
2020 – 21 Budget Presentation

Board of Trustees ▪ May 27, 2020

Bottom line up front

- As a result of significant revenue losses due to declining enrollment combined with increases in must-fund items the college projects a **\$5.4M deficit** for 2020-21
- **2020-21 baseline budget projections:**
 - State support FTES: down 458 compared to 2019-20
 - Running Start FTES: down 75 compared to 2019-20
 - Net change in total revenue: **\$8,341** (includes 2.5% tuition increase and 2% RS reimbursement increase)
 - Net change in total expenses: **\$5.41M**

2020-21 revenue projections

Category	Amount	Change
State Allocation*	\$38,246,011	↑
General Tuition and BAS	15,248,488	↓
International Program	528,712	↓
Running Start	14,467,068	↓
Dedicated Fees	4,942,420	↓
<u>Other Fund Sources**</u>	<u>44,614,515</u>	↓
TOTAL BUDGET	\$118,047,214	↓

*Estimated allocation including High Demand allocation

**Other fund sources include Financial Aid, Capital Projects, Bookstore , ASCC, Internal Support, Grants and Contracts, and Auxiliary Services

2020-21 expenditure projections

Category	Increase
Salary increases (cola/wage/classification changes)	\$1,686,804
Salary Increments less turnover	\$450,000
Healthcare increase	291,201
Retirement changes (aging)	40,000
PER/TRS changes	35,000
L & I Increase	15,000
Tenure awards	45,000
Faculty contract implementation	2,236,047
<u>Perkins grant reduction</u>	<u>168,330</u>
Sub-total changes in expenditures	\$4,967,382

2020-21 expenditure projections

Category	Increase
Human Resources Consultant 1 Position	\$66,000
Appreciative Advising	\$30,000
Human Resources Director of Compliance	\$110,000
CTCLink-SBCTC 1% additional billings	\$185,000
<u>FSA Deposit</u>	<u>\$52,000</u>
Total changes in expenditures	\$5,410,382

Finding \$5.4M in reductions

- **Budget Committee developed process and timeline**
 - Chose FTE projections for next year
 - Created online tool for submitting budget proposals
 - Reviewed 266 proposals.
 - Prioritized into 7 primary categories
 - Presented recommendations to EC
- **EC's role**
 - Reviewed Committee recommendations and provided feedback
 - Identified additional cuts to get to \$5.4M
 - Share budget proposals with college on May 7

Guiding principles

- **EC's budget decision making was guided by:**
 - Keeping equity at the forefront
 - Taking a holistic view of the budget and moving away from silo approach
 - Making strategic choices – no more slicing the salami
 - Looking at how to get out of deficit mode and into new phase of stability and expansion
 - Streamlining organizational structure, including at the highest level of the institution

