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**Budget Status Update – Fall 2024**



# GOALS

Live within our Means  
Prudent Level of Reserves  
Invest in the Future

# FY 24 Recap

The District generated \$5.5M or 3.4% additional revenue. However, we spent \$14M or 9% more than budgeted, resulting in a net deficit of \$12.5M or 8% of total district allocation.

## The deficit resulted from:

- Overestimated tuition revenues
- Implementation of post pandemic staffing plans
- Increased expenditures in personnel (salary increases), utilities, etc.

## • Remedies:

- Update FY25 budget assumptions
- Strengthen budgetary controls and reporting
- Strengthen tuition revenue projections based on SEM approaches
- Use cash reserves to cover deficit

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# FY 25

Right Sizing Current Year Budget

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# Overview of OFM Error

TOTALS	CENTRAL	NORTH	SOUTH
\$(2,765,675)	\$(1,045,469)	\$(834,382)	\$(885,824)

- OFM overfunded SBCTC by \$47M in the 2023-25 biennium. Although \$19M in FY 24 is not requested, OFM requested the return of \$28M for FY 25.
- OFM will make the necessary corrections to reduce the system carryforward budget for the 2025-27 biennium.
- This error resulted from OFM accounting for the I-732 COLAs both at the base and maintenance level. (Double counted)
- SBCTC requested a supplemental budget request for FY 25 to restore the \$28M. SBCTC's legislative priority for the next biennium includes maintaining previously approved allocation that included this amount.



# FY 25 Analysis, North



- State tuition revenue projections were overestimated—North projected \$13.5M last May and new estimate is only \$10.6M.
- OFM Error will likely be implemented this year and/or for next biennium.
- North anticipates an increase in State Allocation, International, Running Start, and indirect costs recovery. However, North personnel costs are projected to exceed the budget by \$1.6M.

Overestimated State Tuition Revenues	\$(2,904,708)
OFM Error	(834,382)
Increased Other Revenues (State allocation, RS, IP and Indirect)	3,663,500
Unbudgeted Personnel Costs	(1,594,622)
Misc Operating Costs	(37,267)
<b>Net Deficit</b>	<b>\$(1,707,479)</b>

FY 24-25

North

	Prior Yr Actuals	Original Budget	Modified Budget	Budget Adjustments
<b>Sources of Funds (Revenues or Interfund Transfers)</b>				
State Allocation	32,463,698	31,708,461	32,942,802	1,234,341
Tuition	9,654,033	13,545,181	10,640,473	(2,904,708)
International	1,713,232	1,667,926	2,102,401	434,475
Running Start	3,146,884	2,180,272	3,267,686	1,087,414
F&A (Indirect)	140,847	67,112	140,000	72,888
<b>Total Estimated Source of Funds</b>	<b>47,118,694</b>	<b>49,168,952</b>	<b>49,093,362</b>	<b>(75,590)</b>
<b>Uses of Funds (Expenditures)</b>				
Personnel	35,394,837	35,291,287	36,951,317	1,660,030
Non-Personnel	12,445,287	13,812,258	13,849,525	37,267
<b>Total Budgeted Use of Funds</b>	<b>47,840,124</b>	<b>49,103,545</b>	<b>50,800,842</b>	<b>1,697,297</b>
<b>Source over Use of Funds</b>	<b>(721,430)</b>	<b>65,407</b>	<b>(1,707,479)</b>	<b>(1,772,886)</b>

<b>Schedule for Use of Funds (Expenditures)</b>	<b>Prior Yr Actuals</b>	<b>Original Budget</b>	<b>Modified Budget</b>	<b>Budget Adjustments</b>
Salary & Wages	26,964,966	26,734,505	28,051,616	1,317,111
Benefits	8,429,871	8,556,782	8,899,701	342,919
Grants & Scholarships	2,010,967	1,425,894	2,041,102	615,208
Goods & Services	792,535	1,200,539	861,522	(339,017)
Capital Expenditures	38,509	-	58,929	58,929
Contracted Services	712,245	1,283,943	800,000	(483,943)
Utilities	1,473,492	1,449,023	1,500,000	50,977
Travel	82,120	346,489	102,000	(244,489)
Other Expenses	1,309,653	816,458	1,196,059	379,601
COP Principal & Interest	178,952	196,288	196,288	-
<b>Subtotal</b>	41,993,309	42,009,921	43,707,218	1,697,297
District Transfer	5,846,815	7,093,624	7,093,624	-
	47,840,124	49,103,545	50,800,842	



