

May 14, 2025

Esteemed Members of the Board and Budget Committee,

I write as a long-term employee of the College and one who has served on the budget development subcommittee for thirteen years, including as a Chair or Co-Chair for numerous budget cycles. In order to fulfill this role, I review and thoroughly analyze all relevant budget documents every year, including but not limited to the annual fiscal audit report. In addition, I have been professionally responsible for managing annual budgets ranging from \$100K to \$1M.

As president of the faculty union and with the experience summarized above and a professional career dedicated to this institution, I understand the importance of a balanced budget and fiscal responsibility. Creating a budget like the FY26 proposed document that adds significant expenses, which would result in spending down \$3.1M of the ending fund balance is not fiscally responsible, nor is it in compliance with Board Policy. Fortunately, it is not necessary.

It is entirely possible to balance the budget in a more reasonable, realistic manner, which the Administration and all stakeholder groups did collaboratively and with unanimous agreement just two weeks prior to the May 7 release of the dramatically changed budget.

Below I provide a number of recommended actions to address the suddenly announced, as of May 7, \$3.1M deficit that is built into the proposed FY26 budget and which would require use of \$3.1M of the ending fund balance. I also provide long-term recommendations to restore public confidence in LCC and ensure that the Board of Education is able to fulfill its fiduciary responsibility and critical role in providing public oversight.

Recommended Actions –

1. **The budget can and should be balanced to close the newly announced \$3.1M deficit included in the FY26 proposed budget document.** Several adjustments can be made to easily address this gap. (Please see: additional data and information with links to source documents on all of these points in the *Questions and Essential Information Regarding the FY26 Proposed Budget* section of this memo below.)
 - a. Address discrepancies in data provided to ensure full accounting of anticipated revenue and accurate accounting of anticipated expenses. These included but are not limited to:
 - i. Adjust amount for the General Fund (i.e., Fund I) beginning fund balance **(\$1M increase – net positive)**
 - ii. Adjust amount for OPE expenditures commensurate with FY25 actuals – The FY26 proposed budget adds more than \$5M to OPE expenses for next year, which is 18% more than the actual forecast for this year. Budgeting a **10% increase** instead would not only be reasonable and align with actual projections, it would reduce \$1.3M of the deficit. **(\$1.3+M reduction in expense – net positive)**

- iii. Adjust the “personnel vacancy rate” back to 2.5%, which is the norm for LCC budgets and closely aligns with historical trends **(\$900K reduction in expense – net positive)**
- iv. Adjust the “under-utilization” rate back to 1% rather than 0% per standard LCC budget practice. **(\$174K – net positive)**

These four above amount to \$3.3M, which more than covers the \$3.1M budget gap built into the FY26 proposed budget document.

- b. Additional options are possible, including holding some of the dozens of vacant positions open rather than by creating a deficit by filling 100% of vacant and newly created positions and then making unspecified, undisclosed layoffs later.
2. The Board as the public oversight governing body is responsible for making decisions on budget cuts, including reductions or eliminations of programs and services as well as creation of new ones. As such, all changes proposed by the Administration should be clearly presented to the Board and Budget Committee, including all newly created and proposed positions, changes. See examples from [one previous year \(FY20\) here](#) and [another from FY18 here](#). I hope you will take some time to review these in order to have a clear picture of the information that must be presented for Board and Budget committee members to know and understand what they are being asked to approve.
 3. Going forward, the Board should ensure that the Administration presents regular monthly updates on budget to actuals throughout the fiscal year beginning no later than January. See the [first detailed one presented this year](#), which was not until May 7, 2025. This information is essential for the Board to fulfil its fiduciary duty. The monthly updates, which were regularly and routinely presented to the Board in the past, prior to the most recent few years, should also include preliminary projections for the next fiscal year. *(Of note, this information is utilized on a weekly basis by the Budget Development Subcommittee every year – it is readily available and could have been shared with the Board over the past several months.)*
 4. Going forward, the Board should ensure that fiscal audits are finalized and presented publicly in a timely manner in accordance with Oregon Public Budget Law. **That an audit for FY24, which ended June 30, 2024, is not yet finalized or published is unprecedented at LCC and highly unusual among public institutions in the state.**
 5. Going forward, the Board should ensure that the Administration honors their collaborative work with stakeholder groups. The Administration, with representation of the highest ranking administrators, and all stakeholder groups, including students, classified, faculty, and managers **unanimously voted in support of the budget at both College Council and the Budget Development Subcommittee** – *a budget that would have added to the ending fund balance rather than create a \$3.1M deficit like the one released by Administration only two weeks later.*

