

Budget Request Status and Background Data

Special State Board Meeting
August 3, 2010

Outcomes

- Update on the Current Fiscal Condition
- Understand the 2011-13 Budget Request
- Additional FY 2011 Budget Cuts
- 2011-13 Request
 - Adjusting the Request
 - Preparing for Reduction Methodologies

2011 – 13 Budget Request Summary

- Enrollments
- Worker Retraining/Incumbent Worker
- Student Achievement Initiative
- Restore Adult Basic Education
- Enterprise Resource Planning (ERP)
- Compensation Increases

Brief Summary of Recent Budget Impacts

- Larger cuts mostly offset by tuition and fee revenue (higher rates and more students)
- Student are covering a larger portion of the cost of instruction
- Some overall shifts to instruction and away from facilities maintenance, travel, equipment, and other goods and services

Brief Summary of Recent Budget Impacts

- 18% more students served over 2008 levels
 - Academic, vocational, pre-college up, basic skills fell in 2009
- Student faculty ratios continue to rise
- Lots of workforce (vocational) students taking academic classes as they await a slot in their program of choice
- Financial aid applications have more than doubled since 2008

Recent Budget Trends

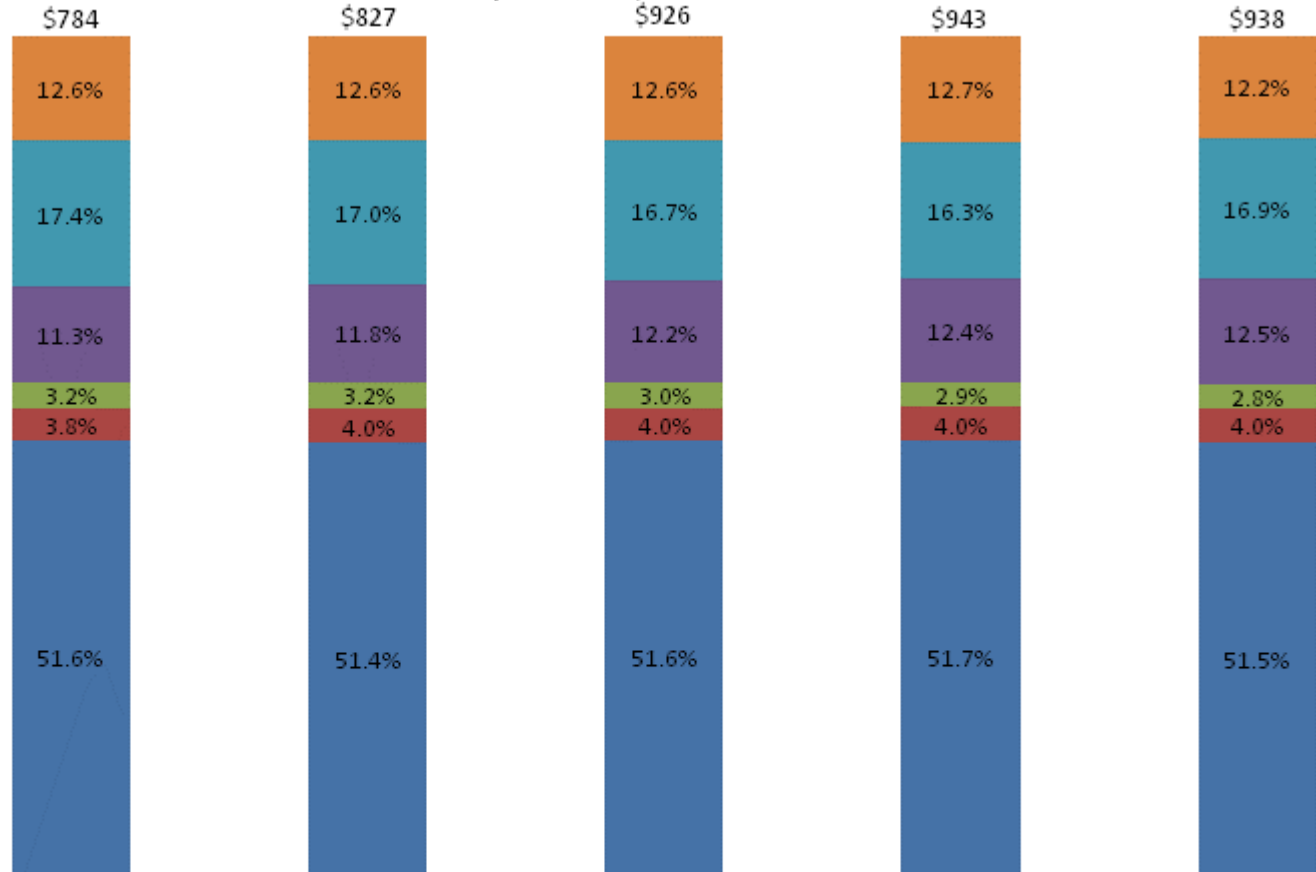
- Colleges have seen large cuts to their base budgets from state appropriations (15% on average) since reductions were initiated in FY2009.
- Tuition and fee increases combined with excess enrollments have helped to mitigate the net financial impacts. The result is substantially more students being served by roughly the same amount of overall financial resources.

Critical Policy Questions

- 1) What is the proper ratio of state support vs. student tuition and fee obligation? This relationship is changing rapidly.
- 2) Is the greater dependence on tuition and fees changing who the colleges serve?
- 3) What will happen when the economy recovers and student enrollments contract? This will result in marginal tuition revenue shrinking while the state is likely to continue cutting base budgets. It appears that the worse is yet to come!

CTC District Expenditures: Distribution by Program (Chart 1)

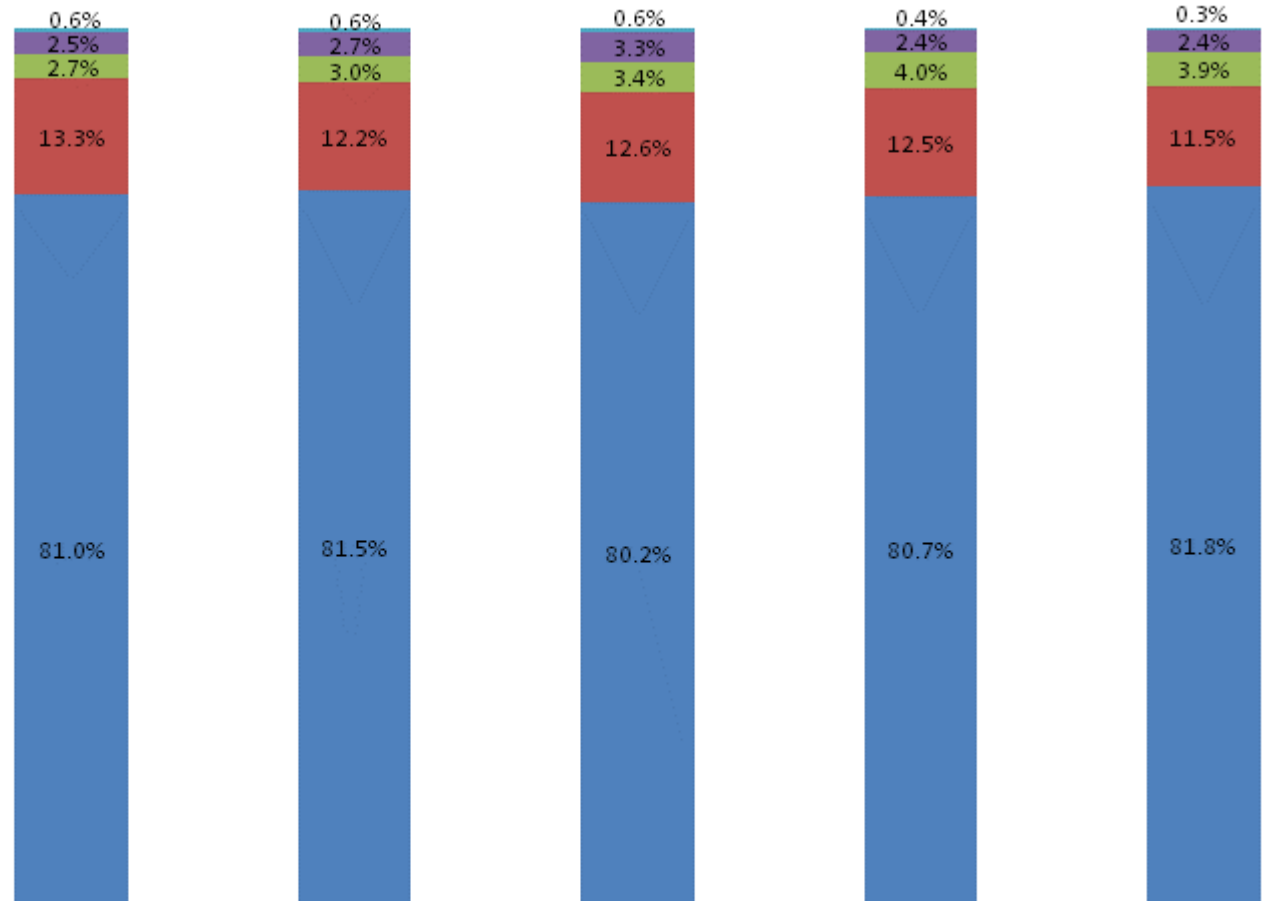
State and Tuition Expenditures, \$s in Millions