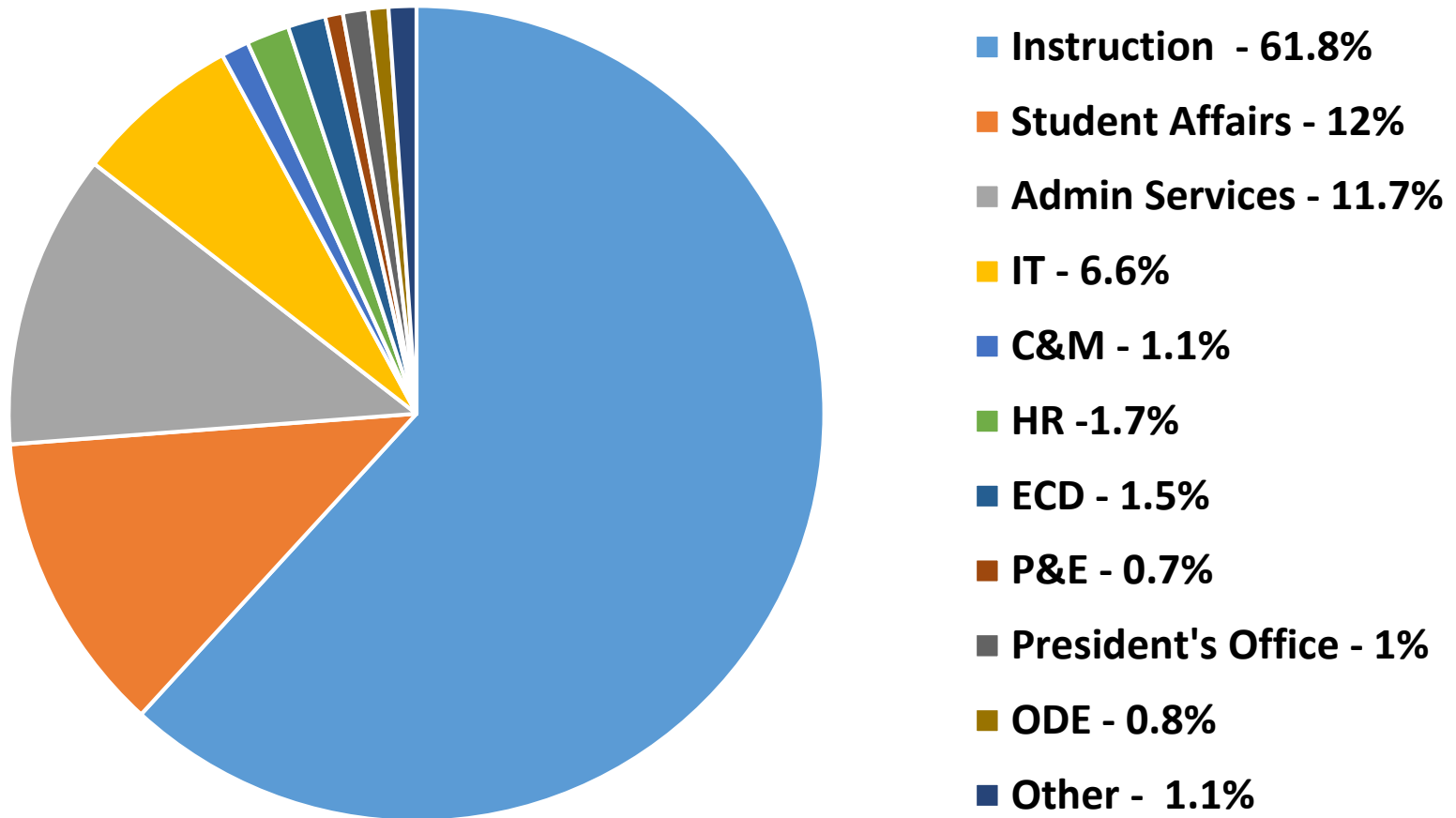
Reduction proposals

- **Budget divided into personnel and non-personnel**
- **Personnel reductions in Admin/Exempt:**
 - Freeze step increases and reduce 12 contract days
 - Eliminate VP, Dean, Director, and other positions
 - Eliminate vacant positions
 - **Total reductions - \$2,026,946**
- **Personnel reductions in Classified staff:**
 - Eliminate vacant positions
 - Layoff 10 positions
 - Move one position to self-support
 - **Total reductions - \$1,518,712**

Reduction proposals

- **Personnel reductions in Faculty:**
 - Eliminate 10 FT temp positions
 - Leave positions vacant and freeze sabbaticals
 - Shift ECD PT faculty to self-support
 - **Total reductions - \$972,459**
- **Non-Personnel reductions**
 - Reduce travel, goods and services, and lease payments
 - Reduce utility costs during closure periods
 - Move expenses to fee accounts
 - Offer voluntary separation and retirement incentive
 - **Total reductions - \$873,136**

Operating budget distribution



Feedback on budget process

- Budget Committee still looking for clarity on “advisory” role
- Process started late and offered small window for college input
- For some it felt too open (anyone could make a proposal without necessarily having data)
- For some it felt too closed (EC still makes final decisions)
- Layoff notifications felt poorly coordinated and insensitive

Feedback on process

- Lack of background information provided on budget reductions related to reorganization
- Connection between proposals and overall strategic objective wasn't always clear
- Role of faculty and staff in planning and executing reorganization of departments not clearly defined
- On the plus side:
 - Budget Committee given substantial responsibilities
 - 266 proposals submitted college-wide
 - Access to all budget documents and data available on ClarkNet

What's next

- **State fiscal crisis will lead to more cuts this summer**
- **15% budget reduction exercise (about \$5M)**
- **Need to define role of Budget Committee in next round of budget decision making**
- **Presidential transition**
- **COVID-19 looms over everything**
- **College must still heal from a difficult year and the impact of deep cuts**

Future budgeting framework

- Not immediate economic recovery
- No guarantee of an enrollment bump – Clark must strategically position itself to be the college of choice in this new environment
- State is budgeting on a three-year revenue outlook; Clark should do the same
- Moss Adams report and new long-range financial planning model must inform decision making
- Clark must coordinate strategic enrollment planning, program viability assessment, and budget development – these are not separate exercises

Questions?

