

# 2020-2021 Budget Forum

**July 16, 2020**



# Overview

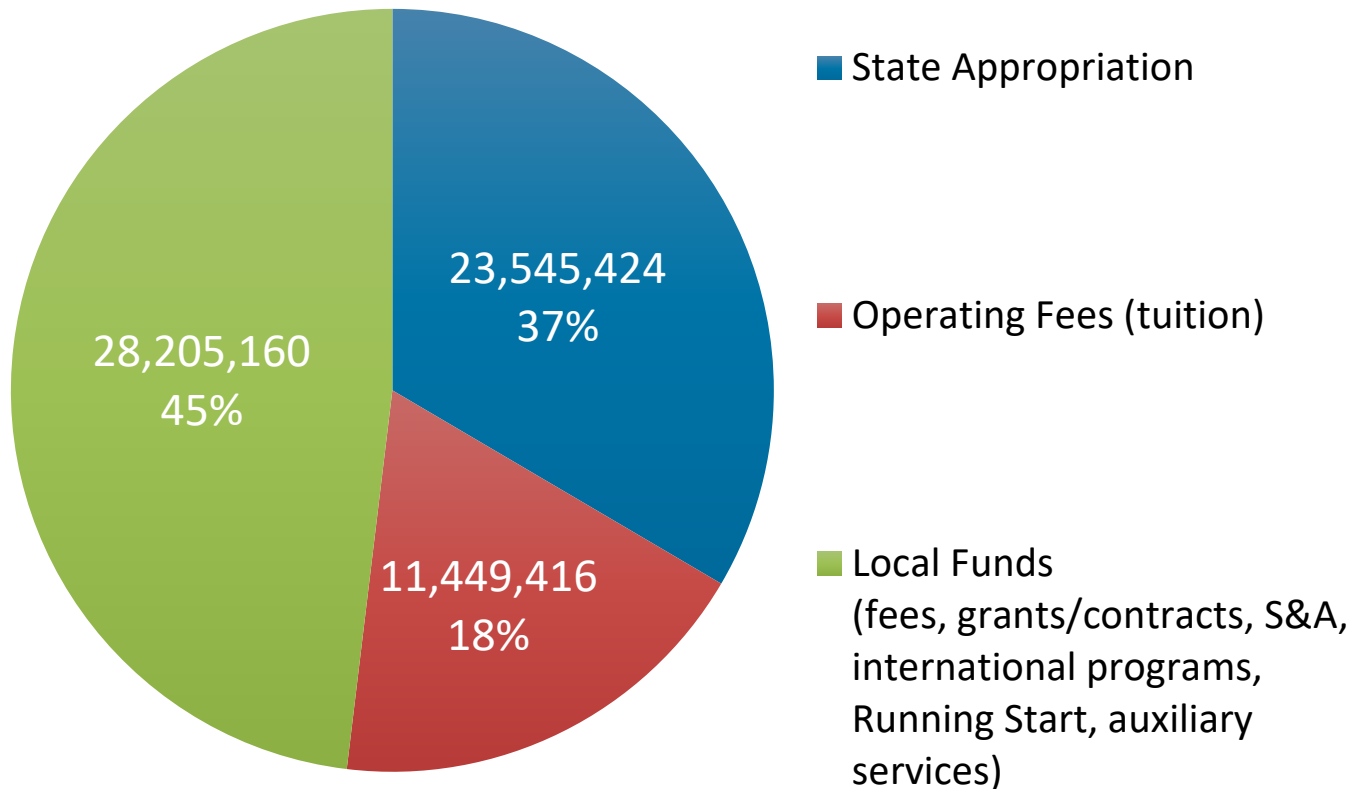
- Source of Funding for College Operations
- Budget Scenarios for Seattle Central
- Strategies for Reductions
  - Furloughs
  - Early Retirement Incentives
  - Individual Unit Reductions
- Timeline and Process for Decisions
- Other Campus Issues – Fall, Encampment, International
- Q&A



# What are the sources of funding in the College's Operating Budget?

Last academic year we had a 63.2M operating budget from three main sources.

