

Budget Review 2023-24

Mt. Hood Community College



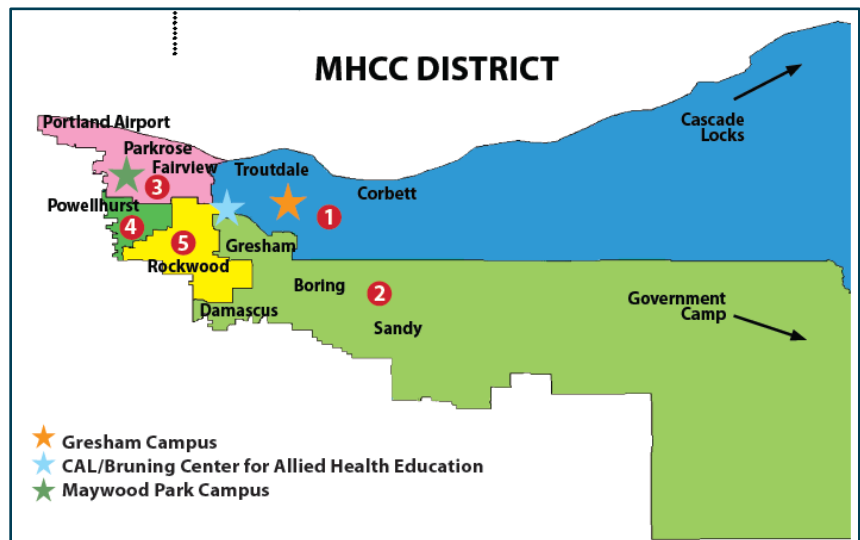
HIGHLIGHTS

- The FY 2023-24 Approved Budget is \$208.1 million, an increase of 1.3% from the current year.
- Tuition rates are increased by 1.7% in this budget, or \$2 per credit hour, for both in-state and out of state tuition. Tuition per credit hour will now be \$122. The last tuition increase was voted on in 2021-22 and included in the 2022-23 budget.
- After six years of decline, student enrollment has stabilized and is anticipated to increase 4.5% in FY 2023-24.
- The college is budgeting for several major construction projects this year, including critical roof replacements and upgrades to the Dental Hygiene Lab. These projects were also budgeted last fiscal year and are carried forward, along with their funding.

INTRODUCTION & BACKGROUND

Mt. Hood Community College (MHCC) serves a population of more than 300,000 within an area of 950 square miles. MHCC offers over 120 professional and technical programs. The college anticipates enrollment of 5,750 full time equivalent students in FY 2023-24.

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 120-acre college campus is located in southeast 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, and at various schools and other locations throughout the district.



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.

The district was granted accreditation status in 1972 by the Northwest Commission on Colleges and Universities (NWCCU). MHCC's accreditation was last affirmed in February 2017 and the next evaluation for reaffirmation is scheduled for fall 2023.

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.

MHCC approved a new strategic plan in July 2022. Following are the district's goals:

- Improve Teaching and Learning Practices and Processes to Support Learning and Success for All Students
- Provide the Full Range of Educational and Support Programs and Services Needed to Allow Students to Meet their Educational, Career, and Personal Goals
- Align the College's Organizations Structure, Systems, and Processes to Reflect the Diversity of the Communities We Serve
- Provide Facilities and Technology Platforms to Serve the Needs of All Students
- Increase Our Visibility and Strengthen the Connection Between the College and Our Local and Regional Community Partners

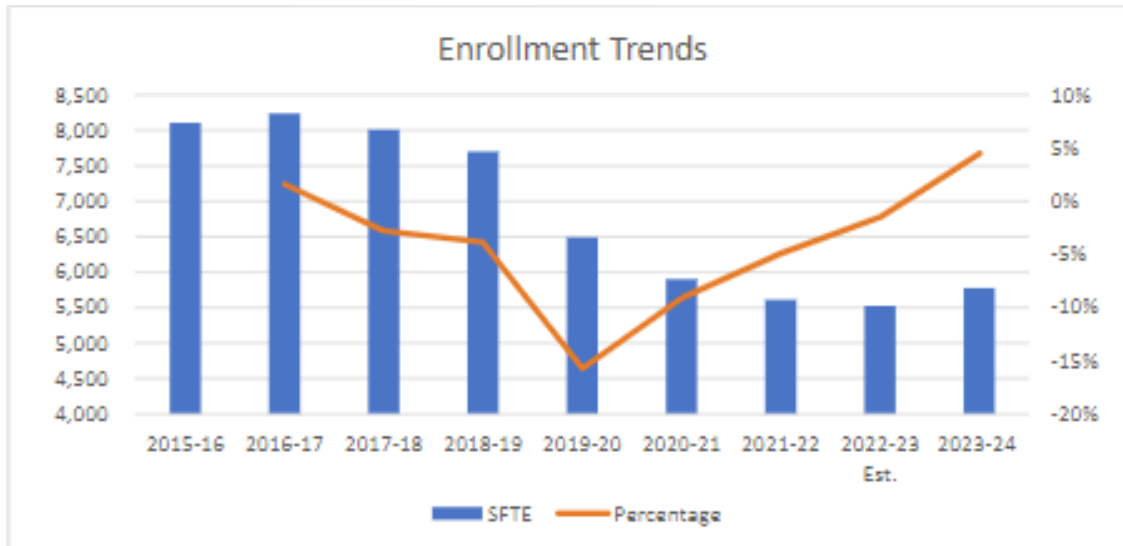
The FY 2023-24 Approved Budget includes resources to fund initiatives in each of the strategic goal areas.

