

Mt. Hood Community College 2020-21 Hearing Minutes

Wednesday June 17, 2020

5:30 pm
26000 SE Stark Street
Gresham, Oregon
Via Zoom

Present:

TSCC:

Chair David Barringer, Vice Chair James Ofsink, Commissioner Margo Norton, Commissioner Mark Wubbold, Commissioner Harmony Quiroz, Executive Director Craig Gibons and Budget Analyst Tunie Betschart

Absent: None

Mt. Hood Community College:

Board of Directors: Chair Diane McKeel, Vice Chair James Zordich, Diane Noriega, LaVerne Lewis, Andrew Speer, Annette Mattson, Kenney Polson

Staff: College President Dr. Lisa Skari, Vice President of Instruction Al McQuarters, Chief Operations Officer Jennifer DeMent, Executive Director of Development & District Communications Al Sigala, Director of Finance & Auxiliary Services Ben Rowe, Director of Diversity, Equity & Inclusion Traci Simmons

Chair David Barringer opened the public hearing and asked the Commissioners and staff to introduce themselves. He then asked if any of the Commissioners have business relationships with Mt. Hood Community College that could be perceived as a conflict of interest. There were none. Chair Barringer asked Mt. Hood Community College staff to introduce themselves.

Following introductions he commended the district for stepping up to meet the current public health crisis. He acknowledged that it is difficult forecasting the budget for next year in the current environment of constant change. He encouraged them to continue to monitor the budget as the year unfolds.

Chair Barringer then turned the floor over to Dr. Skari to make brief introductory remarks about the budget and then the TSCC commissioners would ask a few questions. Succeeding the questions, testimony from the public will be taken.

Dr. Skari gave a brief overview of the 2020-21 budget for Mt. Hood Community College. She said the document represents the cumulative work of board members, faculty and staff. Guided by the Board's goals laid out last year, and the college's objective to end ongoing reliance on reserves, the campus community contributed to the preparation of this budget, to address goals within the financial realities. The budget includes a mix of strategies used to balance the budget. To keep higher education affordable, tuition and fee increases were held to a minimum. The process of program and service evaluation, both academic and non-academic, was difficult but necessary in allocating limited resources. The end result is a budget that aligns projected revenues with projected expenditures, breaking the cycle of using reserves to balance the budget. She said they have non-committed reserves that can be strategically used to bridge gaps as they develop sustainable, responsive solutions to budget variations.

She concluded by stating that MHCC campus has shown its ability to be adaptable, resilient, and productive in these uncertain times, and this budget allows the district to respond in a similar fashion.

Chair Barringer thanked Dr. Skari and moved to the TSCC prepared questions.

TSCC Questions

Chair Barringer asked the following questions:

In the current year is ending in just a few weeks on June 30. Is the district expecting any year-end budgetary problems arising from revenue shortfalls or unanticipated expenditures due to the Covid-19 situation? What impact will this have on the district's ending fund balances that are not yet reflected in upcoming budget?

Ms. DeMent answered saying:

The college did experience a significant revenue shortfall this spring due to enrollment declines, and the decision to waive or adjust some course fees. Our tuition bearing enrollment was trending all year at a 7% decline from the prior year. But for spring term, we experienced a 22% decline in tuition bearing enrollment. It was a pretty significant drop. The revenue loss from what was budgeted is about \$1.4 million just for spring term alone. However, we're actually anticipating an associated decrease in expenditures due to the remote format of spring term. A lot of the classes that we canceled were CTE (Career Technical Education) classes that couldn't be done or moved online. We have a significant decrease in part time faculty. We laid off most, if not all of our part-time hourly and student employees at the end of March. We're actually expecting our ending fund balance to be within \$40,000 of what we included in the proposed budget pre-COVID.

Commissioner Wubbold asked the following questions:

Looking at the upcoming FY 2020-21 budget year, should the economy remain stalled, where are the district's greatest vulnerabilities? How will the district monitor and respond timely if revenue collections go off track or if unanticipated service requirements continue?

