Chemeketa Community College

Budget Principles and Financial Environment
2024–2025 Fiscal Year

The College's budget principles and financial environment are reviewed each fall as the budget cycle begins. The budget principles and some of the known key factors affecting the College's resources and expenses for the 2024–2025 budget are as follows:

Budget Principles

Our 2024–2025 budget will:

1. Focus on mission fulfillment through the priorities of creating an inclusive and welcoming culture, holistic student support, academic quality, community and workforce engagement, and organizational excellence.

2. Consider decisions through the College values of Adaptability, Belonging, Community, Opportunity, and Quality.

3. Maintain the following:
    a. Financial flexibility to be resilient and adaptable in a rapidly changing environment.
    b. Staffing and facilities at sufficient levels to protect the College's infrastructure and ensure compliance with regulations and laws.
    c. Sufficient fund balance to:
        i. Protect against unanticipated resource declines or cost increases that could jeopardize the future of Chemeketa;
        ii. Provide the flexibility to take advantage of opportunities; and
        iii. Maintain a balanced operating budget to ensure the long-term fiscal health of the College.

4. Invest in initiatives, strategies, programs, and operations that will positively impact student completion and success.

5. Seek cost-sharing and revenue-producing opportunities that support our mission and strategic priorities such as grants, partnerships, self-support ventures and foundation assistance that may augment operations.

Financial Environment

Resources:
State legislative appropriation: Budget year 2024–2025 will be the second year of the 2023–2025 state biennium for which the legislative appropriation for all community colleges was set at $795.6 million. This appropriation constituted a 13.8% increase over the 2021-2023 biennium. While community colleges continue to receive strong bipartisan support, limited resources and competing statewide priorities (such as homelessness, public safety, and K-12 education) may limit future community college funding increases.

State support and distribution of resources (includes property taxes): The Higher Education Coordinating Commission (HECC) proposed changes to the community college funding model to the legislature in the 2023 legislative session. The proposed changes primarily focused on incorporating funding components based on student support and student success. These changes will begin in the 2024-25 fiscal year and be phased in over the next two biennia. The initial forecast modeling of the new formula performed by the HECC predicts minimal impact on Chemeketa's share of state resources resulting from this change.

Economy: State revenues remained strong in the 2021-2023 biennium, triggering the largest Oregon Surplus Credit “kicker” in history. Overall, the economic climate in Oregon continues to be mixed. Low unemployment rates and increasing wages signal a strong economy and inflation has decreased from elevated levels 12-18 months ago. However, despite the positive economic trends, many economists are still predicting that Oregon could experience a mild recession in the 2024 calendar year.

Enrollment: Enrollment impacts all three of the College’s major sources of revenue: tuition and fees, state funding, and property taxes. Tuition and fees are impacted directly while state funding and property taxes are impacted through an enrollment-based funding distribution formula. From the enrollment peak in 2010-2011, the College has experienced nearly a 50% enrollment decline. For 2022-23, enrollment increased 4.2% from the previous year. Through the fall term for the current year (2023-2024), enrollment has remained flat compared to 2022-2023. Concerning enrollment for 2024-2025, the College is projecting flat enrollment compared to the current year.

Tuition and fee revenue: The College has experienced declines in tuition and fee revenues consistent with the loss in enrollment. The College has been able to minimally offset overall tuition and fee revenue declines with tuition and universal fee rate increases. Recognizing an already difficult enrollment environment, an increase of $2 per credit for tuition was approved for fiscal year 2023-2024, increasing the tuition rate to $101 per credit and leaving the universal fee rate unchanged at $37 per credit. Any potential changes to the tuition and universal fee rates will be recommended to the College Board of Education at the January 2024 board meeting.

Expenses:

Inflation has eased, but prices for goods and services continue to warrant monitoring in the short term for additional increases. Supply chain issues still exist, albeit at a reduced level, especially for facility-related goods and equipment. In winter 2024 the College will begin bargaining with both the Faculty and Classified associations as their respective contracts expire on June 30, 2024. This presents a unique budgeting challenge as the final contracts for both of the associations will likely be unknown throughout the 2024-2025 budget development process.

With federal relief funds no longer available as a backstop for the budget, the College will continue to adjust to the new enrollment and financial reality for 2024-2025. When developing the budget for the upcoming year, the College is considering what is most strategic, focusing on critical community and workforce needs; making decisions to help increase or preserve student enrollment whenever possible; evaluating options that will least impede the College’s ability to serve the community in both the short and longer term; and considering equity implications in decision-making.