## Funding Sources, 2019-2020





# What do we spend the operating budget on?

- Salaries 66.2%
  - Benefits 22.8%
  - Goods and Services 8.1%
  - Travel .2%
- 
- Salary, Benefits, and Goods and Services are 97.1% of the Operating Budget.



## 2021 Budget Scenarios: Jan 2020

- In the January 2020 annual budget presentation, we identified a potential **\$6.4M** imbalance in the operating due to declining revenues from decreasing international student enrollment, flat or declining state enrollment, and increased cost of doing business.
- At that time, we modeled a 15% reduction in international enrollment for the next year, alongside relatively flat state enrollment and modestly increasing running start enrollment.
- At the time, Executive Team recommended another 3% operating budget reduction at a minimum while we worked to make additional cuts longer term.
  - Pre COVID-19
  - Pre Economic Downturn



# Revised Budget Scenarios: July 2020

- Major changes to college operations due to COVID-19 starting in March.
- Effects related to state economic downturn caused by COVID-19.
  - OFM has directed colleges to model a 15% reduction in state appropriation. Legislature likely not to reconvene until January 2021, possibly triggering mid-year budget cuts.
- Pandemic and geopolitical factors causing steep international student enrollment decline very quickly. Could be as high at 50%-80% reduction in international students in Fall 2020.
- **We cannot postpone making additional cuts or wait to make longer term cuts.**
  - Additional reserves or local dollars are no longer there to cover gaps in the budget.
  - At the close of the 1920 fiscal year, we faced a 10% reduction in tuition collection in spring, increased costs due to COVID, and declining international student enrollment greater than was anticipated back in January.
  - At the annual budget presentation, we initially thought we would use 3.5M in local reserves to balance the budget this year. Due to the unforeseen factors we faced in Spring, we actually used **\$6M** in local reserves to balance the budget this year.