	2005-06	2006-07	2007-08	2008-09	2009-10
Plant O&M	12.6%	12.6%	12.6%	12.7%	12.2%
Institutional Support	17.4%	17.0%	16.7%	16.3%	16.9%
Student Services	11.3%	11.8%	12.2%	12.4%	12.5%
Libraries	3.2%	3.2%	3.0%	2.9%	2.8%
Academic Support	3.8%	4.0%	4.0%	4.0%	4.0%
Instruction	51.6%	51.4%	51.6%	51.7%	51.5%

CTC District Expenditures: Distribution by Type (Chart 2)

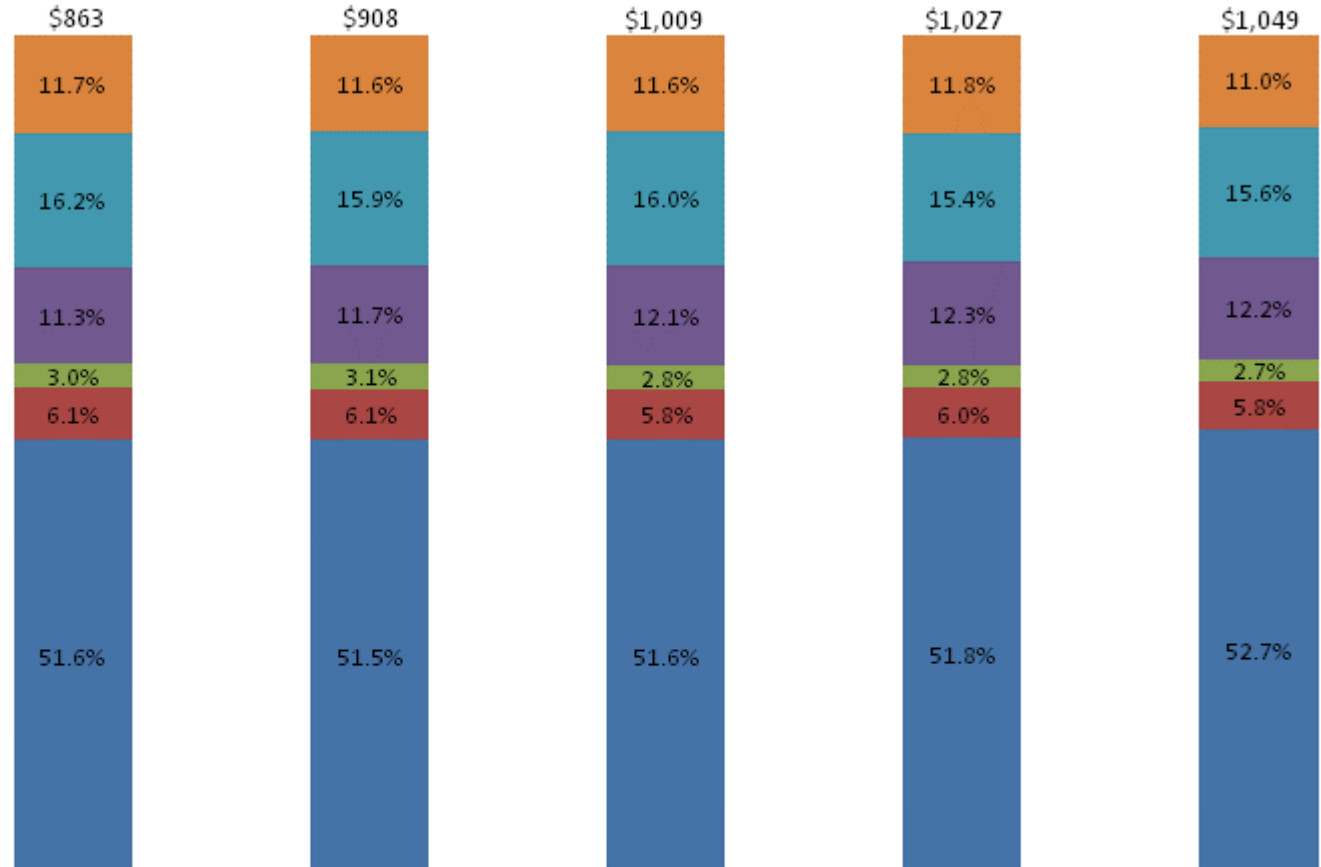
State and Tuition Expenditures



	2006	2007	2008	2009	2010
Travel	0.6%	0.6%	0.6%	0.4%	0.3%
Equipment	2.5%	2.7%	3.3%	2.4%	2.4%
Personal Services, all other	2.7%	3.0%	3.4%	4.0%	3.9%
Goods and Services	13.3%	12.2%	12.6%	12.5%	11.5%
Salaries and Benefits	81.0%	81.5%	80.2%	80.7%	81.8%

CTC District Expenditures by Program (Chart 3)