Ms. DeMent responded saying:

I feel like that's more than a two part question because there's so much going on right now. Since the College receives a significant portion of its funding, 45%, from the state, our state funding allocation is our greatest vulnerability. Our funding allocation as well as all higher education funding allocations, depend on the governor's and legislature's actions. The District is monitoring the information, economic forecast, and decisions from Salem and working closely with the Higher Education Coordinating Commission (HECC) and the Oregon Community College Association (OCCA). The College has prepared several funding scenarios where we have a three month check, a six month check, and a nine month check until we have more information. After state support, tuition revenue makes up the next largest percentage of our resources, 33%. The approved 2020/2021 budget is based on flat enrollment. We are unsure if enrollment will continue to decline or increase dramatically. The mix of the uncertain economic forecast, the effects of the pandemic, and the future prospects of the public higher education sector create a highly volatile environment to operate within and forecast revenues. Summer enrollment is down about 6%, but summer is such a small percentage and we don't start registering for fall term until tomorrow.

Commissioner Wubbold asked this follow-up question:

If past is prologue, the 2008 recession you saw increases in your enrollment if I remember correctly. Are you modeling based on that possibility?

Ms. DeMent responded saying:

We did see double digit increases after the last recession, and people were coming back to school for retraining and people were coming back to school to live on financial aid. That was another thing that we noticed. It wasn't even for the education. They were living on the financial aid. At the same time we were bursting at the seams with students and our state funding was declining dramatically, which actually provided just as difficult of a situation because we had more people looking for service than we could provide. I'm not sure that we're feeling that optimistic right now. This is a really different situation than just a financial recession. It is a financial recession, but people aren't coming out of their homes to some extent, and people don't have childcare because their kids aren't in school.

All of those things make coming to class difficult. We are unable currently to offer our in-person face-to-face CTE courses as we have traditionally done. That impacts a large percentage of our enrollment. When we're able to resume face-to-face instruction, it will be at a much reduced scale. So I don't think those will have positive impacts on our enrollment. We're not as optimistic of expecting double digit increases. With 8.5% reduction in the allotment proposed by the governor, it translates to about a \$5.6 million reduction for us. It would take an 18% enrollment increase to cover that loss. So we're not feeling that optimistic about it.

Chair Barringer asked this follow-up question:

When you have the decline in enrollment this past year, the state money has a lag, but it follows that decline. When will that hit your financial situation?

Ms. DeMent fielded this question saying:

You're correct. The state funding has a three year lag. We'll get 40% from three years ago and then 30% and 30% from the closest two years. So it will impact us over the next three years. As long as everybody else in the state is growing or declining proportionately, we are able to maintain our share of the community college support fund. And so even with enrollment declines that we've had over the last couple of years, we've been able to maintain about 10% of the total state support funds.

Commissioner Ofsink asked the following questions:

We have been asking the first series of questions of all of our districts, of which we have 43. Districts in your own areas of expertise are dealing with challenges related to the pandemic. Are there any debt service revenue streams that are at risk for the college? And if so, what is the coverage plan? What are the different scenarios of how long the pandemic has an economic effect?

Ms. Dement said:

Our debt service obligations are not directly tied to specific revenue streams. Unfortunately, we haven't been able to pass a General Obligation bond. So we're not even connected that closely to property tax revenue, although we are monitoring that and just for general revenue

purpose. Regardless of our revenue forecast or actual receipts, the College intends to keep its debt service commitments.

Commissioner Norton asked these follow-up questions:

So Jennifer, don't you have some fee type revenues pledged for some of your debt service?

Ms. DeMent responded saying:

Yes. All of our outstanding debt is just Full Faith and Credit of the district.

And what revenues are you using for your Full Faith and Credits?

We use General Fund revenue, state support, tuition and fees primarily and property tax revenue, but they're not like a revenue bond.

Commissioner Norton asked the following questions:

I also have the next question: but I think I'm going to throw it out because Jennifer has pretty much answered it. So I think I'm going to revise this question slightly and perhaps address it to the president or one of the board members. This is an unusual situation for you and it has been for the TSCC as well because we have districts who have presented budgets to us to review while at the same time they're telling us they're expecting to make major changes in them by fall. So what we're looking at doesn't necessarily represent where the budget is going to be. Jennifer has said you're going to be discussing that later. So can you give us a preview of that? Secondly, I was wondering how you feel you are doing compared to other community colleges around the state in terms of the uncertainty or instability, whether your programs are such that you're maybe more heavily loaded towards not just face to face instruction, but hands-on instruction. Where do you see yourself fitting in, in the whole hierarchy of the other community colleges?

Dr. Skari responded saying:

One of the benefits or the upside to this whole COVID-19 reality has been how the community colleges have actually been coming together. When we started this out, we were having calls every morning. We, the presidents, would get together and we would be saying: What the latest information? What are we doing? How are we responding? Then we went to two a week and then two weeks ago we started connecting once a week. I see far more collaboration and support and sharing of information than I did in my former state, which was actually under a state system.

