

Fall Forecast Work Session

FY 2025-26 Budget Information

Christy Owen, Dean of Business Services

Jeff Shaffer, Vice President of Operations &
Finance

Topics for November Forecast Work Session

Forecast for Fall

- Structural deficit and shortfall
- Expiration of one-time bridge funding in FY 2025-26

Forecast Inputs

- Revenue updates
- Expense updates

Look-back Data Points

- 10-year usage of 1-time funds
- Expenses related to enrollment

Planning for FY 2025-26 Budget

- Address Structural Deficit
- Framework for prioritization

Next Steps

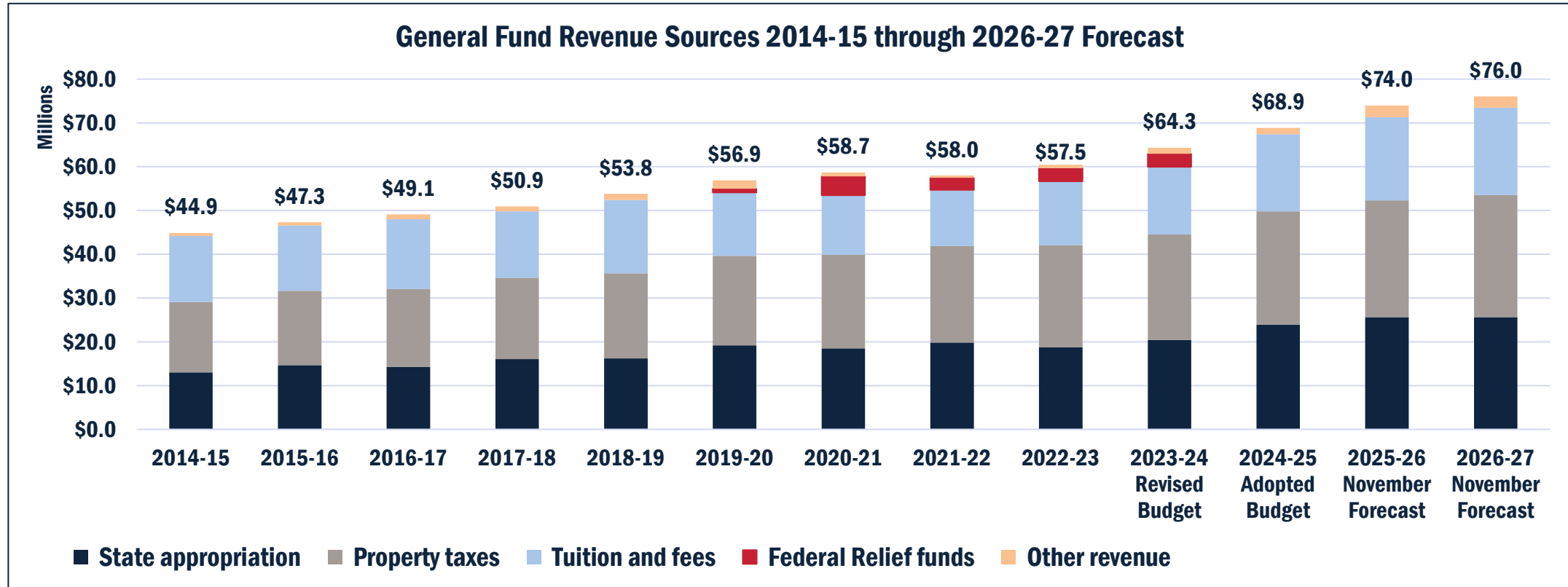
- Deliverables and timelines for now-June 2025
- Questions

Fall 2024 Forecast: General Fund Resources are Outpaced by Growth in Expenses

| General Fund Forecast (Millions) | FY 2023-24 Actual | FY 2024-25 Spring Forecast | FY 2024-25 Revised Forecast | FY 2025-26 Forecast | FY 2026-27 Forecast |
|--|-------------------|----------------------------|-----------------------------|---------------------|---------------------|
| Revenues (Ongoing) | \$ 66,556 | \$ 68,888 | \$ 70,330 | \$ 74,065 | \$ 76,031 |
| Expenses (on-going) | \$ 69,671 | \$ 72,245 | \$ 71,866 | \$ 76,937 | \$ 79,047 |
| Expenses Supported by One-time Funds | \$ 3,115 | \$ 3,357 | \$ 1,535 * | \$ - | \$ - |
| Annual Operating Deficit | \$ (3,115) | \$ (3,357) | \$ (1,535) | \$ (2,872) | \$ (3,015) |
| * Use of 1-time in 2024-25 is mitigated by receipt of resources over Spring 2024 Forecast. Otherwise, would be \$3.0 M for FY 2024-25 Revised Forecast | | | | | |