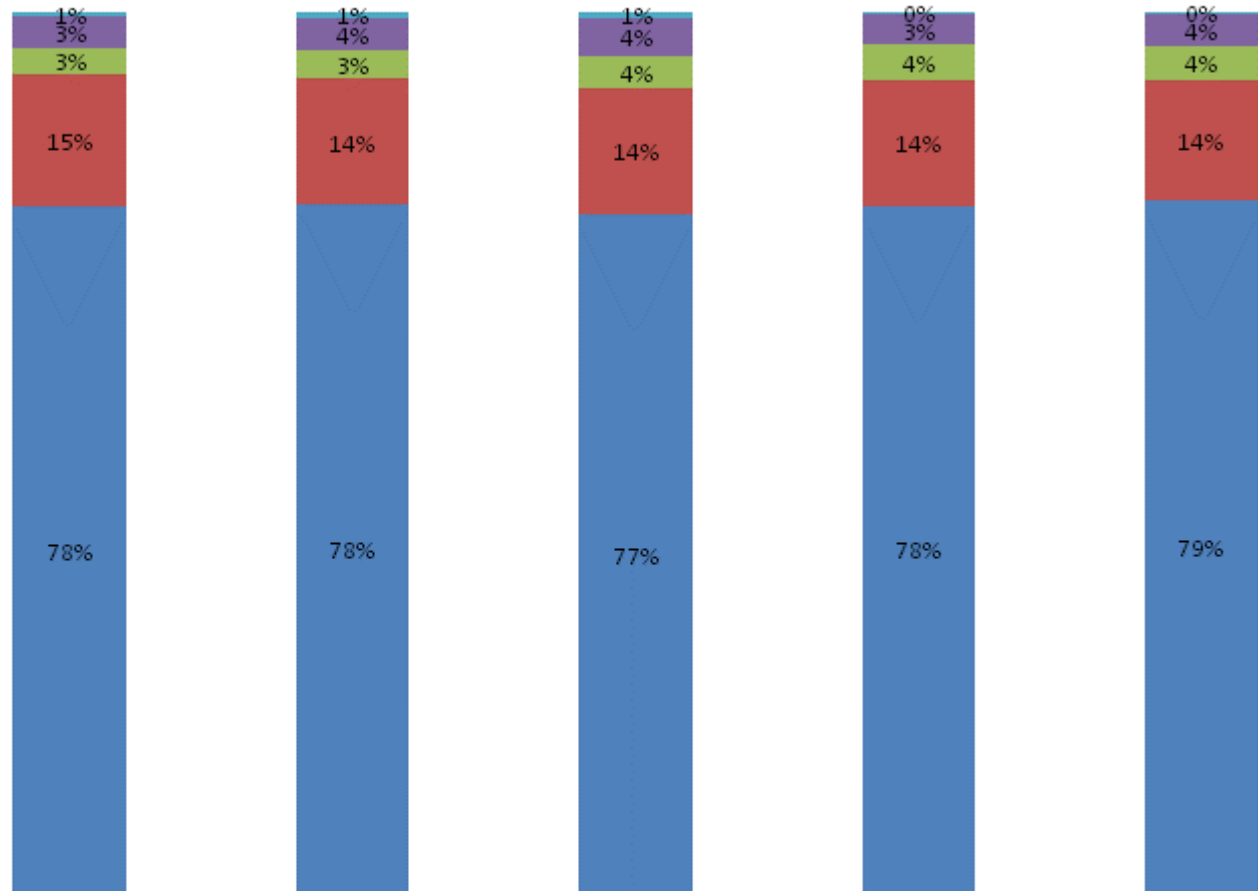
Local*, State and Tuition Funds, \$s in Millions



	2006	2007	2008	2009	2010
Plant O&M	11.7%	11.6%	11.6%	11.8%	11.0%
Institutional Support	16.2%	15.9%	16.0%	15.4%	15.6%
Student Services	11.3%	11.7%	12.1%	12.3%	12.2%
Libraries	3.0%	3.1%	2.8%	2.8%	2.7%
Academic Support	6.1%	6.1%	5.8%	6.0%	5.8%
Instruction	51.6%	51.5%	51.6%	51.8%	52.7%

CTC District Expenditures by Type (Chart 4)

