	72,690
Contingencies	0	0	1,780	5,885
Ending Fund Balance	10,603	9,028	1,473	1,454
Total Requirements	75,006	77,081	77,895	80,029

This is virtually the same dollar value budget as last year, but for the increase in contingency. This was accomplished by implementing the budget reduction process discussed under the Total Budget section above.

General Fund resources balance to requirements.

	2017-18 Actual	2018-19 Actual	2019-20 Budget	2020-21 Budget
Property Tax	12,288	13,350	13,334	14,320
State Revenue	28,241	28,229	29,707	32,785
Fees and Charges	24,450	24,371	25,531	25,033
Other Income	388	528	326	375
Total Revenues	65,367	66,477	68,897	72,514
Beginning Fund Balance	9,639	10,603	8,999	7,515
Total Resources	75,006	77,081	77,895	80,029

The district drew down the fund balance in the General Fund by \$1.6 million in FY19 and is budgeted to lose \$5.7 million in the current year. The FY21 budgeted loss is much smaller, \$177 K.

MHCC General Fund Gain/(Loss)				
(\$000)				
	2017-18	2018-19	2019-20	2020-21
	Actual	Actual	Budget	Budget
Total Revenues	65,367	66,477	68,897	72,514
Total Expenses	<u>64,403</u>	<u>68,053</u>	<u>74,642</u>	<u>72,690</u>
Annual Gain/Loss	965	-1,576	-5,745	-177

6. Analysis of Other Funds

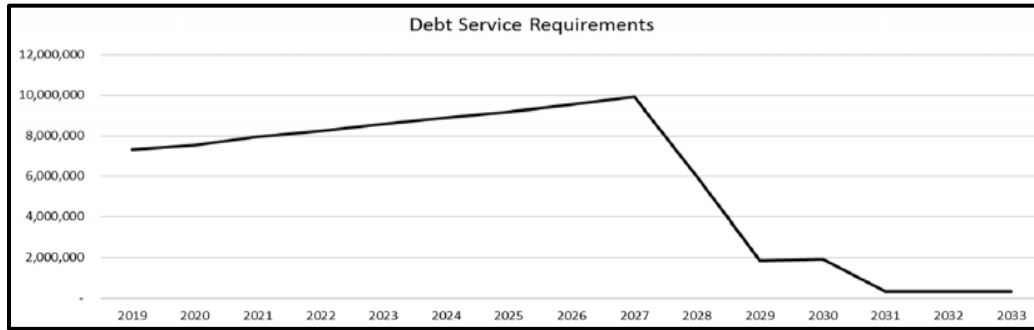
With one exception, increases and decreases in the other funds are small and balance out to virtually the same total amount. The one exception is the Federal, State, and Special Projects Fund, which is a consolidation of grant-funded activities. The fund budget is partially speculative as some grants are not yet confirmed.

MHCC All Other Funds (Excludes General Fund)				
Year over Year Change in Total Budget (\$000)				
	2019-20	2020-21	Change	
			\$	%
Student Aid Fund	36,409	36,334	-75	0%
Federal, State & Spec Proj Fund	37,800	41,760	3,960	10%
Pension Bond Fund	5,279	5,539	260	5%
Bookstore	1,987	1,670	-317	-16%
Aquatics Center Fund	1,132	996	-137	-12%
Clubs Fund	250	170	-80	-32%
Trusts Fund	509	509	0	0%
Associated Student Gov Fund	1,137	1,221	84	7%
Physical Plant Maintenance Fund	1,220	1,508	288	24%
Technology Projects Fund	<u>1,849</u>	<u>2,152</u>	<u>303</u>	<u>16%</u>
GRAND TOTAL ALL FUNDS	87,572	91,518	3,947	-27%

7. Debt Status

The district also has two Full Faith & Credit obligations and one pension obligation bond. Total debt service payments will not drop significantly until 2029 when the district pays off the pension bonds.