Anything else you want to share about what changes you already have in mind for the fall, depending on enrollment?

We've been following the phased approach as you've seen across the state in that, what do we know we can do now that won't change. I know Dr. McQuarters in instruction has looked at offerings both for summer and fall that we know we can guarantee will continue to be online. We received the new guidelines just last Friday, so what can we expand and what can we open up based on those guidelines and do safely. We're following that phased approach because our paramount goal is to keep our employees and our students healthy and safe, and balancing that with meeting their educational needs.

Registration for the fall term is opening tomorrow. How long will it be before you get a read on your fall enrollment?

This is going to be a different summer. We know we have a fair number of families that have the big question mark, as far as what's going to happen with their kids in the fall: if they're going to be going back, are they going to be going back in some sort of hybrid model. We're hoping for some early indications, but we are pretty sure that we're not going to see those hard, clear numbers until there's some certainty around what's happening with K-12. When you start to see what's happening with the virus; if we've managed to continue to flatten the curve; we don't see an uptick; if the models hold and we're doing okay, again, that'll be another indicator. It's one of those things we're watching. We are tracking these things to figure out what our next step is.

Ms. Mattson added the following comments;

Going back to Margo's first question about where Mt. Hood Community College fits with the other community colleges: I have been president the last year of the Oregon Community College Association and have been sitting in on the COVID-19 calls. I just want to reiterate what Lisa said about the incredible collaboration between the 17 colleges and the support for each other. As far as enrollment, it seems like generally the more reliant the college was on CPE, such as Clackamas, the harder they were hit. The smaller colleges report a flat enrollment at best, especially, say, Treasure Valley, where you are remote and you have one school district to work with, as far as your dual enrollment and other things, they seem to be suffering the least in enrollment. So it varies, but, definitely the support is the sharing of ideas. The helping each other with this difficult time has been very impressive.

Commissioner Ofsink asked this follow-up questions:

Before we get to the next question, so that I can kind of have a sense of scale for what we're talking about: Now that registration has opened for fall term, can you give me a sense of what does your catalog look like? I mean, what percentage of the courses that you would normally offer in fall term are you actually allowing people to register for right now?

Dr. McQuarters answered saying:

Based on CTE programs that could not be offered in a remote and online setting, that probably makes up about 30% to 40% of our class offerings. We are positioned to offer those classes based on changes in the phases. We did open up and put on the schedule that opens up tomorrow everything else that could be offered remote and online, as well as buys into students who are in those programs, what other general education courses they could take in any of those scenarios.

I work in higher education at OSU, and I know that we had to pivot really quickly when the pandemic first came up, retraining our faculty to offer courses online. I don't know if you wanted to add anything else to this, Dr. McQuarters. It sounded like you couldn't offer the CTE because they require an in-person component, but it sounds like for the rest of the courses, you were able to pivot relatively quickly and get people up, so that at least for fall term, you're able to have all of your faculty offering their selections online.

Yes, the faculty did an amazing pivot in terms of responding; and our online learning team went out to make sure they supported faculty with extended hours with additional trainings, faculty who helped each other. Faculty who are already experts in online teaching reached

out to their peers to make it happen. I was really impressed by how we landed for spring and how we are moving into summer and fall.

Commissioner Quiroz asked the following questions:

The college made reductions last year and began the budget process this year by proposing more program reductions. How were these pre-pandemic cuts going to impact the district? What was going to change on campus because of them? Will the district continue to move forward with those programmatic changes?

Dr. McQuarters responded saying:

The College developed an academic revitalization process to review and prioritize programs. The process was based on a list of measurable criteria that looked at internal demand, external demand, quality of program outcomes, size/scope/productivity of the program, revenue, and cost. From this process, fourteen credentials were identified for suspension associated with seven career technical education (CTE) programs approved for phase-out. The district continues to move forward with this plan. Most of the courses were transitioned to remote/online during the COVID-19 pandemic and those which could not transition to this modality are being prioritized as the campus re-opens. The budgetary cost savings will go into effect after the 2020-21 academic year.

Do you think there will be any additional programmatic changes? We know there's an economic decline certainly, but, based on the forecasting and based on enrollment are there additional plans possibly for more programmatic cuts besides those 14?