# Budget is a Choice

We commit to honoring our collective wisdom, knowledge and heart to balance our budget and achieve financial stability. Our strategies and choices will be grounded by:

- Transparency
- Timeliness
- Accuracy and Integrity
- Participatory and inclusive
- [FY 25\\_26 Budget Guiding Principles](#)
- [Fy 25\\_26 Budget Priority Criteria](#)

# Immediate Budget Strategy: Freeze



## Freeze Criteria

- Excludes private or federal grants or allocated capital funding
- Includes Personnel, travel, equipment over \$10K & contract services
- Subject to Chancellor/Presidents approval
- Other Exceptions
  - Positions with no viable backfill alternatives (including other funding sources)
  - Use of Rubric (adverse impact to Budget Priorities and Guiding Principles and/or difficult to mitigate)
  - Direct impact to generating revenue (e.g. enrollment)

# Proposed Savings FY 25

Temporary Measures to balance.

Estimated Freeze Savings \$1.8 M

- Assuming all vacant positions are freeze
- Anticipate exceptions to freeze. No estimate yet

Fund Cash balance will be use of exceptions to freeze impacts savings needed to meet deficits.

# FY 26 & Beyond

Preliminary Budget Assumptions

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# State Budget Deficit for FY 26-27



Governor Inslee announced \$10B to \$12B. SBCTC shared above where deficits could be as high as \$15.6B

Item	Amount (in Millions)	June 2027 Ending Fund Balance (cumulative)
Original Projected FY 27 Ending Fund Balance	+\$100	+\$100
Change to Revenue Forecast, November 2024	(\$700)	(\$600)
2025-27 Collective Bargaining Costs	(\$4,000)	(\$4,600)
2025-27 Maintenance Level Requests from Agencies	(\$5,000) to (\$10,000)	(\$9,600) to (\$14,600)
2025-27 Estimated Caseload Forecast Cost Increase	(\$1,000)	(\$10,600) to (\$15,600)

# Share of State Budget Deficit



- Estimated share of CTC share of State General Fund is 3.33%
- A billion reduction = \$33.3 M for SBCTC
- SCD share = \$3.3M or about 10%
- Legislative solutions will be new revenues and reductions
- Timelines:
  - Revenue Forecast, Sept 24, Nov 24, Feb 25
  - Governor Inslee's Budget Proposal Dec 25
  - Jan to Apr – Leg and New Governor Budget



# Current Assumptions

## Carryover of FY 25 Deficits PLUS

### Revenues

- State Budget \$1B Deficit at least **\$792K**
- Conservative assumptions on enrollment growths 4%, less for international and Tuition Rate increase approved at 3.3% **\$900K**

### Expenditures

- Fiscal Impact of new bargaining commitments
- Utility rates & other contingencies at \$500K
- District Core services \$287K
- \$2.4M is about 5% of our \$51M budget

FY 25 Anticipated Deficit	(1,707,479)
FY 26 State Allocation \$1B Deficit	(792,000)
Anticipated CBA fiscal impact	??
Contingency	(500,000)
District Transfer Adj	(287,540)
FY 26 tuition revenues rate @3.3%	412,272
FY 26 tuition revenues FTEs @4%	499,724
<b>Net Anticipated Deficit</b>	<b><u>(2,375,024)</u></b>

# Possible Solutions for Balancing Budget, No Decisions Yet

## Increase Funding

- Increase revenues sources (new, reallocate from other sources)
- Fund Balance
  - Stop gap or extend timelines to right size
  - Use for buyout for salaries
  - Use to invest to gain additional revenues

## Reduce Spending

- Personnel Savings such as attrition, staffing plan adjustments
- Reducing Operating Costs
- Efficiencies like improving student/faculty ratio, utilities savings, etc.



# Timelines



- Jan and Feb 2025. Identify budget strategies by Cabinet & Budget Taskforce
  - 5% to 10 % Reduction Scenarios
  - Review vacant positions & other personnel savings
  - Explore outreach and retention to increase enrollment. Consider class efficiencies to manage waitlist
- March 2025 Preliminary budget proposal to College Council. Proposal shared with Campus Budget Forum
- April 2025 Final budget proposal by College Council, shared with Campus Budget Forum
- May 2025 BOT approval of budget