Mt. Hood Community College	2019-20	2020-21	2021-22	2022-23
Assessed Value in Billions	\$28.239	\$29.700	\$30.455	\$31.427
Real Market Value (M-5) in Billions	\$49.135	\$51.359	\$55.387	\$62.125
Property Tax Rate Extended: Operations	\$0.4917	\$0.4917	\$0.4917	\$0.417
Measure 5 Loss	-\$148,437	-\$180,248	-\$171,194	-\$169,307
Number of Employees (FTE's)	941	992	1,030	1,018
Tuition Per Credit Hour	\$115.00	\$118.00	\$118.00	\$120.00

BUDGET OVERVIEW

The FY 2023-24 Approved Budget is \$208.1 million, an increase of 1.3% from \$205.4 million in FY 2022-23. Debt service increases in this budget and contingencies decrease as the district spends fund balances. The need to decrease fund balance was anticipated as enrollment dipped for multiple years and the college worked to increase enrollment and retain existing students. The budgeted General Fund combined contingency and ending balance is at 8%, a reduction from the prior year budget but still within the district's target of 6 to 10%.

In recent years, the college has focused on increasing enrollment, which had been declining, even prior to the pandemic. With enrollment in public schools also decreasing, it was unknown if existing pipelines to MHCC would suffer, further impacting enrollment. A 5% decline was built into the budget last year; however, enrollment has stabilized in the current year to a 2.8% increase and is expected to increase by an additional 4.5% for FY 2023-24. While still below pandemic levels, the downward trend has ceased for now.