Questions and Essential Information Regarding the FY26 Proposed Budget

1. Substance and Questions –

a. Recent Changes that Create the Deficit:

- i. Changes to calculations that diverge from historical averages and practices. The proposed budget document from “personnel vacancy rate” of **2.5%** to **1.5%** – **Comprises \$905,650 of FY26 deficit**
- ii. Reduction of “underutilization rate” from **1%** to **0%** – **Comprises \$174,005 of FY26 deficit**

These two combined comprise **more than \$1M in deficit**.

b. Underestimated revenues – State Revenue

FY25 Actual Forecast: \$32,453,527

FY26 Budgeted: \$33,682,595

This represents an increase of only 3.8%, but the budget is built on the Governor’s and current Joint Ways and Means Co-Chairs increase of **6.9%** for community colleges – this is a **\$1M** difference from the FY26 proposed budget document. This should be reviewed and adjusted.

- #### c. Discrepancies in FY26 Beginning Fund Balance Information.
- Different figures for the **FY26 beginning fund balance** that do not match were presented on the same date (i.e., 5/7/2025). These vary by \$1,023,024 or 11.9% from the FY26 proposed budget document.

FY26 Beginning Fund Balance		
Source Document	Date	Amount
FY26 Proposed Budget , p. 58 for May 7 Budget Committee meeting, posted on BoardDocs	5/7/2025	\$8,570,000
Administration 3rd quarter update to Board of Education for May 7 Board meeting, posted on BoardDocs	5/7/2025	\$7,546,978
Update to Budget Development Subcommittee , provided by Budget office	5/7/2025	\$8,266,029

- #### d. Substantial excess increases to OPE expenses
- (i.e., overhead) are built into the FY26 budget far exceeding the actual amount projected for this year. An 18.5% increase far exceeds commensurate increases in salaries or positions.

OPE Comparison			
Fiscal Year	Source Document	Date	Amount

FY25 budgeted	Administration 3rd quarter update to Board of Education for May 7 Board meeting, posted on BoardDocs	5/7/2025	\$31,072,128
FY25 Actual (forecast 5/7)	Administration 3rd quarter update to Board of Education for May 7 Board meeting, posted on BoardDocs	5/7/2025	\$28,455,324
FY26 Approved by BDS & College Council	Update to Budget Development Subcommittee , provided by Budget office on May 7	5/7/2025	\$32,432,316
FY26 Proposed Budget Document	Administration 3rd quarter update to Board of Education for May 7 Board meeting, posted on BoardDocs	5/7/2025	\$33,712,465
increase FY25 Actual forecast to FY26 proposed budget	\$5,257,141 or 18.5%		

e. Discrepancies in data on number of contracted positions

From May 7, 2025:

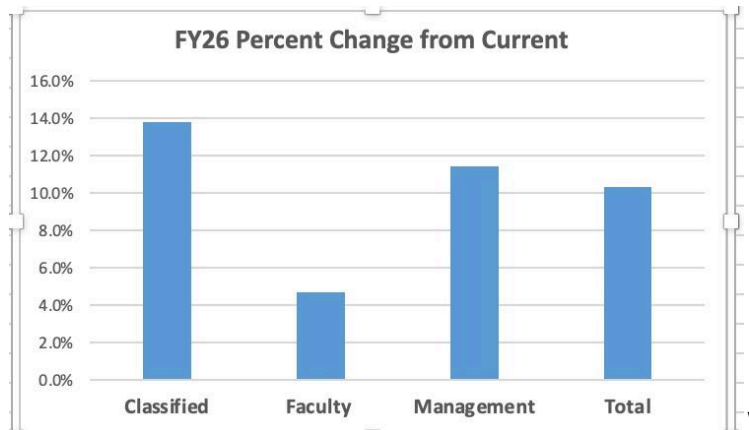
May 7, 2025: Contracted Employee Headcount Comparison						
	Historic High from last 10 years* (i.e., FY16 to present)	FY23 Actual	FY25 Position List, January 2025	FY25 Current Actual, May 2025	FY26 Proposed	Change: current to FY26 proposed
Source	FY23 official audit document , p. 85	FY23 official audit document , p. 85	FY25 Position List, Budget Office	HR Dashboard May 7, 2025 , p.4 (BoardDocs)	FY26 proposed budget document , p. 43	HR Dashboard & FY26 budget document
Classified	352	287	289	281	337	16.6%
Faculty	223	200	189	189**	207	9.5%
Management	71	66	69	70	80	14.3%

* All historic highs from FY16 to present were in FY16.