Mt. Hood Community College Debt Status					
Outstanding Debt	6/30/2017	6/30/2018	6/30/2019	6-30-20 est.	Pay Off Year
Pension Bonds	34,521,705	33,159,069	31,807,710	30,460,058	2028
Full Faith & Credit	23,235,000	21,960,000	20,660,000	19,345,000	2033
Total Outstanding Debt	57,756,705	55,119,069	52,467,710	49,805,058	
Annual Debt Service Payments					
Pension Bond Fund	4,793,691	5,028,691	5,278,690	5,538,690	
General Fund	2,329,475	2,308,825	2,519,325	2,409,225	
Total Annual Debt Svc	7,123,166	7,337,516	7,798,015	7,947,915	



8. Is the Budget in Sync with Strategic Plan/Performance Objectives?

Yes, the budget is in sync with the President's plan.

9. Budget Process & Budget Compliance

Yes	No	Compliance Issue
X		1. Did the district meet publication requirements?
X		2. Do resources equal requirements in every fund?
X		3. Are contingencies shown only in operating funds?
X		4. Did the budget committee approve the budget?
X		5. Did the budget committee set the levy?
X		6. Does the audit show the district was in compliance with budget law?

10. Highlights of the 2020-21 Budget to be published in TSCC Annual Report

- The FY21 Budget is \$172 million, an increase of \$6 million (4%).
- The increase is in personnel services costs (\$2 million) and contingency (\$4 million).
- Ending fund balance is budgeted to be \$1.8 million, \$292,000 higher than the FY20 budgeted EFB.
- The General Fund, where most of the instruction and administrative costs are budgeted, increases by \$2.1 million from \$77.9 million to \$80.0 million.
- That increase is in the contingency, which grows by \$4.1 million to \$5.8 million.
- All other appropriation categories are virtually the same as the last budget.

Local Budget Law Compliance:

The 2020-21 Budget is in substantial compliance with local budget law. Estimates were judged to be reasonable for the purpose shown.

The audit report for fiscal year 2018-19 does not note any expenditures in excess of budget.

Certification Letter Recommendations and Objections:

TSCC staff notes no deficiencies in the district's FY21 budget process.

Mt Hood Community College

Annual Report

	2017-18 Actual	2018-19 Actual	2019-20 Rev. Budget	2020-21 Apv. Budget	Budget % Change
SUMMARY OF ALL FUNDS					
Property Tax Breakdown:					
Permanent Rate Property Taxes	12,098,984	12,876,212	13,083,900	14,020,897	7%
Prior Years Property Taxes	188,773	473,441	250,000	298,856	20%
Total Property Taxes	12,287,757	13,349,653	13,333,900	14,319,753	7%
Resources:					
Beginning Fund Balance	17,171,091	18,311,262	11,446,895	11,439,550	-3%
Property Taxes	12,287,757	13,349,653	13,333,900	14,319,753	7%
Intergovernmental Revenue	75,352,361	76,615,914	102,940,490	109,969,458	7%
Fees and Charges	26,931,453	26,752,649	28,058,092	27,374,629	-3%
Other Income	7,421,300	8,181,839	8,462,643	8,187,900	-3%
Transfers In	703,773	704,699	1,225,000	597,292	-51%
TOTAL RESOURCES	139,867,735	143,916,016	165,467,020	171,888,582	4%
Requirements by Function:					
Instruction	30,206,027	31,537,710	34,290,569	33,128,912	-3%
Education Support Services	84,001,764	85,395,147	110,952,251	114,984,160	4%
Enterprises and Community Services	855,109	842,894	1,052,748	1,049,737	0%
Facilities Acquisition and Construction	996,109	1,480,347	8,437,964	7,905,146	-6%
Debt Service	4,793,691	5,028,691	5,278,690	5,538,690	5%
Transfers Out	703,773	704,699	1,150,000	547,292	-52%
Contingencies	0	0	2,831,384	6,968,669	145%
Ending Fund Balance	18,311,262	18,926,528	1,473,414	1,765,976	-1%
TOTAL REQUIREMENTS	139,867,735	143,916,016	165,467,020	171,888,582	4%
Requirements by Object:					
Personnel Services	70,326,114	75,065,981	81,762,034	84,091,451	3%
Materials & Services	42,571,888	40,657,702	62,824,759	63,280,083	1%
Capital Outlay	831,532	1,223,590	7,627,414	7,287,196	-4%
Debt Service	7,123,166	7,337,516	7,798,015	7,947,915	2%
Fund Transfers	703,773	704,699	1,150,000	547,292	-52%
Contingencies	0	0	2,831,387	6,968,669	146%
Ending Fund Balance	18,311,262	18,926,528	1,473,411	1,765,976	20%
TOTAL REQUIREMENTS	139,867,735	143,916,016	165,467,020	171,888,582	4%
SUMMARY OF BUDGET - BY FUND					
General Fund	75,005,889	77,080,749	77,895,461	80,029,086	3%
Student Aid Fund	21,165,819	18,466,885	36,408,990	36,333,990	0%
Federal, State & Special Projects Fund	30,742,999	35,148,072	37,800,000	41,760,000	10%
Pension Bond Fund	5,118,594	5,735,027	5,278,690	5,538,690	5%
Bookstore	2,597,167	2,064,814	1,987,000	1,670,230	-16%
Aquatics Center Fund	1,051,998	1,023,026	1,132,128	995,514	-12%
Clubs Fund	93,588	79,757	250,000	170,000	-32%
Trusts Fund	773,362	826,866	509,096	509,096	0%
Associated Student Government Fund	1,128,345	1,173,884	1,136,746	1,221,756	-23%
Physical Plant Maintenance Fund	464,782	667,470	1,219,650	1,508,033	24%
Technology Projects Fund	1,725,192	1,649,466	1,849,259	2,152,187	16%
GRAND TOTAL ALL FUNDS	139,867,735	143,916,016	165,467,020	171,888,582	4%