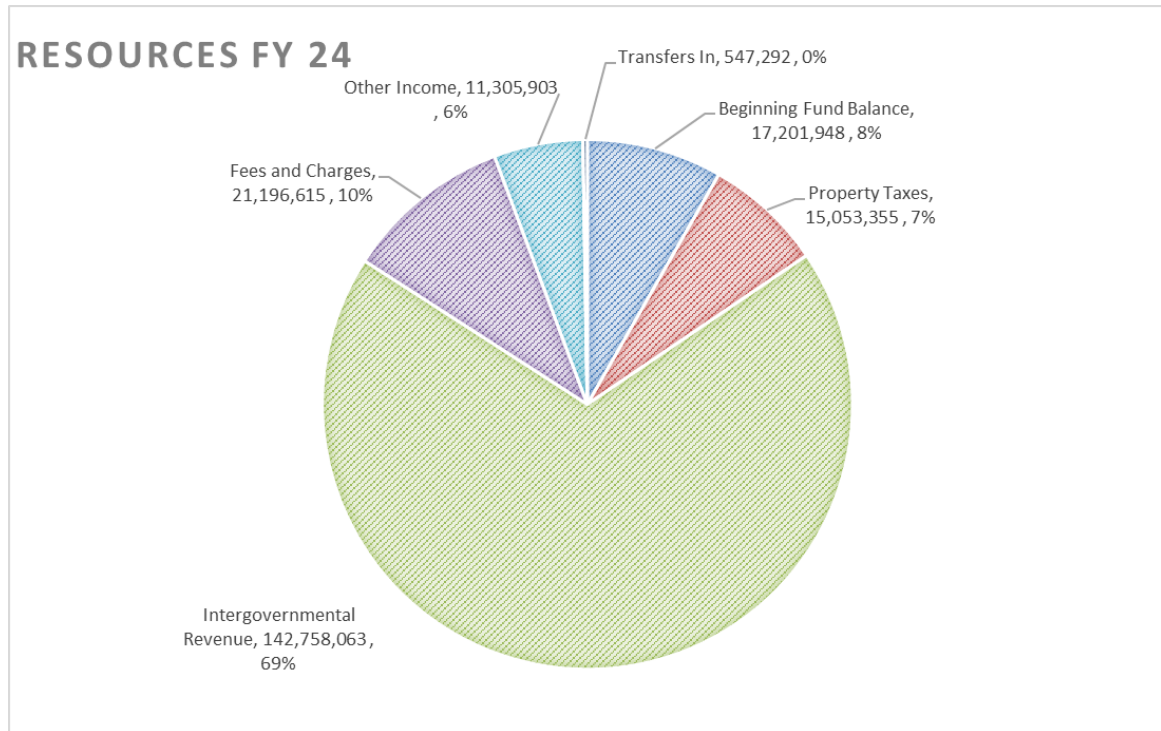
RESOURCES

	2020-21 Actual	2021-22 Actual	2022-23 Revised	2023-24 Approved	Budget % Change
Property Taxes	14,049,077	14,436,300	14,699,468	15,053,355	2.4%
Intergovernmental Revenue	84,823,252	98,913,035	129,913,163	142,758,063	9.9%
Fees and Charges	24,912,923	19,904,297	19,751,041	21,196,615	7.3%
Other Income	8,608,973	8,260,501	10,322,891	11,305,903	9.5%
Debt Proceeds	0	58,895,000	0	0	0.0%
TOTAL REVENUES	132,394,225	200,409,133	174,686,563	190,313,936	8.9%
Transfers In	511,504	524,441	5,047,292	547,292	-89.2%
Beginning Fund Balance	20,817,305	30,343,393	25,690,041	17,201,948	-33.0%
TOTAL RESOURCES	153,723,034	231,276,967	205,423,896	208,063,176	1.3%

Resources for FY 2023-24 include the following assumptions:

- The Community College Support Fund will be funded at the Governor’s Requested budget level of \$743.8 million. This is an increase of 6.4% over the current funding level. *(Editor’s note: The Legislature based HB 5025 on June 1, 2023 approving a CCSF level of \$800 million).*
- Enrollment will increase 4.5% in the upcoming year.

- Tuition rates will increase 1.7% in FY 2023-24 with increases approved the Board of Education in March 2023. Tuition per credit hour will now be \$122. The last tuition increase was voted on in 2021-22 and included in the 2022-23 budget.



Revenues

Revenues constitute \$190.3 million of total budgeted resources. The top three revenue sources are:

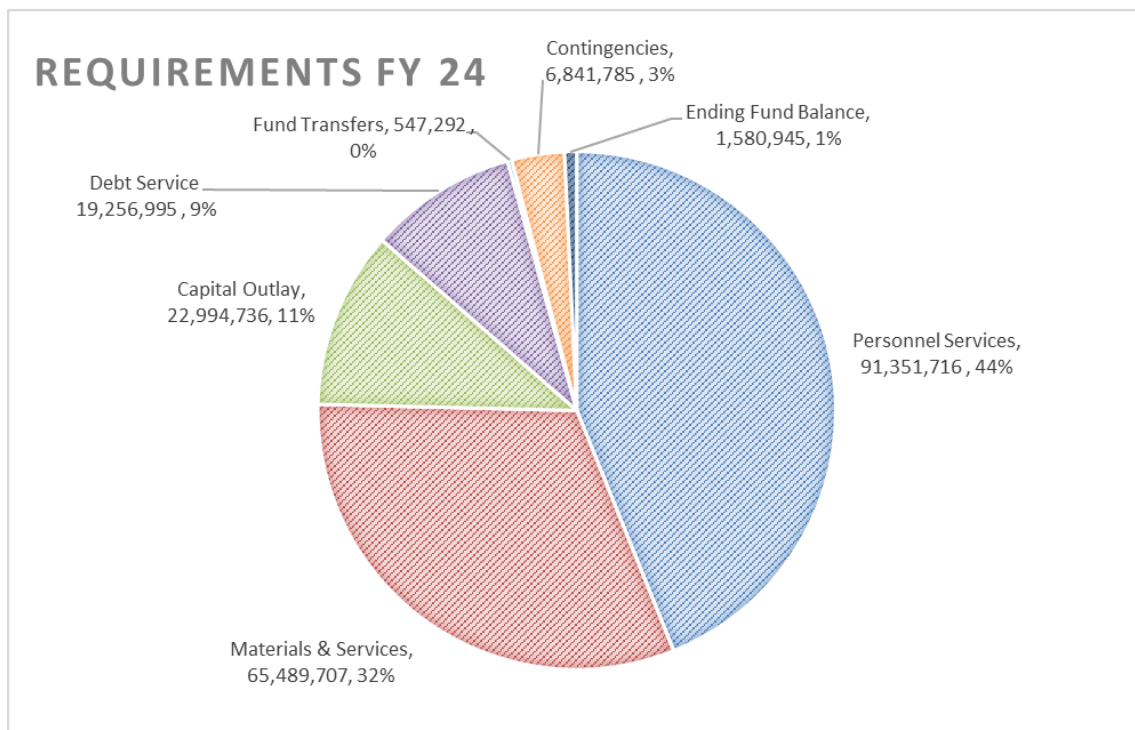
Intergovernmental Revenues (\$143 million), which make up the largest source of revenue for the district, increase by 9.9% from the current year. The increase is driven by \$9 million in federal and local revenue increases in the Federal, State, and Special Project fund where approximately 46.7% of intergovernmental revenues the College's receives are budgeted. An additional \$38.9 million from the state is received in the General Fund as an allocation from the Community College Support Fund, an increase of \$3.1 million.