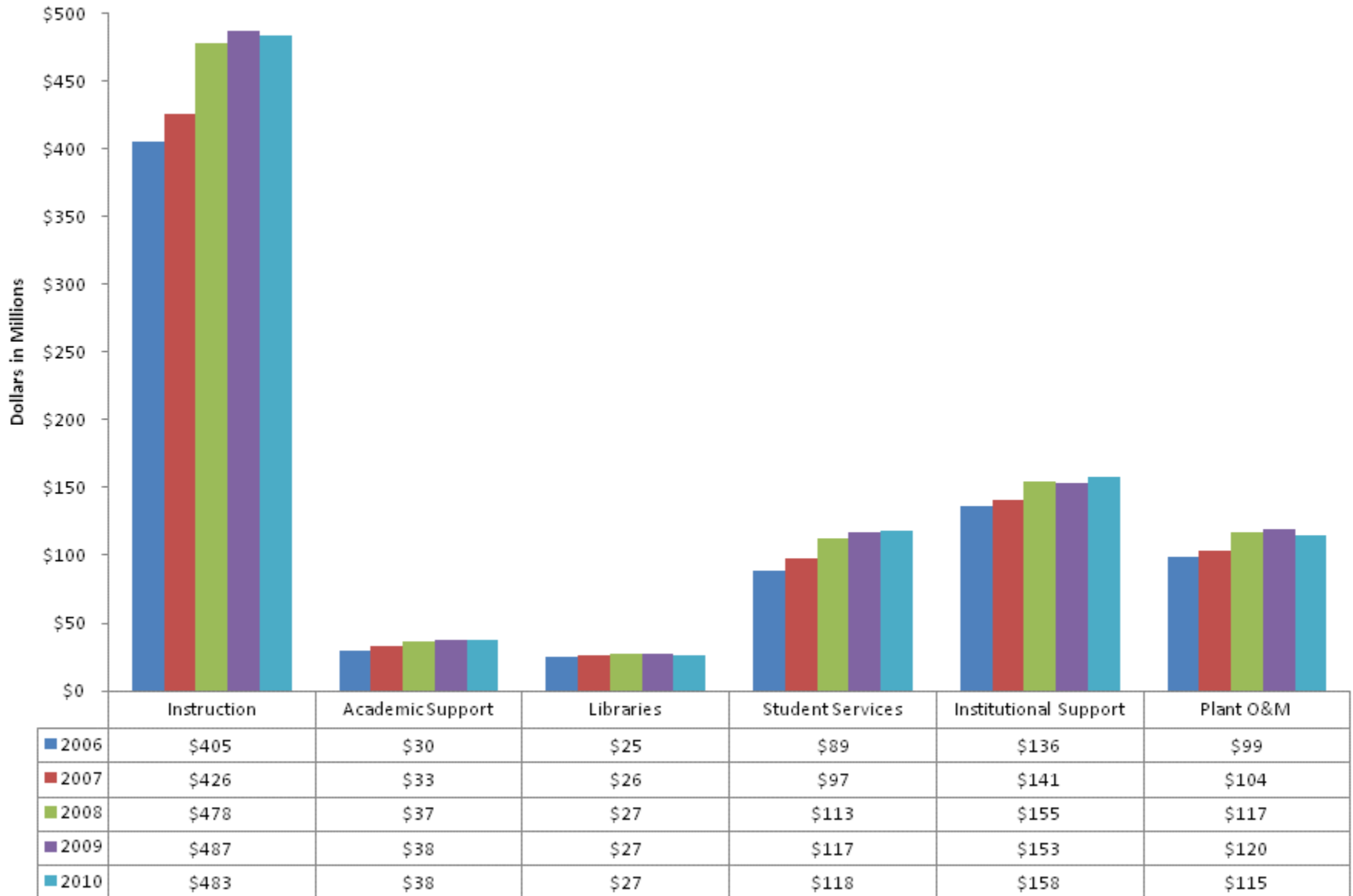
Local*, State and Tuition Funds



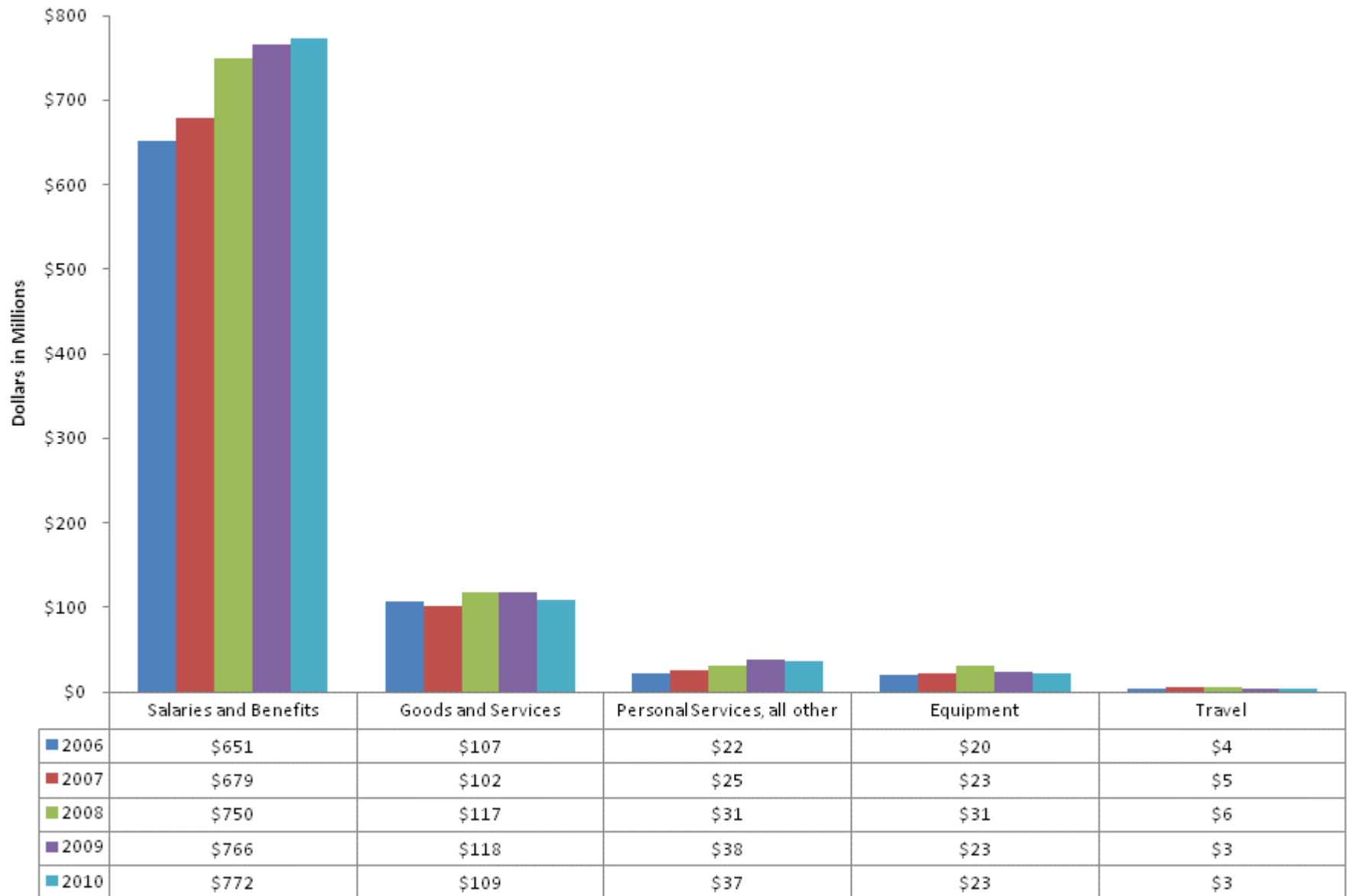
	2006	2007	2008	2009	2010
Travel	1%	1%	1%	0%	0%
Equipment	3%	4%	4%	3%	4%
Personal Services, all other	3%	3%	4%	4%	4%
Goods and Services	15%	14%	14%	14%	14%
Salaries and Benefits	78%	78%	77%	78%	79%

CTC District Expenditures by Program (Chart 5)

State and Tuition Expenditures, \$s in Millions

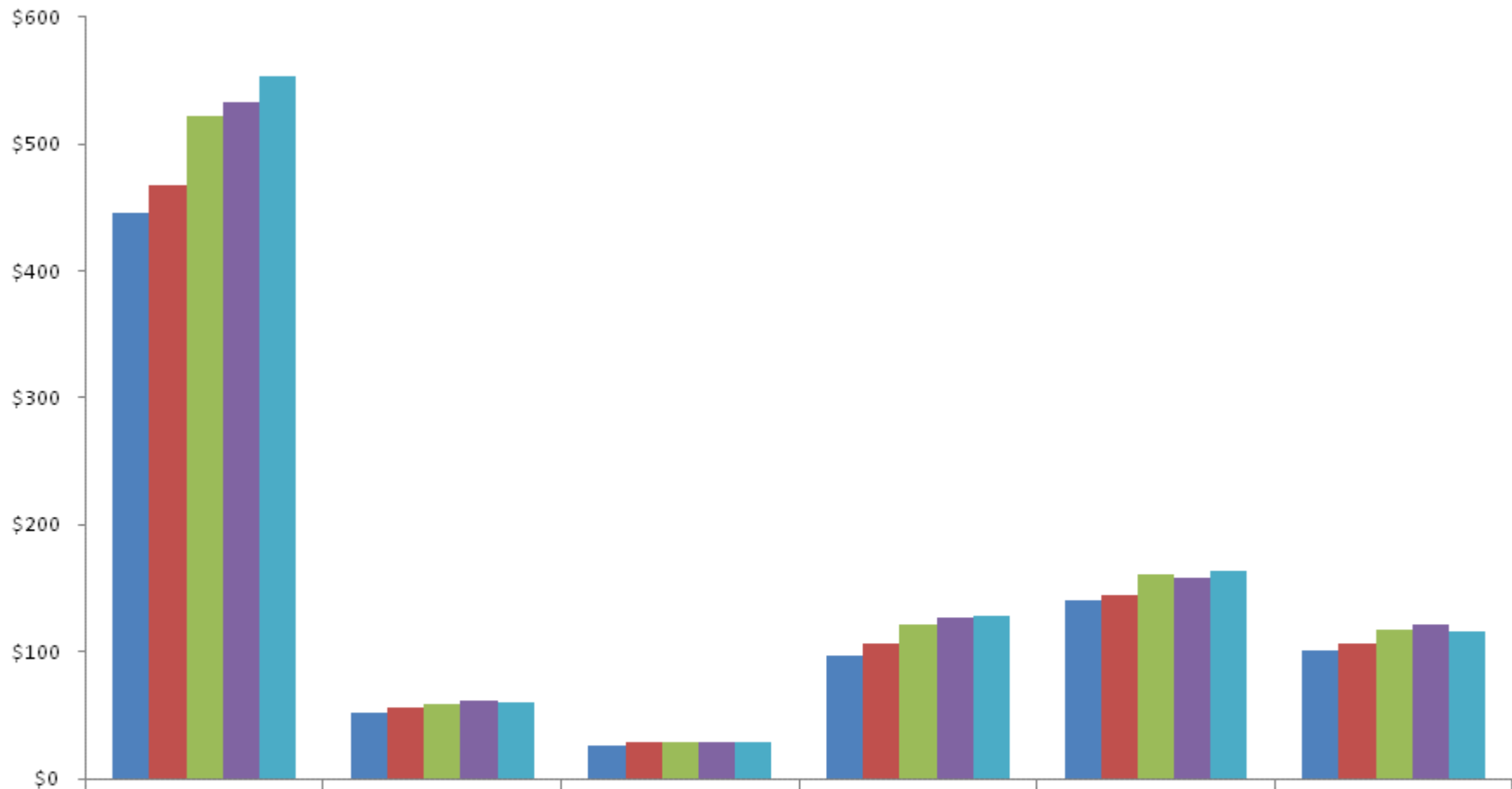


CTC District Expenditures by Type (Chart 6)
 State and Tuition Expenditures, \$s in Millions