- The ability to use one-time funds to support the structural deficit is ending during the next biennium.
- The structural operating deficit of approximately \$3.0 million in FY 2026-27
- Prior Budget Committee instruction is plan for eventual end of one-time sources in the FY 2025-26 process

Ten Year History of General Fund Revenues by Major Category




Ongoing resources are 98% of the General fund: Property taxes, State Resource allocation, and tuition 98% of General Fund


The FY 2025-26 and FY 2026-27 allocations are determined in the upcoming legislative session.

Some Good News in the Revenue Forecast

Current year revenues are “beating” the spring forecast by \$1.5 million, which is 2% above forecasted resources to collect.



As compared to FY 2023-24, this is a 6% increase in resource collection.



Result is a limited increase in flexibility for expenses during the current fiscal year.

Revenue Forecast: Levers of Impact for Resources

Increase in FTE generating enrollment to continue at an average of 5% over the life of the forecast

- **Assessed local economic conditions and prior trends for enrollment**
- **Consulted with the Institutional Research & Reporting department for additional enrollment trend analysis**
- **Both datasets consistently forecast growth rates less than 7% over the life of the forecast**

Revenue growth associated with enrollment is unchanged from prior forecast planning

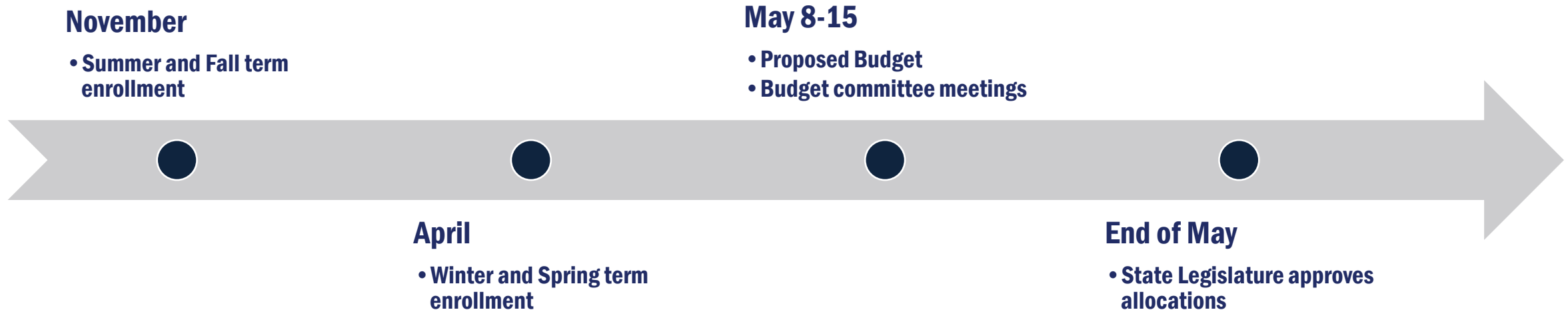
- **Tuition to increase incrementally at 4%**
- **General Fees are not assumed to increase**

Timing of Information for Community College Support Fund (CCSF)