Fees and charges (\$21.2 million) are budgeted higher than prior years due to increased enrollment and the tuition increase. This revenue category is primarily made up of tuition and fees, which increases \$1.3 million to \$19.7 million in the approved budget. Tuition rates are increasing by 1.7% in FY 2023-24.

Property Taxes (\$15.1 million) increase 2.4% from \$14.7 million in the current year to \$15.1 million anticipated in FY 2023-24. The district levies a permanent levy of \$0.4917 per thousand assessed value.

REQUIREMENTS

FY 2023-24 Requirements by Object					
	2020-21 Actual	2021-22 Actual	2022-23 Revised	2023-24 Approved	Budget % Change
Personnel Services	76,358,840	137,113,288	88,402,572	91,351,716	3.3%
Materials & Services	37,400,059	42,819,971	65,136,717	65,489,707	0.5%
Capital Outlay	1,161,214	1,921,677	22,084,488	22,994,736	4.1%
Debt Service	7,947,915	11,567,813	13,786,744	19,256,995	39.7%
TOTAL EXPENDITURES	122,868,028	193,422,749	189,410,521	199,093,154	5.1%
Fund Transfers	511,504	524,441	5,047,292	547,292	-89.2%
Contingencies	0	0	9,234,670	6,841,785	-25.9%
Ending Fund Balance	30,343,502	37,329,777	1,731,413	1,580,945	-8.7%
TOTAL REQUIREMENTS	153,723,034	231,276,967	205,423,896	208,063,176	1.3%



Total requirements in FY 2023-24 are similar to those in FY 2022-23. Significant changes from last year include an increase in debt service. Contingency/ending fund balance decrease, reflecting increased use of fund balance by the district. The majority of contingency is budgeted in the General Fund, which sees a decrease of \$2.2 million in contingency. General Fund contingency/ending fund balance levels are still within the district's financial target of 6 to 10%.

Expenditures

Personnel Services

The number of positions funded in this budget increases by about 4 FTE. The additional personnel are dedicated to areas that will allow MHCC to meet its strategic goals, for example expanding data entry staffing for demographic entry and increasing staff for curriculum support in the apprentice and journey-level workers program.

Personnel expenses increase 3.3% reflecting 3.0% assumptions for salary adjustments in FY 2023-24.

Full-Time Equivalent (FTE) Positions

Actual			Budget			Difference	
2020-21	2021-22		Amended 2022-23	Proposed 2023-24	Approved 2023-24	FTE	%
		General Fund (01)					
313.05	191.37	Instruction	305.06	303.31	303.31	(1.75)	-0.6%
89.15	95.87	Instructional Support	89.75	91.01	91.01	1.26	1.4%
67.27	67.61	Student Services	66.81	67.15	67.15	0.34	0.5%
1.00	1.00	Community Services	1.00	1.00	1.00	-	-
76.66	80.63	College Support Services	85.77	85.87	85.87	0.10	0.1%
39.08	39.34	Facilities Management	36.36	35.88	35.88	(0.48)	-1.3%
586.21	475.82		584.75	584.22	584.22	(0.53)	-0.1%
		Student Aid & Scholarship Fund (10)					
7.38	7.48	Financial Aid	26.57	26.57	26.57	-	-
7.38	7.48		26.57	26.57	26.57	-	-
		Federal, State, & Special Projects Fund (16)					
45.11	42.52	Instruction	12.00	12.00	12.00	-	-
20.75	25.09	Student Services	12.00	12.00	12.00	-	-
310.89	340.20	Community Services	355.00	355.00	355.00	-	-
5.37	24.15	College Support Services	5.00	5.00	5.00	-	-
382.12	431.96		384.00	384.00	384.00	-	-
		Bookstore Fund (40)					
6.94	1.53	Student Services	0.00	0.00	0.00	-	-
6.94	1.53		0.00	0.00	0.00	-	-
		Aquatic Center Fund (42)					
2.00	1.00	Student Services	10.08	14.59	14.59	4.51	44.7%
2.00	1.00		10.08	14.59	14.59	4.51	44.7%
		Trusts Funds (51)					
1.51	0.21	Student Services	2.68	2.68	2.68	-	-
1.51	0.21		2.68	2.68	2.68	-	-
		Associated Student Government Fund (52)					
6.22	6.22	Student Services	6.10	6.10	6.10	-	-
6.22	6.22		6.10	6.10	6.10	-	-
992.38	924.22		1,014.18	1,018.16	1,018.16	3.98	0.4%

Materials & Services

This category of expenditures is consistent with FY 2022-23 and reflects a small increase of 0.5% from the revised budget.