CTC District Expenditures by Program (Chart 7)

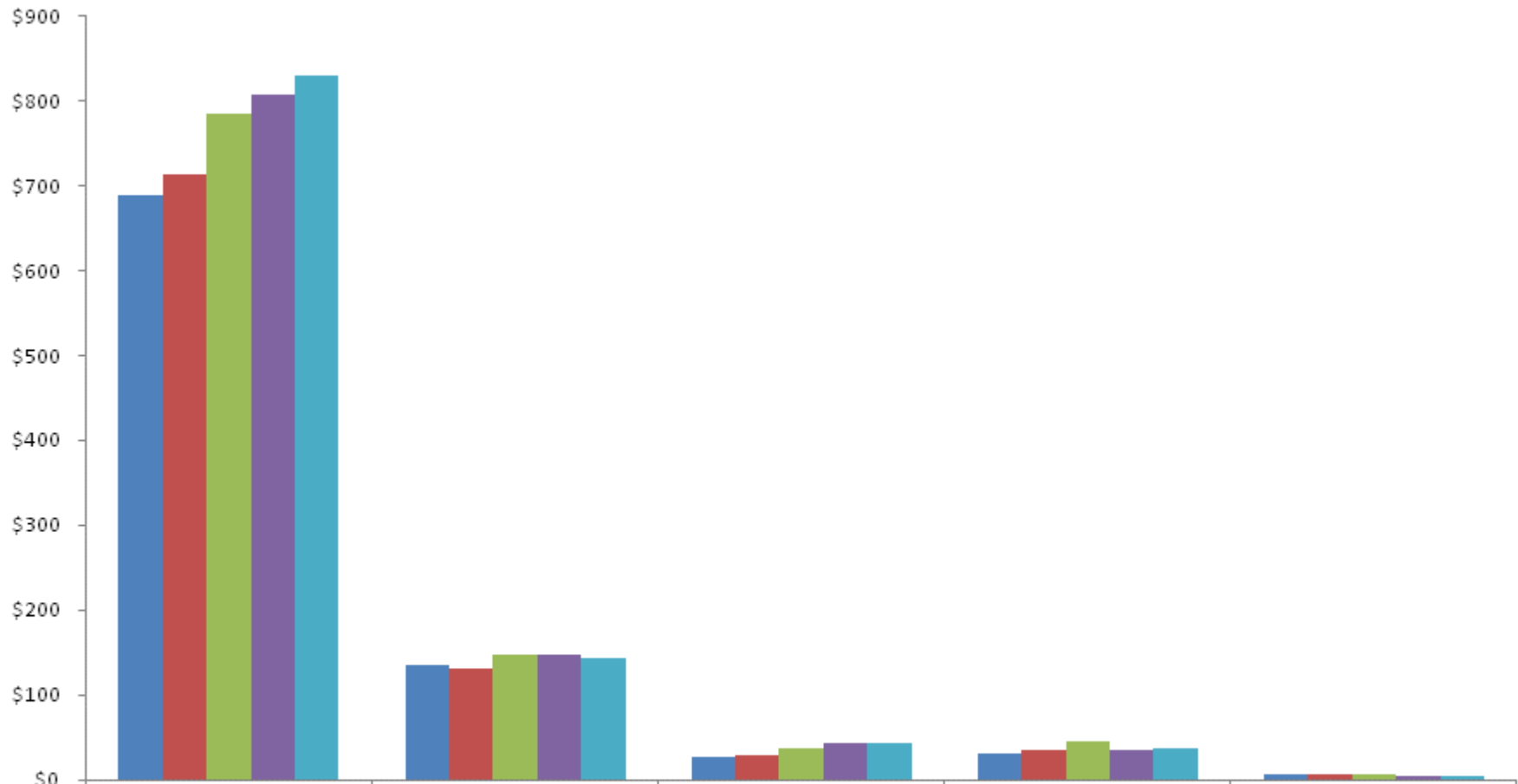
Local*, State and Tuition Funds, \$s in Millions



	Instruction	Academic Support	Libraries	Student Services	Institutional Support	Plant O&M
■ 2006	\$446	\$52	\$26	\$97	\$140	\$101
■ 2007	\$468	\$55	\$28	\$106	\$145	\$106
■ 2008	\$521	\$59	\$29	\$122	\$162	\$117
■ 2009	\$532	\$61	\$29	\$127	\$158	\$121
■ 2010	\$553	\$60	\$29	\$128	\$164	\$115

CTC District Expenditures by Type (Chart 8)