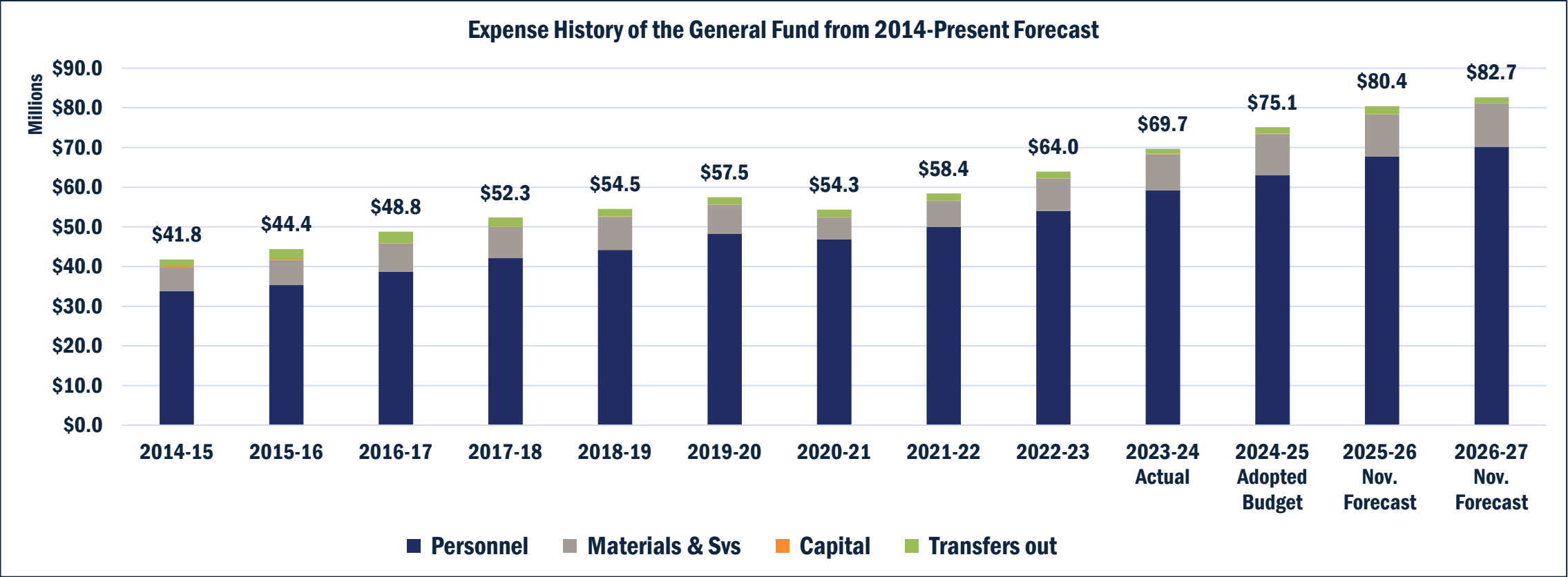
Impact of Legislative Session timing

Fall 2024 Forecast assumes a 100% Current Service Level (CSL) allocation of CCSF

There is risk in the forecast due to final timing and amount of allocation for the CCSF.



