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Budget Status Update – Winter 2025

GOALS

Financial Stability =

Live within our Means

Prudent Level of Reserves

Invest in the Future

- **Budget Decisions are choices grounded by Institutional values**
 - Budget Guiding Principles
 - District Values (Accessibility, Collaboration, DEI, Fiscal Sustainability, Growth & Engagement, Innovation, Integrity)
 - NSC Values, https://northseattle.edu/sites/default/files/2024-11/fy-25_26-budget-guiding-principles.pdf
 - Integrity in Data (recordkeeping/reporting has check in balances)
 - Transparent (decision matrix or rubric)
 - Participatory (shared governance, town halls or road shows)
 - Priority Criteria
 - District Goals
 - College Priorities, https://northseattle.edu/sites/default/files/2024-11/fy-25_26-budget-priority-criteria.pdf
 - Compliance

Sense of urgency: Realities



- Factors to consider
 - FY 24 Deficit means FY 25 Modifications (reductions)
 - State OFM error impact to FY 25 and FY 26
 - State's looming deficit
 - Anticipated Fiscal costs of AFT Faculty and AFT Pro negotiations
- Credibility of Data
 - Detailed analysis of State Allocation (with crosstab to dept expenditure budget)
 - Tuition Revenue modeling and projections (historical trend analysis and FTE projections)
 - Accounting for Interfund Transfers, including International Program overhead costs
 - Fund (cash) balance analysis by department
 - Position Control systems via Salary Comprehensive Lists

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.

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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 \$4.2M.

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)
	(4,186,953)
Misc Operating Costs	(37,267)
Net Deficit	\$(1,707,479)
	\$(4,299,810)

FY 24-25

North - 7063

	Prior Yr Actuals FY24	Original Budget FY25	Modified Budget FY 25	Budget Adjustments FY 25
Sources of Funds (Revenues or Interfund Transfers)				
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
Colleges Transfer	-	-	-	-
Total Estimated Source of Funds	47,118,694	49,168,952	49,093,362	(75,590)
Uses of Funds (Expenditures)				
Personnel	35,394,837	35,291,287	38,843,330	3,552,043
Non-Personnel	12,445,287	13,812,258	13,849,525	37,267
International Program	246,145		251,634	251,634
Running Start	437,718		448,684	448,684
Total Budgeted Use of Funds	48,523,987	49,103,545	53,393,173	4,289,628
Source over Use of Funds	(1,405,293)	65,407	(4,299,810)	(4,365,217)

Schedule for Use of Funds (Expenditures Account Class)	Prior Yr Actuals FY24	Original Budget FY25	Modified Budget FY 25	Budget Adjustments FY 25
Salary & Wages	26,964,966	26,734,505	29,276,608	2,542,103
Benefits	8,429,871	8,556,782	9,566,722	1,009,940
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	-
Subtotal	41,993,309	42,009,921	45,599,231	3,589,310
District Transfer	5,846,815	7,093,624	7,093,624	-
	47,840,124	49,103,545	52,692,855	

Fund/Dept#/Dept Description

2022

2023

2024

2025

Grand Total

(30,069,659.39) (29,377,583.46) (28,474,685.93) (28,960,310.03)

(692,075.93) (902,897.53) 485,624.10

-2.30% -3.07% 1.72%

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Fund (Cash) Balance Trend Analysis As of Jan 2025

- NSC Fund Balance includes dedicated and unrestricted. Unrestricted amounts help to cover Board mandated reserves, self-support funds reserves, contingencies and Investments in capital, technology or equipment replacements.
- Sources comes from savings in self-support and auxiliary enterprises
- Since 2002, NSC Fund Balance has been declining. Comparing FY 24 with FY 25, any increases (22.34%) in FB comes from dedicated sources while unrestricted FD have been declining at (8.67%) as we cover deficits.**

	FY 24			FY 25		
	Dedicated	Unrestricted	Total	Dedicated	Unrestricted	Total
Grand Total (Surplus)Deficit	(9,533,602.08)	(18,938,123.43)	(28,471,725.51)	(11,663,620.60)	(17,296,689.43)	(28,960,310.03)
Difference (Increase)Decrease				(2,130,018.52)	1,641,434.00	(488,584.52)
				22.34%	-8.67%	1.72%

Fund/Dept#/Dept Description	2025	Dedicated	Unrestricted
FUND 149 - Operating Fees/Tuition	5,043,215.49		5,043,215.49
FUND 145 - Grants and Contracts	(723,740.10)	(723,740.10)	-
FUND 146 - Grants and Contracts	(19,407,876.06)	(2,052,042.92)	(17,355,833.14)
FUND 147 - Local Capital Projects	(217,240.09)	(217,240.09)	-
FUND 148 - Dedicated Local (& Student Fees)	(7,204,803.74)	(3,854,963.86)	(3,349,839.88)
FUND 522* - Student S&A fees/tuition	(3,935,103.93)	(3,935,103.93)	-
FUND 524 - Bookstore	(454,598.63)	-	(454,598.63)
FUND 528* - Parking	922,112.08	-	922,112.08
FUND 569* - Food Services	56,718.68	-	56,718.68
FUND 570* - Auxiliary Enterprises	(2,550,268.96)	(406,324.93)	(2,143,944.03)
FUND 790* - Clearing	(1,262,805.09)	(1,262,805.09)	-
FUND 840 - Custodial only as of FY23	(5,100.00)	(5,100.00)	-
FUND 841 - was Cash Control until FY23	-	-	-
FUND 846 - Grants in Aid	380,898.75	380,898.75	-
FUND 849 - Student Loan	22,859.37	22,859.37	-
FUND 850 - Work Study	(115,335.96)	(115,335.96)	-
FUND 860 - Institutional Financial Aid (3.5%)	490,758.16	490,758.16	-
Grand Total	(28,960,310.03)	(11,678,140.60)	(17,282,169.43)



FY 25
Beginning
Cash Balance
As of Jan
2025

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 Vacant Positions Freeze Savings \$2 M

- Assuming all vacant positions are freeze
- Anticipate exceptions to freeze. Current estimate is \$1.9M

Fund Cash balance will be use if 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
- \$4.9M is about 9.3% of our \$53M budget

FY 25 Anticipated Deficit	\$(4,299,810)
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
Net Anticipated Deficit	<u>\$(4,967,355)</u>

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