Local*, State and Tuition Funds, \$s in Millions

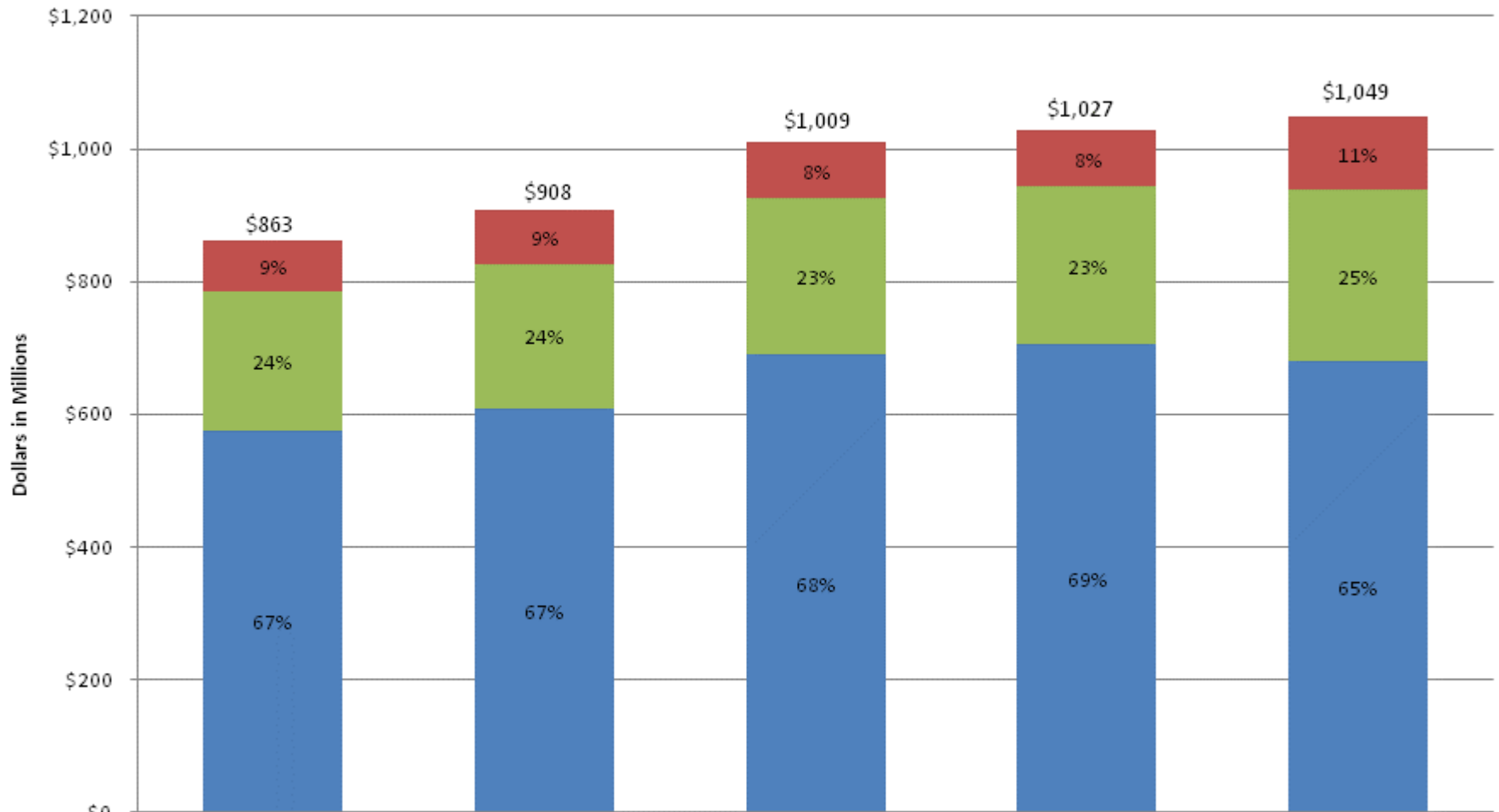


	Salaries and Benefits	Goods and Services	Personal Services, all other	Equipment	Travel
2006	\$688	\$134	\$26	\$30	\$6
2007	\$714	\$131	\$29	\$34	\$6
2008	\$785	\$147	\$36	\$45	\$7
2009	\$807	\$147	\$43	\$35	\$4
2010	\$830	\$143	\$42	\$37	\$4

CTC District Expenditures By Fund Type (Chart 9)

Local*, State and Tuition Funds, \$s in Millions

(*Local = Fund 148)

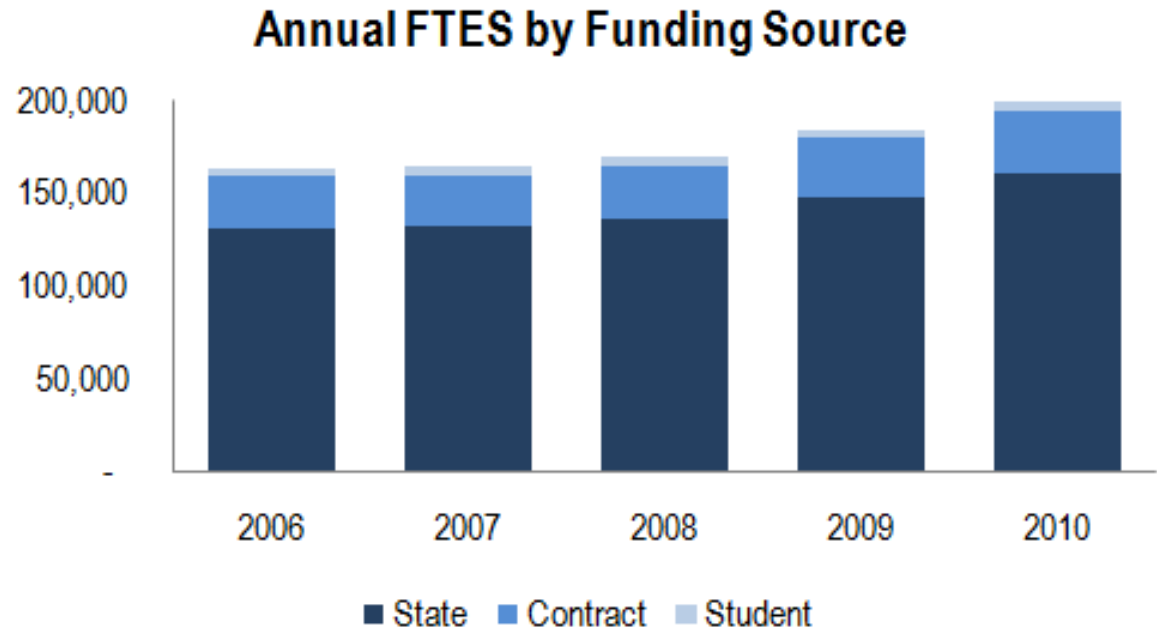


	2006	2007	2008	2009	2010
Local	\$79	\$81	\$83	\$85	\$111
Tuition	\$208	\$219	\$235	\$237	\$257
State	\$576	\$608	\$690	\$705	\$680

Annual Enrollments by Funding Source

In 2010, colleges enrolled 198,9227 FTE Students (FTES), all funds.

Total FTES increased by 15,279 in 2010 or 8% over 2009 and 18% over 2008.



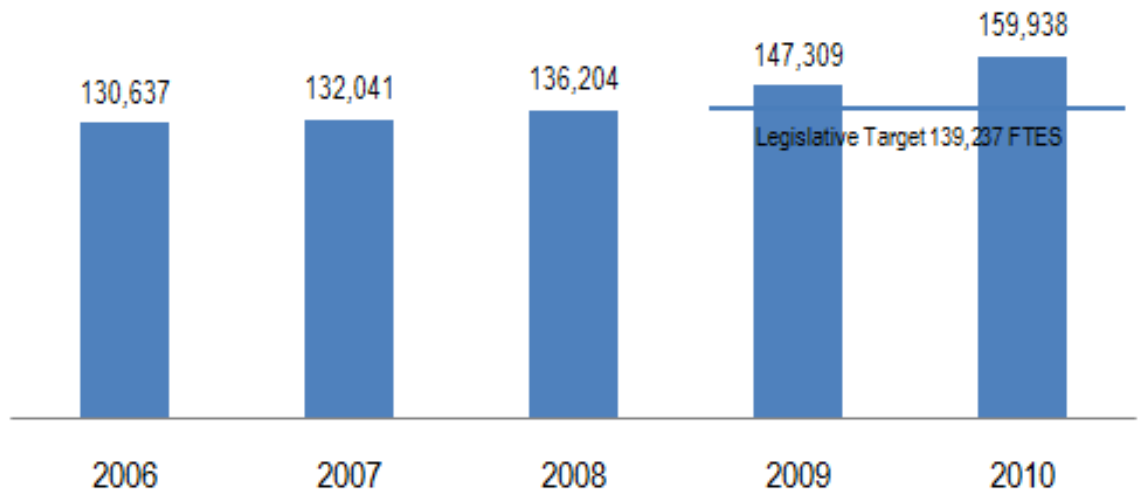
State-Supported FTES

State-supported FTES increased by nearly 9% in 2010 over 2009.

Colleges were 16% higher than the enrollment target set by the Legislature in 2010.

In particular, the recession has caused the demand for workforce education to skyrocket, driven primarily by huge increases in worker retraining students (12,738 FTES in 2010).