Mt Hood Community College

Annual Report

	2017-18 Actual	2018-19 Actual	2019-20 Rev. Budget	2020-21 Apv. Budget	Budget % Change
DETAIL OF GENERAL FUND					
Resources:					
Beginning Fund Balance	9,638,761	10,603,331	8,998,506	7,515,453	-16%
Property Tax	12,287,757	13,349,653	13,333,900	14,319,753	7%
State Revenue	28,241,363	28,229,154	29,706,500	32,785,468	10%
Fees and Charges	24,449,920	24,370,914	25,530,555	25,033,412	-2%
Other Income	388,088	527,697	326,000	375,000	15%
TOTAL FUND RESOURCES	75,005,889	77,080,749	77,895,461	80,029,086	3%
Requirements:					
Instruction	30,206,027	31,537,710	34,290,569	33,128,912	-3%
Education Support Services	33,294,452	35,549,004	38,413,692	38,604,913	0%
Enterprises and Community Services	82,502	99,131	105,434	109,245	4%
Facilities Acquisition and Construction	144,577	192,274	732,500	360,000	-51%
Transfers Out	675,000	675,000	1,100,000	487,292	-56%
Contingencies	0	0	1,779,852	5,884,917	231%
Ending Fund Balance	10,603,331	9,027,630	1,473,414	1,453,807	-1%
TOTAL FUND REQUIREMENTS	75,005,889	77,080,749	77,895,461	80,029,086	3%
BALANCE SHEET AS OF JUNE 30 EACH YEAR					
	2017-18	2018-19			
Assets:					
Cash & Investments	25,000,000	14,265,000			
Receivables	18,883,000	19,532,000			
Inventory	1,389,000	954,000			
Fixed Assets	53,557,000	52,663,000			
Other	167,000	465,000			
Deferred Outflows	14,751,000	19,773,000			
TOTAL ASSETS	113,747,000	107,652,000			
Liabilities and Equity:					
Liabilities	140,499,000	141,467,000			
Equity	-29,906,000	-40,224,000			
Deferred Inflows	3,154,000	6,409,000			
TOTAL LIABILITIES AND EQUITY	113,747,000	107,652,000			