I think from what I've seen, what will probably happen from this remote and online is that there will be modifications that will happen across all of our classes. I think there's more consideration for hybrid options for students. Some of the classes that we didn't think would be able to be offered online would probably have more options of that going into the fall. In terms of modifications, I think we will be positioned to kind of make some other budgetary cost savings as a result of these modifications from the learning process of this.

Commissioner Ofsink asked the following questions:

Uncertainty about student enrollment and funding are always in the background for colleges. Even without this pandemic, did Mt. Hood Community College have a clear way forward in the face of enrollment and financial uncertainties? And now, with this pandemic, does the district have the flexibility and tools it needs to succeed in the post-pandemic world? Does the district have the tools to adapt to whatever the future brings?

Dr. Skari responded saying:

When we started our budget process – long before COVID-19 – we understood our sustainability would be achieved through a careful balance of revenues and expenditures. Our first step was to end our reliance on budgets balanced through reserves. To achieve this, we completed a college-wide process of review that resulted in the elimination of programs and reduction in services. This was a painful process for the campus, but necessary for us to get to a place where we could better manage uncertainties.

With regard to enrollment, the strong economy played out at MHCC the same way it did across the country; declining enrollments due to low unemployment and a diminishing traditional student population base; those under the age of 24. At the same time, we serve a

community with educational opportunity, with growth in economic and degree attainment levels to be achieved. Prior to COVID-19, MHCC was already expanding its work with high schools and the community and was beginning the process of a website redesign and better connecting to the community.

When the pandemic hit, we rapidly converted operations and instruction to remote or online. I can't tell you enough of how impressed I was with how the college flipped everything in two weeks. We saw our enrollments drop due to the modality and cancelling of classes. Despite our tuition increase, we collected over \$1.0 million (18%) less in tuition and fees over Spring Term 2019. But we also saw expenditure reductions. So there is that balance.

As we look to our continued operation, still living with COVID and the uncertainty of state funding – seeing what I saw this last quarter - I am confident we can adapt to what the future brings. With the prospect of reductions, our management/confidential group showed amazing leadership, and stepped up to forgo their COLAs for the 2020-21 year. Both the management/confidential and classified staff will take seven furlough days this summer, as a way to help mitigate the financial challenges down the road. These measures are one-time savings; however, they buy us time to be thoughtful and intentional with future cuts. While we are monitoring and managing our expenses, we are seeing some promising numbers related to enrollment. For summer quarter, we are down 5.8%, but that is only 23 FTEs from last year, and if we are able to offer some in-person classes, we will see our enrollment numbers exceed last year. In addition, our application numbers are up 25%, our high school graduate applications are double what they were this time last year, suggesting current marketing campaigns and the work in the high schools this year has paid off.

So, with all this, I believe the hard work we did this year and the hard work that we're continuing to do is going to position us well to take on the challenges associated with the uncertainties this coming year and potentially the year after. So yes, I feel very confident we're in a good place.

Are there other tools you think would help the college be even more flexible into the future? For instance, the high school partnerships that you finished on is one area that you invested in three or four years ago, and are now seeing the fruition. Are there other things that are kind of on your radar to start investing in now that might yield those dividends in three or four years down the road, something along those lines?

Dr. Skari answered saying:

I think one of the upsides of COVID is it put us in a position where we had to explore online and remote learning whether we wanted to or not. What we saw was there was a fair number of faculty who saw the opportunity there. As we're looking forward; How are we redesigning our modalities to be more flexible; It is pushing that conversation about what can we do to be more responsive and hopefully also in a way that is more attractive to our target audiences. It's the beginning of some conversations that will continue. I can say, I think the end of spring quarter, a lot of our faculty led out a big sigh of relief that we've made it. Those ideas are going to continue to percolate over the summer. Likewise, service offerings, being able to see what we could do online. We were able to activate and get the chat function in a relatively short amount of time. That's proving very successful. Students are using it and some other things around online forums for students seeking resources. Some things we had to do to respond actually we're realizing are resulting in better services. So now to continue those and expand them.

Commissioner Wubbold asked this follow-up questions:

The success of your pivot and the flexibility that you've demonstrated, I'm sure that didn't go unnoticed by your local business community. Have they come to you and asked for anything new or have expressed interest in collaborating with you in new areas or new programs? What has been the response of your local business community to the work that you're doing?