Colleges Enrolled 159,938 State-Supported FTES in 2010



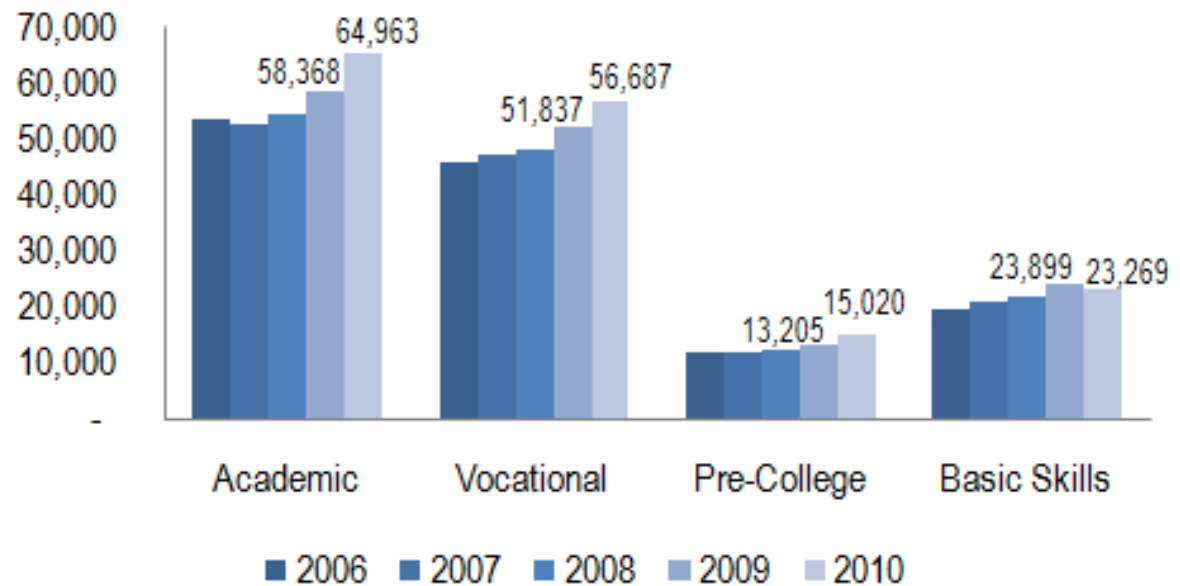
State-Supported Course FTES

Except for basic skills, colleges increased state-supported FTES in all course areas in 2010.

Colleges grew course effort in academic (11%), vocational (9%) and pre-college (14%) in 2010 over the previous year.

Basic skills FTES decreased by 3% as 18 colleges cut courses.

State FTES by Course Area



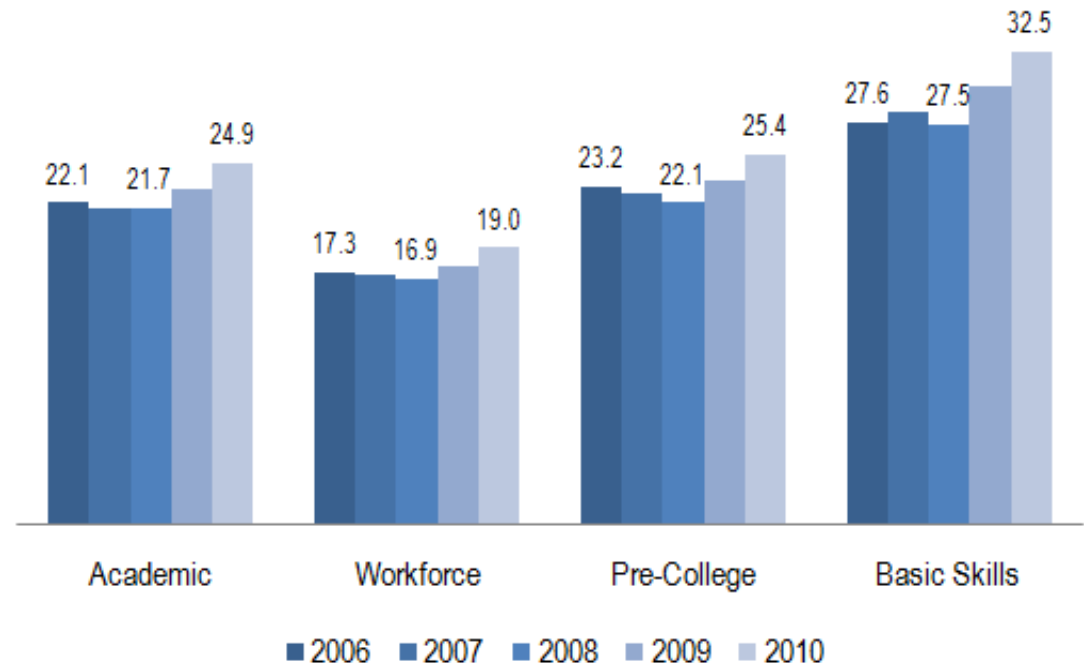
Student-to-Faculty Ratios

Colleges increased their class size in 2010.

Both in 2009 and again in 2010, colleges increased class size in an effort to enroll more students.

An increase of 3 student FTES per faculty in academic courses translates into an increase in actual students from 66 to about 75, or 9 additional students with assignments, papers and tests to grade.

Student Faculty Ratios by Course Area



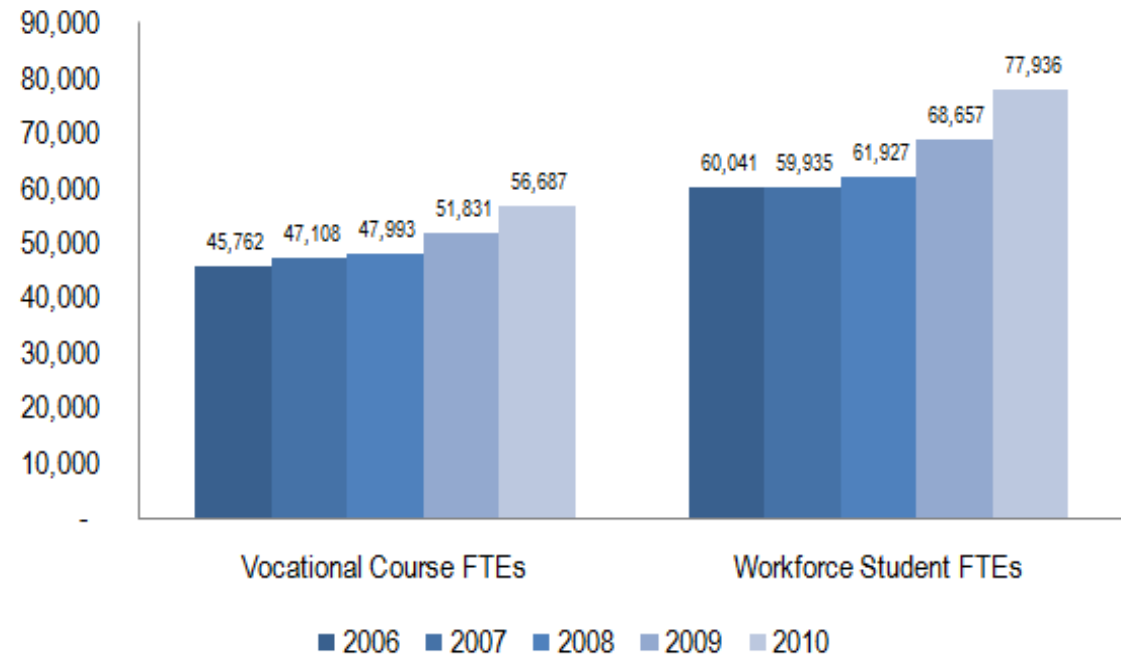
Workforce FTES

Since 2008, Workforce student FTES have increased 26%; however vocational course FTES for these students have grown by just 18%.

Besides not keeping up with growth in students, colleges are not creating as many new workforce programs.

The number of new programs decreased in 2010 by over 50% from the average number of new programs created each year from 2007 to 2009.