Ten Year History of General Fund Expenses by Major Category

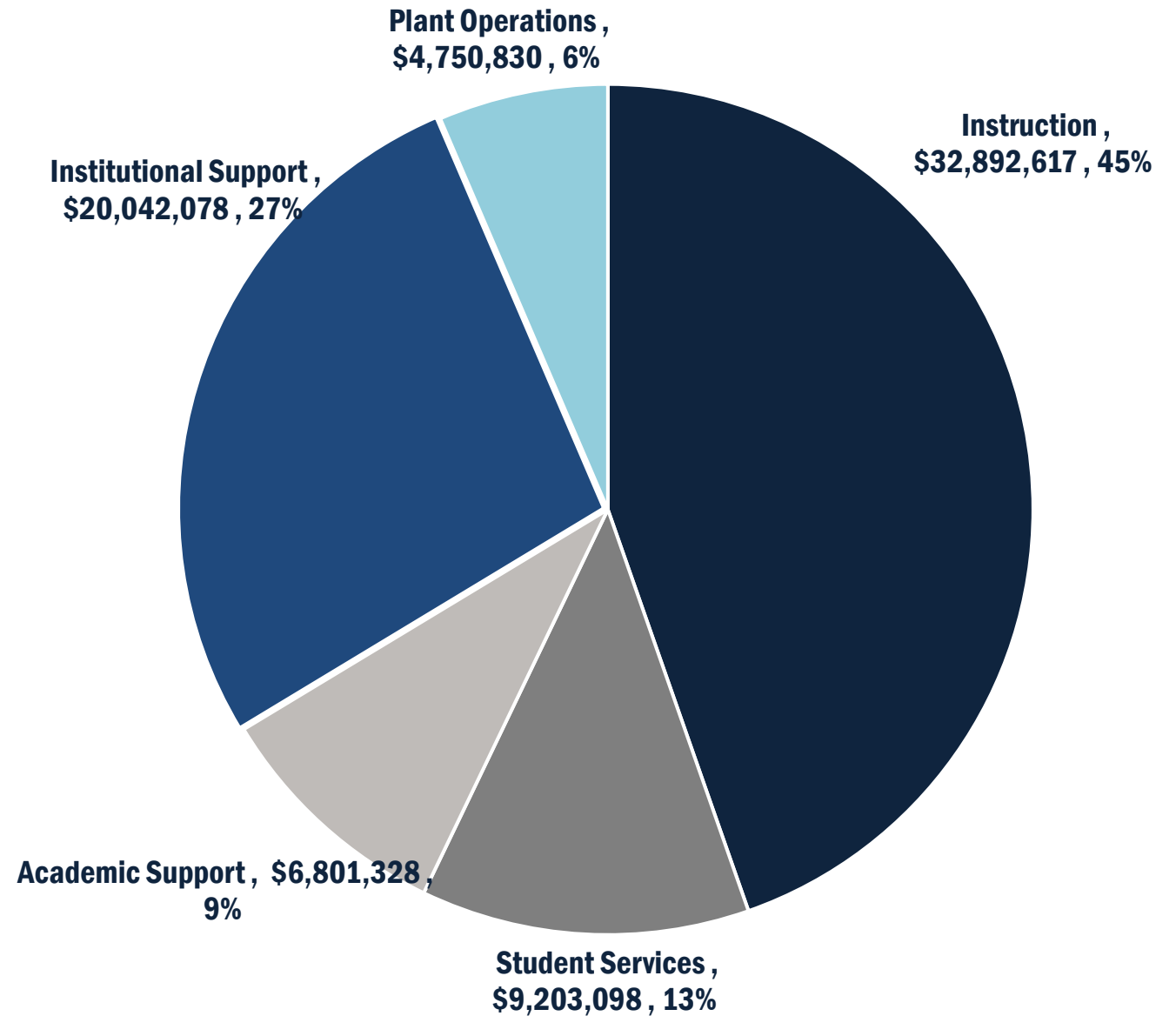


Total Full Time General Fund backed position count to maintain current services levels is 361 Staff FTE
Materials and Services across all departments is \$10.6 M of General Fund expenditures in FY 2024-25

FY 2024-25 Adopted Budget General Fund Expense by Integrated Postsecondary Education Data System (IPEDS) Category

At Current Service Levels (CSL) the IPEDS categories of Instruction, Academic Support, and Student Services total \$48.8 million, which is nearly 66% of General Fund expenditures.

The Adopted Expense Budget by IPEDS Category is \$73.5 Million.



Expense Forecast: Inputs into the Fall forecast

Forecast includes known costs increases in Personnel Services

- Does not include changes to the total position count in the General Fund
- Forecasts a Cost-of-Living Adjustment of 2.5- 3.0%. Final 2025-26 COLA is issued in February
- PERS recently updated the rates for collection of PERS payments to the State
- The increase of 6% is greater than prior forecast estimates of 4% growth

Continues to include underspending as a future resource

- Net Personnel Services underspending of 5% or \$2.2 Million
- Net Materials, Services, and Capital Outlay underspending of 2% or approximately \$250,000

Expense Forecast: Risks

Risks to the Expense Forecast include:

- **Increases to inflation or benefits beyond forecasted levels**
- **Spending more than 95% of the General Fund Personnel Budget during the life of the forecast.**
- **Increased costs for utilities beyond forecast growth**

Usage of one-time funds for operations

- **Reserve level in the forecast is established as a contingency resource**
- **The forecast does not include dedicated resources to refilling reserve levels if utilized for operations.**