Capital Outlay

Budget for capital projects not completed in FY 2022-23 are carried forward for completion in FY 2023-24. The majority of these projects were also included in last year's budget. Most cost estimates are similar to last year's budget, although some have increased or decreased some from last year.

The FY 2023-24 budget sets aside \$23.0 million for capital outlay, with one of the largest projects being the remodel of the Dental Hygiene Spaces. Planned capital projects include:

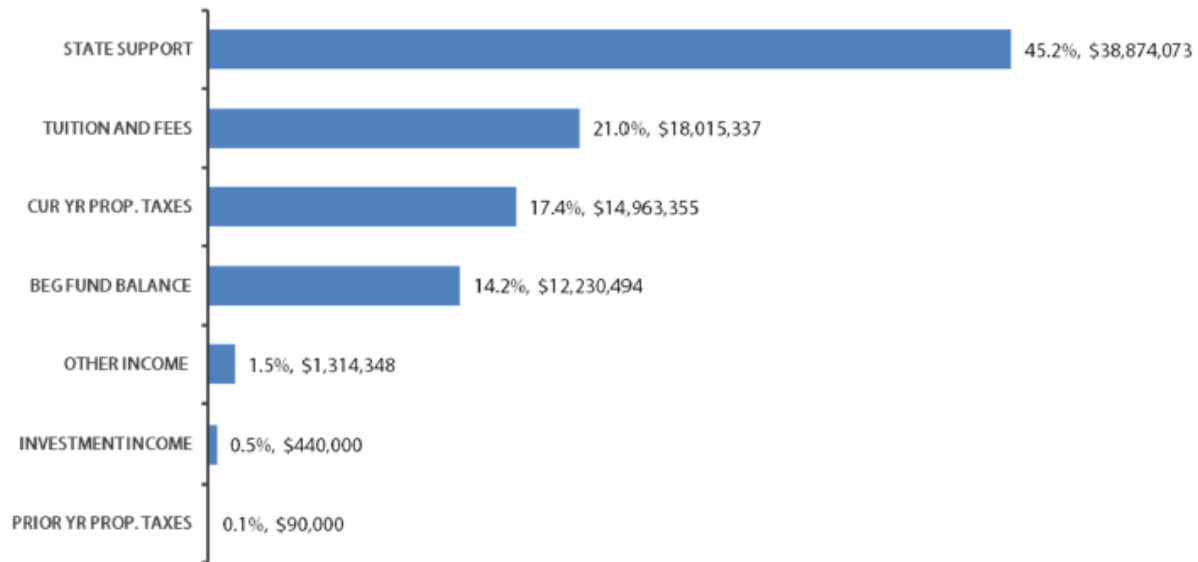
- Remodel dental hygiene spaces: upgrade student stations and dental chairs and ensure appropriate and accessible lab space - \$5.2 million
- Replace critical roofing - \$3.2 million
- Improvement to Aquatics Center Outdoor 50M pool - \$2.6 million
- Remodel Student Equity Center: redesign previous bookstore space to serve as centralized location for student success and support programs - \$1.3 million
- Replace parking lot and upgrade ADA accessibility - \$1.0 million
- Upgrade softball athletic field - \$1.0 million
- Upgrade elevator and improve ADA accessibility - \$0.3 million
- Install electric vehicle charging stations - \$0.1 million

GENERAL FUND

The General Fund, where most instruction and administrative costs are budgeted, decreases by \$2.4 million to a total of \$85.9 million. The main difference is decreased beginning fund balance that is partially offset by increased tuition and fees; expenses for student support and instruction increase in all functional groups in FY 2023-34.