Growth in Vocational Course FTEs are falling behind growth in vocational student demand



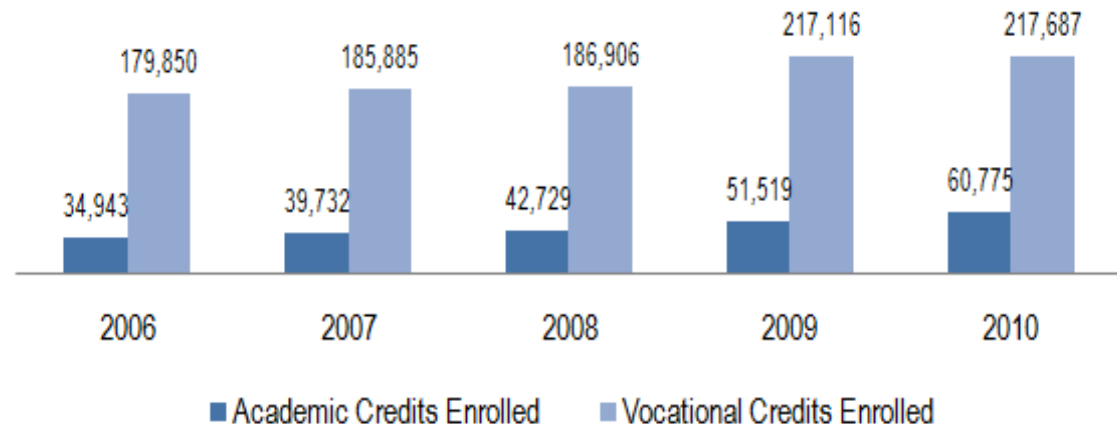
Credits Enrolled

Because vocational classes are full, new job preparatory students are taking more academic courses up front, allowing them to begin on their pathways, but increasing pent up demand for the vocational classes they will eventually need.

As vocational students register for classes, colleges are meeting demand by starting them off in academic requirements.

In addition to students in workforce programs who can't get the classes they need, a record 22,800 applicants to programs in 2010 means even more future demand for vocational courses.

To keep students moving forward, job prep students are enrolling in academics while they wait for workforce classes to open.



Financial Aid Applications

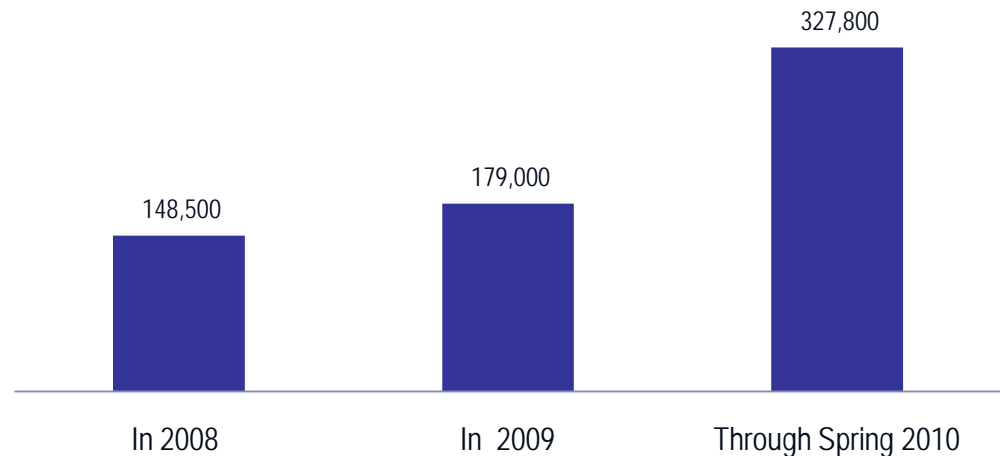
Applications for financial aid are almost doubled for next year.

Applications represent students who have expressed interest in two-year colleges for the following fall.

The huge increase for next fall is unprecedented.

The increase suggests continued strain on vocational courses as well as academic courses.

Financial Aid Applications for Students Planning to Go to College in the Fall



Summary

- Colleges' enrollments have grown well beyond pre-recession 2008 levels and the enrollment target set by the Legislature.
- The fastest growth has been among workforce students, led by Worker Retraining students and a record number of vocational program applicants this past year.
- However, vocational courses are limited by constrained class size, and colleges are not able to add enough new programs to meet demand with increasingly shrinking budgets.
- For now, larger academic courses provide a place for students to start their pathways and provide a way for colleges to meet student demand; however, this creates additional pent up demand for vocational courses.

Summary continued...

- Students are staying in college and increasing their achievement in pre-college and academic courses (student achievement is increasing).
- Longer term, the bottlenecks created in vocational courses will affect completions.
- The outlook for next year based on student financial aid applications suggests the situation will worsen.
- Basic skills is already being hurt as many colleges have cut courses and FTES this past year.

**Washington State Community and Technical Colleges
FY 2011 Board Earmarks and Legislative Provisos**

FY 2011 Earmarks

1 Aerospace Apprenticeships	\$3,000,000
2 Applied Baccalaureates	1,764,000
3 Basic Skills Enhancement	3,469,574
4 Centers of Excellence	1,870,000
5 Disability Accomodations	1,919,720
6 Employment Resource Center	1,178,000
7 Gateway Center	75,000
8 University Center of North Puget Sound	1,795,500
9 Opportunity Grants	12,500,000
10 Students of Color	1,115,600
11 University Contracts	1,039,500
12 Worker Retraining Earmarks	6,498,100
13 Workforce Development Projects	537,541
14 Workplace-Based Instructional Programs	<u>50,000</u>
Total Earmarks	\$36,812,535

FY 2011 Provisos

1 Aerospace Training Center	\$1,750,000
2 BS in Nursing / University Center	\$158,000
3 Hospital Employee Education & Training	2,250,000
4 Job Skills Program	\$2,725,000
5 Labor Education & Research Center	164,000
6 Opportunity Grants Proviso	1,000,000
7 Technology Transformation	1,113,000
8 Worker Retraining Proviso	<u>46,317,000</u>
Total Provisos	\$55,477,000

**2011-13 Budget Request Development: Potential Budget Request Items
Aligned with Strategic Direction
Staff Recommendations with Rough Estimates of Cost**

Potential Request	Potential Request	Brief Description
Economic Demand: Close the skills gap and meet demand for a well-educated workforce		
1. Enrollment - Fund Projected Levels	\$70 to \$113 Million	Funding for 4,700 FTES in FY 12, 9,400 in FY 13. Funding rate to be determined.
2. Worker Retraining/Incumbent worker	\$35 Million	Retain WRT funding provided in 2010 Supplemental for 3,784 add'l WRT FTES. Use funding for incumbent worker training as WRT enrollments decline with decrease in unemployment.
Student Success: Increase educational attainment		
3. Student Achievement Initiative	\$7 to \$15 Million	Expand funding for the Student Achievement Initiative by funding student achievement point gains.
4. Restore Adult Basic Education	\$22 to \$31 million	ABE enrollments become more "expensive" for colleges to serve with every tuition rate increase. This request would provide a "backfill" for tuition increases since 2008.
Innovation: Create innovative, 21st century learning environments		
5. Technology: ERP	\$2 million	Fund planning effort to replace the current core administrative IT systems.
6. Compensation Increases	\$25 million	\$10 million for Faculty Increments; \$5.1 million to convert 3 PT faculty to FT at each college; \$7.7 million for exempt salary increases matching I-732.
Tuition Increases	\$14 to \$60 Million	Tuition increases of 2% each year would provide \$14 million in additional revenue; 7% each year would provide \$60 million.

Create Efficiencies and Reinvest

*Other Compensation Increases: Initiative 732, passed by the voters in 2000, requires the legislature to fund salary increases based on inflation for CTC faculty and for technical college classified staff. Legislation was enacted to suspend these salary increases in the current biennium. The same legislation requires the legislature to make up these foregone increases over the next four years. In accordance with OFM and legislative budget directions, the SBCTC maintenance level budget will include a request to fund I-732 salary increases as required by current law (about \$21 million for the 2011-13 biennium). Community college classified staff salary increases are bargained with the Governor.