**The current number of contracted faculty (i.e., 189) is confirmed by HR rosters for Spring 2025. 4 of these positions are temporary. Some contracted faculty positions are not full-time, so the current total FTE is 186.929. Excluding temporary positions, current headcount is 185 with 182.929 FTE.

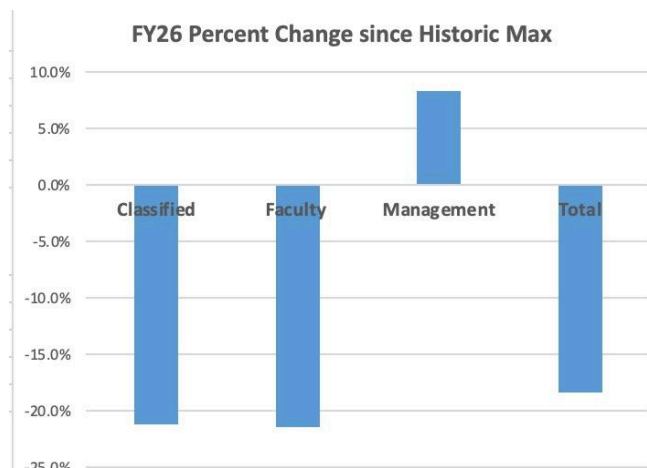
From May 12, 2025 (FY26 position list provided by Budget Office):

	Positions In Budget Office FY26 Position List 5/12/25 (FTE)	Current positions per HR Dashboard May 7, 2025 , p.4 (BoardDocs)	Increase to FY26
Classified	319.76	281	38.76
Faculty	197.87	189	8.87
Management	78.00	70	8.00
Total	595.62	540.00	55.62



From May 12, 2025 (FY26 position list provided by Budget Office):

	Positions In FY26 Budget Office Position list, provided 5/12/25	Historic Max 2011-2013	Difference	Percent change
Classified	319.76	406	-86.24	-21.2%
Faculty	197.87	252	-54.13	-21.5%
Management	78.00	72	6.00	8.3%
Total	595.62	730.00	-134.38	-18.4%



- f. **FY24 Fiscal Audit Still Not Available.** The campus community and Board await the final official fiscal audit for FY24, for the year ending June 30, 2024. The audit is usually finalized and presented publicly to the Board of Education in November or December in accordance with Oregon Public Budget law. This year, the audit has been delayed to the end of March, then April, and now May. It is not yet available.

2. Process –

- a. After meeting weekly for three months, the Budget Development Subcommittee (BDS) unanimously approved a balanced budget that would **restore \$1M to the Ending fund balance on April 4, 2025**. All committee members voted in favor, including Administration representatives: Vice President for Finance and Operations, Vice President for Academic Affairs, Controller, AVP for Career Technical Education, one instructional manager, plus favorable support from two non-voting members: Budget Director and Institutional Research Representative.
- b. The College Council voted unanimously on **April 9** to approve the same budget. All voted in favor, and voting members include LCC President (by proxy vote of VP of HR), VP for Academic Affairs, VP for Finance and Operations, General Counsel, one additional manager, among others.
- c. Administrative representatives to the Budget Development subcommittee presented minor changes to BDS at their **April 23, 2025** meeting. None of the changes resulted in a budget deficit, and the overall balanced budget remained one that still presented **a net positive of \$600K** to restore/ increase the ending fund balance.
- d. Two weeks later on **May 7, 2025** without notice to the Board, campus community, College Council, or Budget Development Subcommittee, the Administration released a new budget that diverged substantially and substantively from the budgets approved by the College Council and BDS. The new budget does not increase/ restore the ending fund balance and instead draws \$3.1M from the ending fund balance.

Thank you for your consideration and volunteer service to provide public oversight for our beloved LCC.

Most sincerely,
Adrienne

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