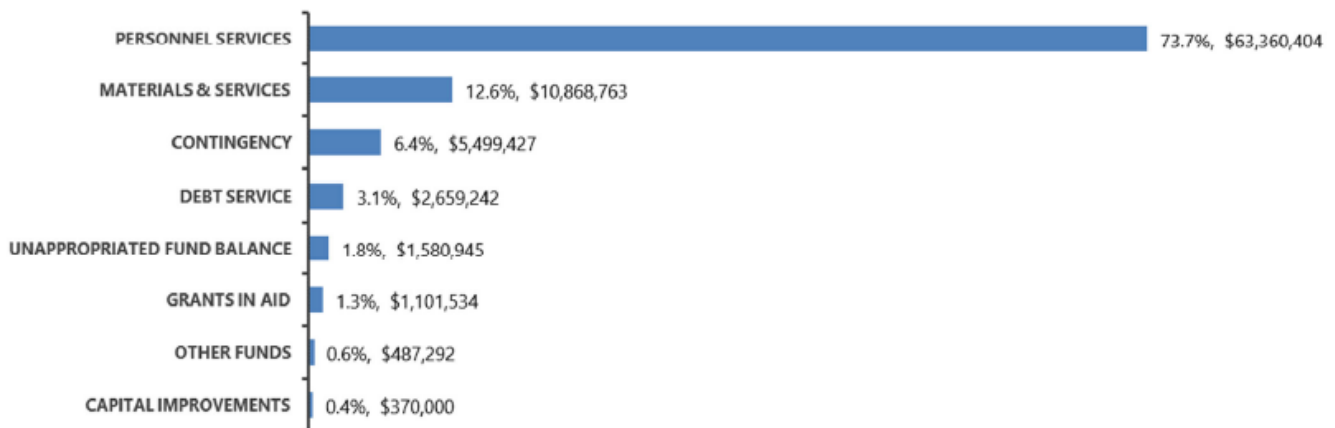
RESOURCES

The General Fund receives \$38.9 million from the state, and increase of \$3.1 million from last year's budget.



REQUIREMENTS

The majority of expenses are in instruction. Overall instruction costs in the General Fund increase by 2.4%. The only major change to requirements is in Transfers Out, which decreased by \$3.6 million due to the transfer out of General Fund reserves to fund planned capital projects in FY 2022-23. The amount budgeted in FY 2023-24 is consistent with the previous transfer out amounts in FY 2020-21 and FY 2021-22.



Combined contingency/ending fund balance sees a decrease of 25.2% from the current year budget. The General Fund retains a fund balance of 8% of total expenditures for FY 2023-24. Current contingency/fund balance amounts are within the College's fiscal policy range.

	Budget			Difference	
	Amended 2022-23	Proposed 2023-24	Approved 2023-24	\$	%
Requirements:					
Personnel Services	\$ 60,806,138	\$ 63,360,404	\$ 63,360,404	\$ 2,554,266	4.2%
Materials & Services	9,821,562	10,868,763	10,868,763	1,047,201	10.7%
Debt Service	2,543,427	2,659,242	2,659,242	115,815	4.6%
Capital Improvements	325,405	370,000	370,000	44,595	13.7%
Transfer to Other Funds	4,287,292	487,292	487,292	(3,800,000)	-88.6%
Grants in Aid	1,030,914	1,101,534	1,101,534	70,620	6.9%
Total Requirements	78,814,738	78,847,235	78,847,235	32,497	0.04%
Contingency	7,738,757	5,499,427	5,499,427	(2,239,330)	-28.9%
Unappropriated Fund Balance	1,731,413	1,580,945	1,580,945	(150,468)	-8.7%
Total Requirments and Ending Fund Balance	\$ 88,284,908	\$ 85,927,607	\$ 85,927,607	\$ (2,357,301)	-2.7%

OTHER SIGNIFICANT BUDGET AREAS

Budget Summary by Fund					
	2020-21 Actual	2021-22 Actual	2022-23 Revised	2023-24 Approved	Budget % Change
General Fund	82,983,742	89,708,730	88,284,908	85,927,607	-2.7%
Student Aid Fund	18,587,777	21,905,011	37,483,990	37,283,990	-0.5%
Federal, State & Special Proj Fund	36,182,544	42,600,996	58,460,000	67,460,000	15.4%
Pension Bond Fund	7,696,696	68,565,225	9,243,317	9,597,753	3.8%
Bookstore	2,075,294	926,465	950,000	0	-100.0%
Aquatics Center Fund	922,306	1,328,570	1,581,292	1,793,292	13.4%
Clubs Fund	49,513	55,878	170,000	170,000	0.0%
Trusts Fund	714,741	840,562	509,096	509,096	0.0%
Associated Student Gov Fund	1,427,407	1,801,164	1,557,701	1,364,805	-12.4%
Physical Plant Maint Fund	1,255,529	1,350,352	4,950,000	1,747,500	-64.7%
Technology Projects Fund	1,827,485	2,194,014	2,233,592	2,209,133	-1.1%
TOTAL ALL FUNDS	153,723,034	231,276,967	205,423,896	208,063,176	1.3%

FEDERAL, STATE, & SPECIAL PROJECTS FUND

The district has one other fund of significant size, the Federal, State, and Special Projects Fund. It will increase in FY 2023-24 by \$9.0 million for plant additions and debt service (this is actually contractual lease obligations, see note on GASB 87 in *Debt Status* section below).

PENSION BOND FUND

The Pension Bond Fund includes debt service expenditures. In FY 2021-22, this fund also recognized the proceeds of the college's second pension bond fund and the related expenditure into a PERS side account.