Dr. Skari responded saying:

I think at least in our immediate community and with our partners, everyone was trying to adapt to figure out how they were going to get through what was happening, whether they were having businesses shut down, or they were experiencing reductions in productivity or their sales orders had gone down or whatever it was. There are some areas that were a little less resistant in our IT areas, but I think we will continue to see opportunities specifically around healthcare. I think it's that time again, it's only been 10 weeks since this all happened. Having a chance to kind of breathe and then regroup we'll see that coming forward.

Dr. McQuarter added the following comments:

This was what I noticed. I participated with a number of industry partners for our Career Technical Education programs. And I've seen that those meetings actually perhaps grow us a little bit stronger because they were experiencing very similar effects. There were some deeper conversations of, how does this impact not only the industry, but students who are going into that field as well. We got a nice introduction to how they are pivoting which is going to be important as we are developing and revising our curriculum to make sure that we are preparing our students for that pivot as well. We also have the small business development center as part of Mt. Hood Community College. They are constantly reaching out to small businesses to help support them. I think that reach out during this time has also introduced them to the college in a different way. I've seen a lot of that conversation happening that had not happened before, because I think all the small businesses are affected.

Chari Barringer asked this follow-up question:

You had mentioned that you're just, for the fall term, you're focused on classes you can teach remotely and you've knocked off some of the classes that are hands on, or you can't do social distancing. What's kind of the future for those programs that are hands on and really don't lend themselves to social distancing very well?

I think that's also part of that conversation with some of the industries, for example, welding. There are still some very difficult ways to modify or pivot that particular profession. But we're still looking at ways where perhaps some of the lecture components of that welding could be taught online. So there's still some small tweaks that that can occur. But many of them still require some type of face-to-face component, even with some of the technology that that's out there.

Commissioner Ofsink asked this follow-up question:

At OHSU we're thinking that some of the programs that have historically required a certain number of contact hours, that there's going to have to be some kind of give from the accrediting boards. If they want more nurses to graduate, and we're not able to do in person contact hours, there's going to have to be some kind of flexibility. Has Mt. Hood been involved in those kinds of conversations with your accrediting agencies?

Dr. McQuarter added the following comments:

A little bit of that has started. We had one of our health science programs that the accrediting body did waive a requirement this past term and they created something different. A nursing program as well, they did a little bit more assimilation pieces of the curriculum as well. The larger piece hasn't happened as far as what does this look like afterwards. But I suspect there will be a number of conversations that will take place in those programs that we will look at maybe exceptions or alternative ways of delivering material, probably not 100% of that way, but maybe 20% of the current curriculum may end up flexing in a different way.

Commissioner Norton asked this follow-up question:

I wanted to go back to what Dr. Skari had talked about in terms of the increased interest and the increase in high school to post high school applications. Did I understand correctly that the applications and the increased interest were pre-COVID?

Dr. Skari said:

This has been during the spring quarter, when we were starting to track what was happening; so kind of simultaneously.

I was wondering if you had had, rather than applications, but inquiries about fall registration. A number of journals have suggested that if four year institutions are going to be offering only distance learning possibilities, that for economic reasons, community colleges are more attractive.

Yes. That's actually one of our marketing messages right now.

Chair Barringer thanked Dr. Skari and staff for their contribution to the discussion on Mt. Hood Community College's 2020-21 budget. He asked if anyone had indicated that they would like to speak at this hearing. No one had.

He then closed the hearing and opened a meeting of the Tax Supervising and Conservation Commission. He asked if any of the commissioners had any comments on the budget.

Commissioner Mark Wubbold congratulated the college on their ability to balance the budget without having to draw down reserves. He said that this had not been done in at least the past four years.

Chair Barringer then asked Executive Director Gibons to give a brief overview of TSCC staff's observation of the budget and the budget process.

Mr. Gibons said the budget was prepared in accordance with Local Budget Law and was balanced. Staff has no recommendations or objections included in the certification letter; but we would suggest asking the College to keep TSCC updated on the budget during these changing times. He suggested the commission ask for reports on the changes to the budget no later than December 31, 2020.

Commissioner Ofsink moved to sign the Certification Letter for Mt. Hood Community College's 2020-21 Approved Budget with the additional request to report the revisions to the budget no later than December 31, 2020, as presented by staff. Commissioner Watkins seconded the motion which passed with a unanimous vote of the Commissioners.

There being no other business, Chair Barringer closed the meeting.

The commission reviewed these minutes at its July 22 meeting and, with edits from Commissioner Norton, approved them.

A handwritten signature in black ink, appearing to be 'CG', with a long horizontal line extending to the right.

Craig Gibbons