Trend Information and Financial Planning for FY 2025-26

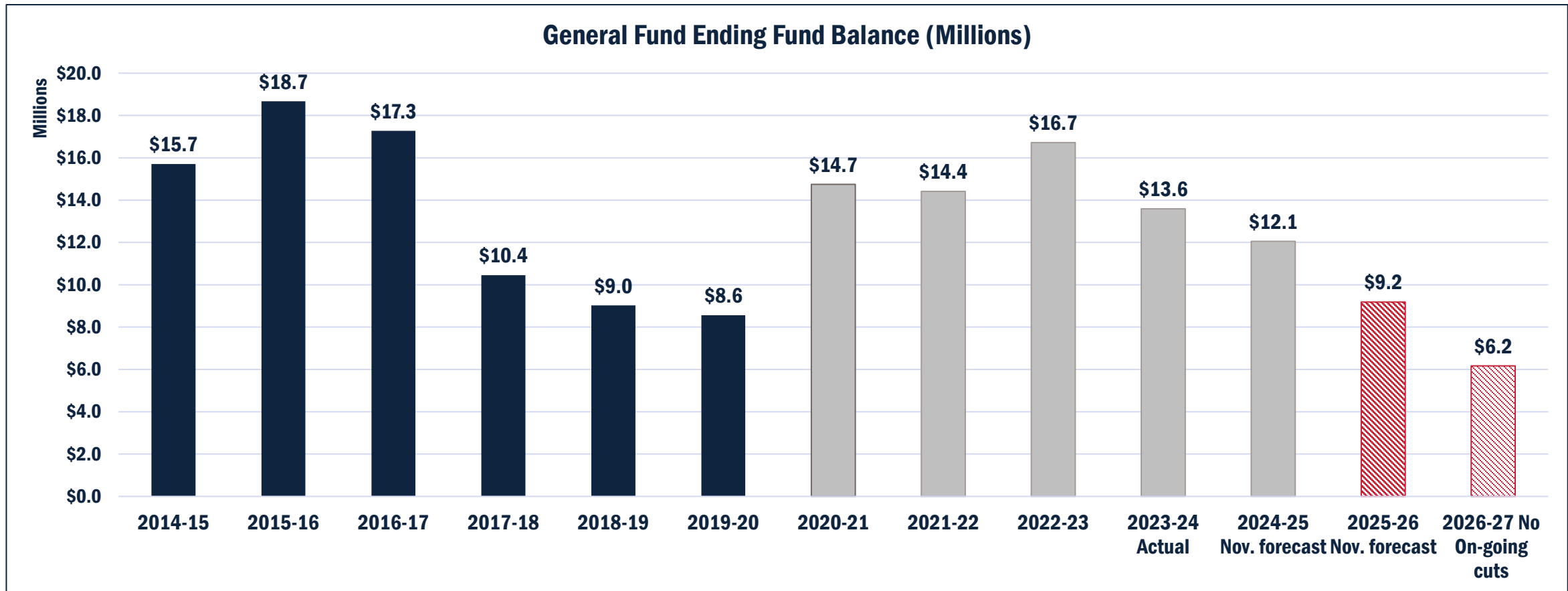
10-year history of utilization of various one-time sources

10- year look-back at in positions funded by the General Fund

Transitioning Away from a Reliance of One-time Funds for College Operating Expenses

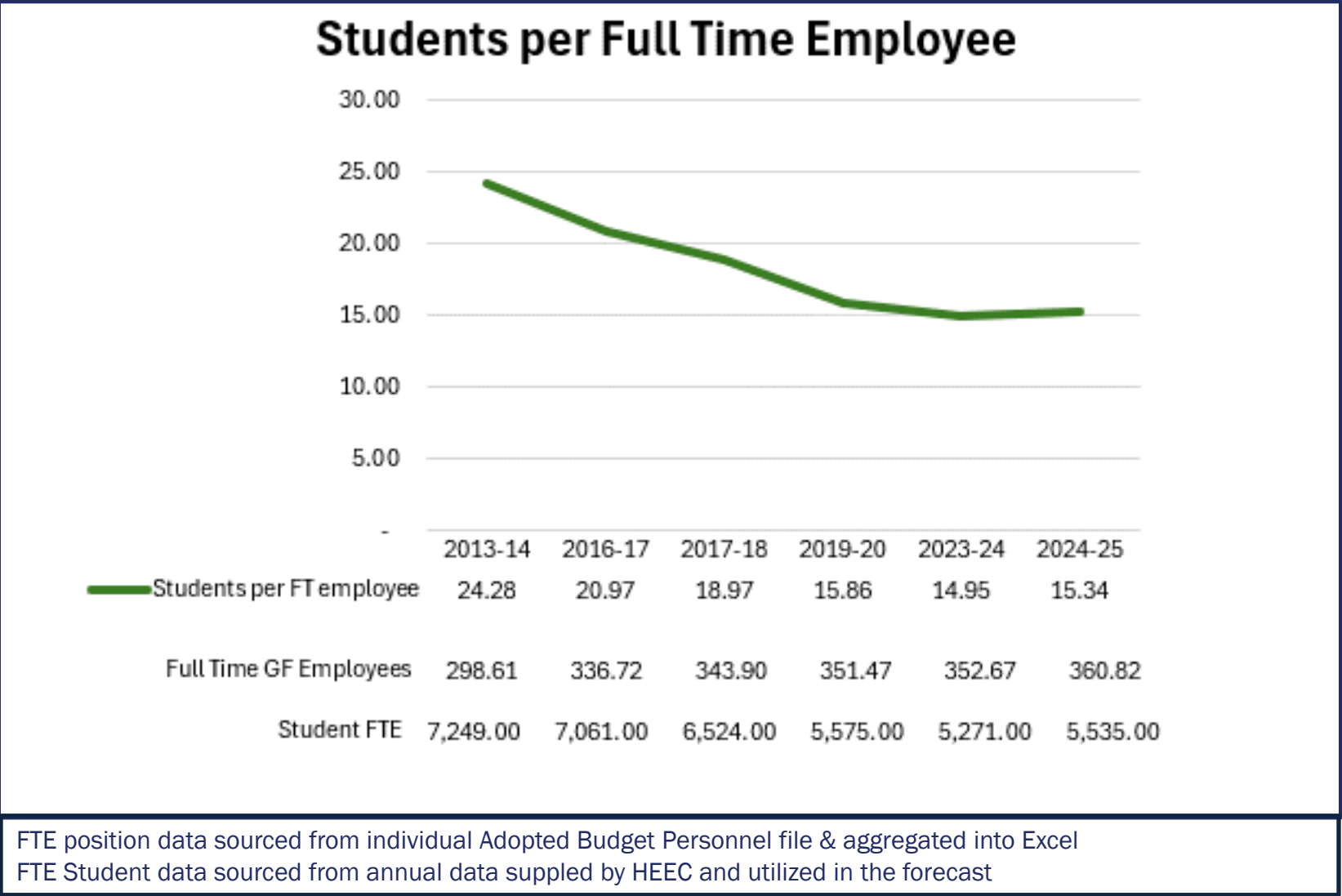
| | |
|--|---|
| Long-term effects of one-time funding | Reserve funds have supported ongoing expenses since 2014-15 |
| | Use of one-time funds as compared to decline in student FTE enrollment since 2014-15 |
| Addressing the operating deficit | Approach for bending cost curve to meet revenue forecast |
| | Preparing a balanced Proposed Budget for review by the Budget Committee |
| What's Next | Milestones in budget process now-June 2025 |