AQUATIC CENTER FUND

This is an enterprise fund and is partially funded by aquatic center rentals and fees; the fund also receives a transfer from the General Fund each year to help support operations. The Aquatic Center fully opened in FY 2022-23 after being closed due to the pandemic, needed repairs, and staffing shortages. This year's budget includes funding for the pool roof project – total capital outlay for the fund is budgeted at \$0.8 million.

BOOKSTORE FUND

In 2021 MHCC transitioned their bookstore to an online only marketplace. The virtual bookstore is a revenue only contracted service with a third-party, with the college receiving a percentage of gross sales. The Bookstore Fund closed in the FY 2022-23 budget.

PHYSICAL PLANT MAINTENANCE FUND

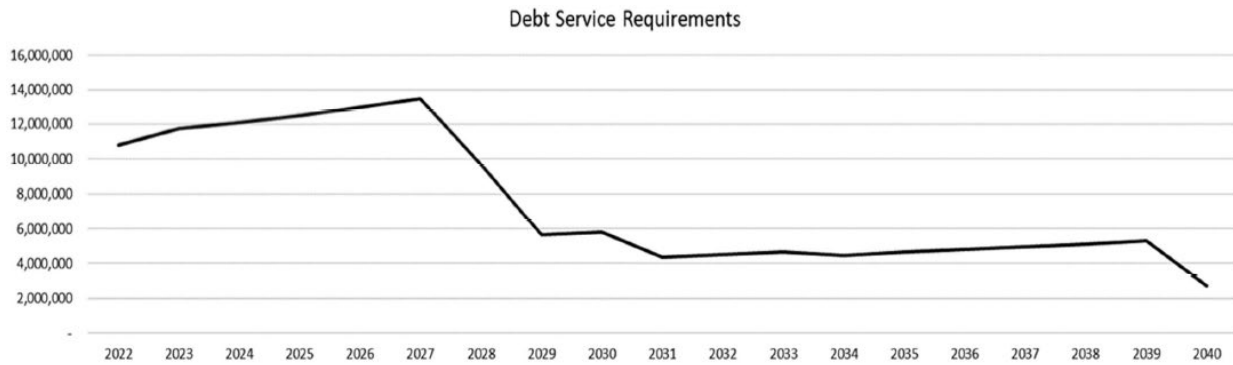
Established to provide and account for funds used to maintain the physical plant of the MHCC District. This fund decreases by 65% due to a one-time transfer of \$3.6 million for the General Fund last year to complete capital improvements.

DEBT STATUS

The district has no outstanding general obligation debt, two Full Faith & Credit obligations (for district facilities), and two pension obligation bonds (to finance the district's PERS unfunded actuarial liability – total original issuance of \$109.5 million). The district anticipates the pre-payment in PERS UAL will result in significant savings over time.

Total debt service payments for FY 2023-24 are \$12,114,678 per the schedule of debt service requirements. The district has budgeted \$19.3 million for debt service payments due to GASB 87, which requires lease payments to be categorized as debt. Approximately \$2 million of the budgeted debt service is related to contractual lease obligations.

MHCC will pay \$9.6 million in principal and interest for pension bonds and \$2.5 million in debt service for its full faith and credit obligations.



Total debt service payments will drop by 28% in 2029 when the district pays off the 2003 pension bonds.

BUDGET PROCESS & COMPLIANCE

Yes	No	Compliance Issue
X		Did the district meet publication requirements?
X		Do resources equal requirements in every fund?
N/A		Does the GO Debt Service Fund show only principal and interest payments?
X		Are contingencies shown only in operating funds?
X		Did the budget committee approve the budget?
X		Did the budget committee set the levy?
X		Does the audit show the district was in compliance with budget law?

LOCAL BUDGET LAW COMPLIANCE

The FY 2023-24 Approved Budget is in substantial compliance with local budget law. Estimates were judged to be reasonable for the purpose shown.

The audit report for FY 2021-22 notes three over-expenditures and one publication exception. The over-expenditures include:

- Expenditures of \$80,297 in excess of appropriations for debt service in the General Fund
- Expenditures of \$198,144 in excess of appropriations for capital outlay in the General Fund
- Expenditures of \$166,128 in excess of appropriations for cost of sales in the Bookstore Fund.

In addition, the audit noted that the newspaper notice for the district’s budget committee meeting did not include its internet website address as required by ORS 294.426(5)(b) when publishing once in a newspaper and on the district’s website. The district has ensured publication requirements have been met for FY 2023-24 and will continue to do so for future budget committee meetings.

As these audit findings are not recurring issues (no other findings in the last five years), staff are not recommending noting these in the TSCC Certification letter.

CERTIFICATION LETTER RECOMMENDATIONS & OBJECTIONS

TSCC staff did not find any deficiencies in the district’s FY 2023-24 Approved Budget or budget process and will recommend the Certification Letter contain no recommendations or objections.

