



To: Dr. Sandra Fowler-Hill, Interim President
From: Bob Williamson, Vice President of Administrative Services
Date: May 25, 2020
Subject: 2020-21 Budget

Background:

Through a new and more inclusive process that was developed, guided and informed by the college-wide Budget Committee, Clark College has completed the very difficult work of identifying budget reductions sufficient to cover the \$5.4 million deficit projected for fiscal year 2020-21.

This deficit is the result of significant revenue losses due to declining enrollment combined with increases in operational costs, primarily in the area of salaries and benefits. The shortfall was predicted well before COVID-19 changed the financial landscape worldwide. Based on recent information from the state, we now expect that the impact of COVID-19 on state revenue will lead to another round of budget reductions this summer.

Reductions in personnel costs across all employee categories account for \$4.7 million, or 84%, of the total amount of next year's proposed cuts. Some of the reductions, such as freezing administrative/exempt staff salary increases, reducing administrative/exempt contracts by 12 leave without pay days, and leaving the VP of HR and Compliance position vacant for one year, may only be temporary. Since it's unlikely revenue will return to pre-COVID-19 levels any time soon, the College will need to engage in thoughtful, long-term financial planning to resize the budget on a more permanent basis.

This year's budget development process included more college-wide engagement than at any time in my 11 years at Clark. Faculty and staff submitted 266 proposals to the Budget Committee, which then organized them into seven priority categories for Executive Cabinet's consideration. Executive Cabinet adopted most of the committee's recommendations but still needed to find additional reductions to cover the entire projected shortfall. After many budget meetings, EC presented a proposed reduction plan to the College on May 7. The 2020-21 budget is now ready for you to submit to the Board of Trustees on June 10. Key elements of this budget include the following:

- The College is projecting to serve 5,107 state-support FTES, down 458 from the 2019-20 budget.
- The College is projecting to serve 1,925 Running Start FTES, down 75 from the 2019-20 budget.
- Running Start reimbursement rates increased by 2.3%; tuition rates increased by 2.5%.

Recommendation:

I recommend approval of the College's 2020-21 operating budget per the attached documents:

- Page 1.** State Allocation & Projected Revenue: total budget of \$118,047,214 for all funds.
Page 2. 2020-21 Budget by Uses of Revenue illustrates the allocation of resources among the divisions of the College.