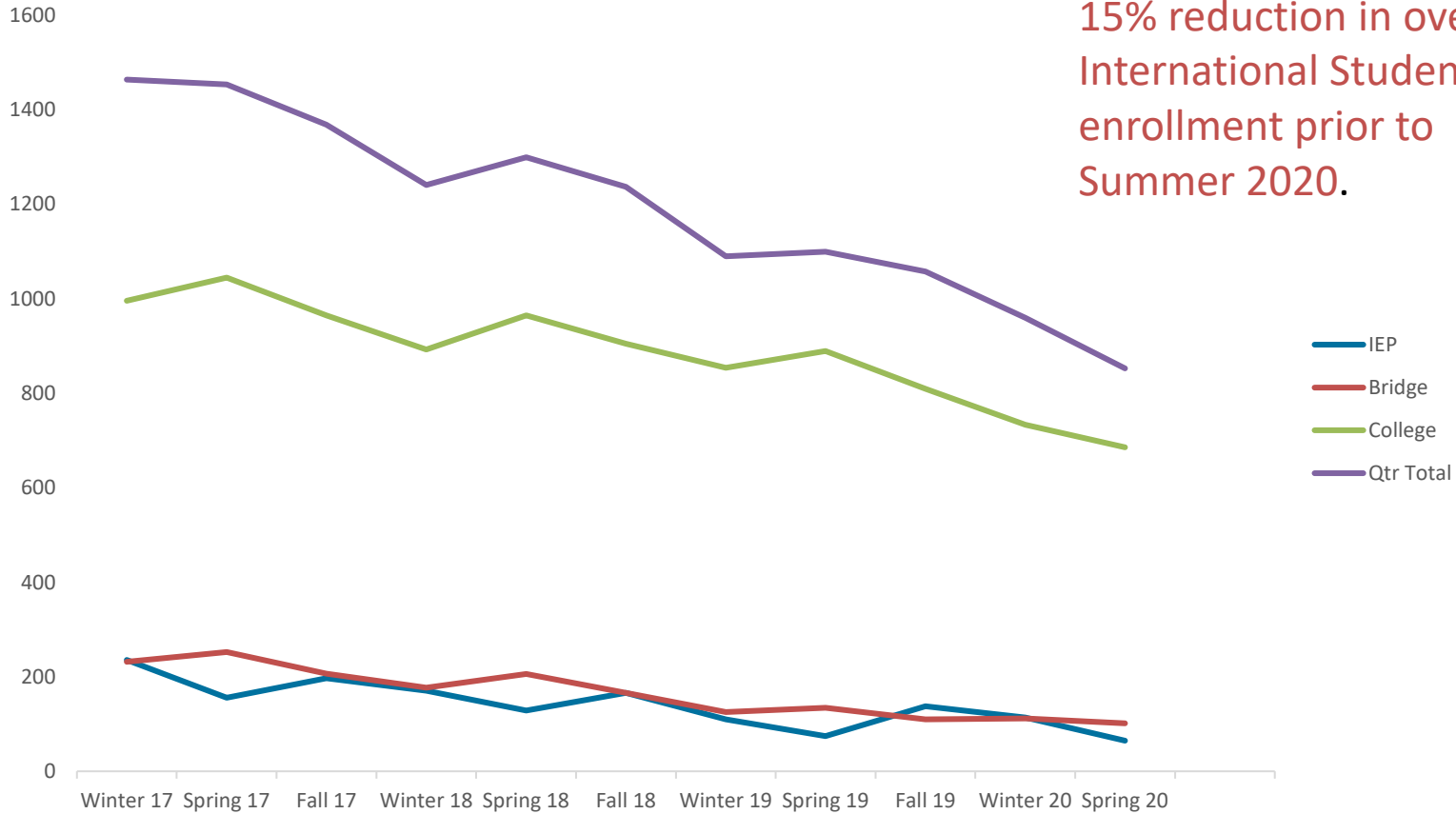


# Historical Trend for Cash Reserves

Academic Year	Cash Reserves	Change Y2Y
2015-2016	\$14,805,894	
2016-2017	\$15,210,453	+404K
2017-2018	\$13,474,934	-1.7M
2018-2019	\$10,892,822	-2.5M
2019-2020	\$7,308,496	-6M
2020-2021	\$1,213,761	



## International Enrollments Seattle Central



We were already seeing a 15% reduction in overall International Student enrollment prior to Summer 2020.





# Revised 2021 Budget Scenarios: July 2020

- Have to address the structural issues that are ongoing—mostly related to use of international \$.
- Have to move funds around to address additional costs of operating in the COVID world—smaller classes, more cleaning and equipment.
- Have to adopt strategies to make decisions quickly in Jan-Feb timeline if Legislature does some cutting.



# Revised Budget Scenarios for Seattle Central

- Each of the Seattle Colleges has been modeling the impacts of 10%, 15%, and 20% reductions in **state operating budgets** based on changing enrollment and anticipated cuts to the state appropriation. Each college will face a unique set of circumstances based on their context.
- For Central, the most likely scenarios include:
  - A 50% reduction in international student enrollment. This would mean a **\$5.7M** reduction in local funds.
  - A 5% reduction in state appropriation mid-year from the Legislature would mean an additional **\$1.2M** reduction in those funds.



# Revised 2020-2021 Budget Scenarios for Seattle Central

- A **\$6.9M** reduction is much more than the 3% reduction in the operating budget the Executive Team recommended in January.
  - This amount is equivalent to a **10%** reduction in the **total \$63.2M operating budget**, or a **20%** reduction in the size of the **'state' operating budget** (state appropriation + tuition, not local funds).



# 2020-2021 Budget Priorities

- Resource Allocation Committee provided Executive Team with principles to use when reducing the budget this year.
  - Support the guided pathways goal in the operational plan.
  - Support the safety and security goal in the operational plan.
  - Support the goal to provide alternative and flexible modes of instruction and student services in the operational plan.
  - Promote and fund educational initiatives that increase recruitment, retention, and completion of all students, especially those who have been underserved.
  - **Avoid across-the-board reductions. Assess reductions on a case-by-case basis.**
  - **Seek alternatives when considering a reduction-in-force.**
  - **Seek opportunities to increase efficiency and reduce duplication of effort.**
  - Pursue new revenue streams in line with the college's operational plan.