Mt. Hood Community College

Budget Summary

	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024	%
SUMMARY OF ALL FUNDS	Actual	Actual	Revised	Approved	Change
PROPERTY TAX BREAKDOWN:					
Permanent Rate Property Taxes	13,846,291	14,251,684	14,599,468	14,963,355	2.5%
Prior Years Property Taxes	202,786	184,616	100,000	90,000	-10.0%
TOTAL PROPERTY TAX	14,049,077	14,436,300	14,699,468	15,053,355	2.4%
RESOURCES:					
Beginning Fund Balance	20,817,305	30,343,393	25,690,041	17,201,948	-33.0%
Property Taxes	14,049,077	14,436,300	14,699,468	15,053,355	2.4%
Intergovernmental Revenue	84,823,252	98,913,035	129,913,163	142,758,063	9.9%
Fees and Charges	24,912,923	19,904,297	19,751,041	21,196,615	7.3%
Other Income	8,608,973	8,260,501	10,322,891	11,305,903	9.5%
Debt Proceeds	0	58,895,000	0	0	0.0%
Transfers In	511,504	524,441	5,047,292	547,292	-89.2%
TOTAL RESOURCES	153,723,034	231,276,967	205,423,896	208,063,176	1.3%
REQUIREMENTS BY FUNCTION:					
Instruction	31,185,379	30,208,990	31,781,285	32,528,780	2.4%
Support Services	0	58,891,741	0	0	0.0%
Education Support Services	82,312,676	90,458,526	120,590,160	123,080,963	2.1%
Enterprises and Community Services	282,998	241,869	720,095	1,081,680	50.2%
Facilities Acquisition and Construction	1,139,060	2,053,810	22,584,488	23,144,736	2.5%
Debt Service	7,947,915	11,567,813	13,734,492	19,256,995	40.2%
Transfers Out	511,504	524,441	5,047,292	547,292	-89.2%
Contingencies	0	0	9,234,671	6,841,785	-25.9%
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REQUIREMENTS BY OBJECT:					
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SUMMARY OF BUDGET - BY FUND

General Fund	82,983,742	89,708,730	88,284,908	85,927,607	-2.7%
Student Aid Fund	18,587,777	21,905,011	37,483,990	37,283,990	-0.5%
Federal, State & Special Proj Fund	36,182,544	42,600,996	58,460,000	67,460,000	15.4%
Pension Bond Fund	7,696,696	68,565,225	9,243,317	9,597,753	3.8%
Bookstore	2,075,294	926,465	950,000	0	
Aquatics Center Fund	922,306	1,328,570	1,581,292	1,793,292	13.4%
Clubs Fund	49,513	55,878	170,000	170,000	0.0%
Trusts Fund	714,741	840,562	509,096	509,096	0.0%
Associated Student Gov Fund	1,427,407	1,801,164	1,557,701	1,364,805	-12.4%
Physical Plant Maint Fund	1,255,529	1,350,352	4,950,000	1,747,500	-64.7%
Technology Projects Fund	1,827,485	2,194,014	2,233,592	2,209,133	-1.1%
GRAND TOTAL ALL FUNDS	153,723,034	231,276,967	205,423,896	208,063,176	1.3%

DETAIL OF GENERAL FUND**RESOURCES:**

Beginning Fund Balance	9,666,312	15,402,319	19,535,549	12,230,494	-37.4%
Property Tax	14,049,077	14,436,300	14,699,468	15,053,355	2.4%
Federal Revenue	3,826,671	6,066,470	0	0	0.0%
State Revenue	32,056,348	35,103,029	35,729,173	38,874,073	8.8%
Fees and Charges	23,177,651	18,393,855	17,998,794	19,329,685	7.4%
Other Income	207,683	289,870	321,924	440,000	36.7%
Transfers In	0	16,887	0	0	0.0%
TOTAL FUND RESOURCES	82,983,742	89,708,730	88,284,908	85,927,607	-2.7%

REQUIREMENTS:

Instruction	31,185,379	30,208,990	31,781,285	32,528,780	2.4%
Education Support Services	33,221,409	35,223,493	39,826,018	42,687,121	7.2%
Enterprises and Community Services	108,042	109,261	103,562	114,800	10.9%
Facilities Acquisition and Construction	170,076	558,144	325,405	370,000	13.7%
Debt Service	2,409,225	2,571,574	2,491,175	2,659,242	6.7%
Transfers Out	487,292	487,292	4,287,292	487,292	-88.6%
Contingencies	0	0	7,738,758	5,499,427	-28.9%
Ending Fund Balance	15,402,319	20,549,976	1,731,413	1,580,945	-8.7%
TOTAL FUND REQUIREMENTS	82,983,742	89,708,730	88,284,908	85,927,607	-2.7%