Ten Year History of One-time Reserves



- ❑ Fund Balance growth is driven by bringing in more resource than final expenditures on a sustained basis.
- ❑ The College spent down \$10.0 million in excess balance over a five-year period pre-pandemic while enrollment declined.
- ❑ The forecast balance in FY 2026-27 when pandemic recovery funds expire is \$2.4 M lower than the actual balance in FY 2019-20.

Historical Student: Full Time Employee Ratio



- There has been a net increase in Position FTE backed by General Fund resources of 62.21 positions since 2013-14.
 - The overall growth is a 20% increase in base staff positions.
- Over the same timeframe, Student FTE enrollment has declined by 24%.

Overarching Framework for Budget Proposals

Alignment with the [DEI Strategic Plan](#) refers to impact of decisions or recommendations follow the expectations and goals of the College's DEI Strategic Plan.

Financially Responsible means the decisions are not placing risk on the college of future expense, address the ongoing structural shortfall of resources as compared to expenses, and do not rely on one-time resources for ongoing expenses.

College Mission means the decisions reflect the support of the College Mission, Vision, and values. The challenge is prioritizing the scope of services within the College's ability to afford.



Focused Approach for FY 2025-26



Closing the structural operating deficit requires a 5% reduction in operations

Result is that 95% of resources supporting college services are retained.



High percentage of costs currently supporting Personnel.

85% of General Fund resources pay for wages & benefits



For every dollar currently spent, \$0.85 supports wages and benefits

Potential to mitigate some impact to position reductions by eliminating vacant positions



Restructuring workloads or delivery models will take time to implement.

Adopted reductions may require three to nine months to implement by end of next fiscal year

Equity as Part of the Overall Budget Process

Across the Board or ATB style soup-thinning exercises *This is equality and not equity. ATB reductions are regressive and preserve status quo operations. There is no “pause” to question power, privilege, or impact to Systemically Non-Dominant (SND) groups.*

The use of Fee Funds to supplant loss of General Fund resources is not part of the 2025-26 process. *This does not ask who is paying the fee, if they can afford the fee, if there is disproportionate impact on SND students.*

Reductions brought forward should not increase financial, legal, and operational risk to the College. *The action of “kicking the can” will pass the burden to a future generation of students and staff.*

Reliance on the generation of new revenues in lieu of across the board reductions *Revenues can mask the structural inequity in resource allocations. The influx of new revenue, without the conscious assessment of the base programming, allows for continuation of potentially inequitable service delivery.*

What's Next for FY 2025-26 Budget Development

November- December 2024: Refine approach for costing reductions and working through new shared governance councils

December 2024 Board Meeting: Budget Principles for FY 2025-26 Budget Development

February-March 2025: Tuition and Fees for FY 2025-26

May 8, 2025: Proposed Budget available

May 14 & 21, 2025: Budget Committee Meetings

June 25, 2025: Budget is Adopted