# Initial Strategies for Budget Reductions

- In May 2020, Chancellor Pan established a District Wide Budget Reduction and Future Planning Task Force to recommend potential high-level strategies. The group was asked to produce a report by July 1 so that their recommendations could be taken into account as college revise their budget planning for 2020-2021.
- The Task Force recommended several strategies with high levels of support:
  - Voluntary furloughs
  - Early retirement incentives.
  - Freeze/reduce spending on travel.
  - Review licenses and costs of software/technology in relation to ctcLink (eg. Starfish).
  - Reduce or eliminate paid sabbaticals.
  - Freeze vacancies, with some exceptions.
  - Increase private fundraising.
  - Seek additional economic stimulus package funds.
  - Consolidate 'back office' programs and services that do not provide direct service to students.
  - Leverage assets and equipment, including sale or lease to outside agencies where appropriate.
  - Freeze or reduce spending on professional development.



# Initial Strategies for Budget Development

- On July 7, Chancellor Pan emailed the organization that Chancellor's Executive Cabinet made initial decisions regarding the following:
  - Furloughs
  - Early Retirement Incentives
- As each college undertakes its own budget reduction process, there are also initial strategies being developed for Individual Unit Reductions



# Revised Budget Scenarios for Seattle Central- \$6.9M reduction

	Percent of Op. Budget	
		<b>\$6,998,968</b>
Instruction	75%	\$5,228,229
Student Services	11%	\$741,891
Admin Services	11%	\$755,889
President's Office	4%	\$257,962



# Instruction

- Reduction = \$5.2M
- Salary is 73% of the Instruction Budget; Benefits are an additional 24%.
- **Not instructing divisions to take across the board cuts. Vertical vs. Horizontal cuts.**
  - Scan of unfilled vacancies. Plan to not fill vacancies unless position has to be filled to maintain program accreditation or other required services.
  - Analysis of impact of anticipated early retirements
    - Must delay replacement hiring
  - Seek opportunities to increase efficiency and reduce duplication through combining or eliminating positions
  - Program closures





# Instruction

- Program Closures, con't
  - First eliminating credit programs that do not offer degrees and certificates, or are not required in any degrees or certificates.
  - Reducing number of higher-cost prof-tech programs
    - Program duplication across Seattle District
    - Program duplication across King County
    - Higher than average cost + lower than average completion rate
    - Value of credential in terms of employment
    - Student demographic analysis over period of years
    - Results of program viability analysis
  - AFT will be involved in meetings related to program termination or reduction per Faculty Collective Bargaining Agreement.



# Student Services

- Reduction = \$741,891
- Context: Student Services budget is 98% salaries and benefits.
- Scan of unfilled vacancies and plan to not fill vacancies unless position has to be filled to maintain services
- Cuts in hourly positions in some departments
- Researching potential savings by moving some 12-month positions to 10 or 11-month positions
- Review of filled positions that could be moved from state-funded positions to S&A and revenue accounts
- Possible reduction-in-force



# Administrative Services

- Reduction = \$755,889
- Reducing maintenance and operating costs
  - Reflecting 25% level of on-campus instruction
  - More energy conservation measures
  - Less frequent cleaning cycle in non-instructional areas
- Delay replacement hiring
  - Anticipated early retirements



# President's Office

- Target = \$257,962
- President's Office includes Equity and Diversity, and Office of Strategic Partnerships (marketing, communications, special events)
- 80% salaries/benefits, 20% goods/services
  
- Not filling some vacant positions
- Convert some positions to 10/11 months
- Reduce good/services like travel and supplies
- Move some membership expenses to non-state accounts (i.e. Foundation allocation)



# Timeline and Process for Decisions

- Budget decisions need to be made in next 4 weeks. Revised 2021 budget due to Business Office by late August and to District Office by September 15.
- Executive Team meeting with College Council bi-weekly over summer for continued input and feedback.
- Vice Presidents will meet with impacted parties and collective bargaining unions when considering possible program closures or reductions prior to making final decisions.
- After final decisions made, updates to campus provided week of August 17.



## Other Issues

- Planning continues for fall operations with health and safety at forefront.
- CHOP 2.0 on campus.
- International student federal policy change proposed and rescinded.



# Thank You

- Q & A
- This is being recorded and will be available on our website no later than end of day tomorrow