

From: Chris Reykdal [mailto:CReykdal@sbctc.edu]
Sent: Monday, August 24, 2009 8:30 AM
Subject: Update on Additional Budget Reduction for FY2010
Importance: High

Chancellors, Presidents and Business Officers,

Several weeks ago we notified you that OFM was pursuing additional budget cuts for the current fiscal year to address additional shortfalls that have resulted from lower than expected revenue collections.

After the drop in the June revenue forecast, the Governor directed state agencies to reduce their 2009-11 biennium spending by about \$250 million. Our system's share of that cut is \$13.5 million, a 1% reduction to our two-year state funding.

The initial direction from OFM to all state agencies was to allow each agency to determine how to spread their cut over the two years of the biennium. The choice was this:

- a. Take half your cut in the first year and simply maintain that reduced level in the second year; or
- b. Wait until the second year and take the full cut.

For our system, the choice was between an immediate annual cut of \$6.76 million (1%) vs. a one-year delayed cut of \$13.5 million (2%). The obvious choice was for our system to reduce spending in the current fiscal year (FY 2010) by \$6.75 million, and on July 2nd Charlie sent an email showing each district's share of that reduction (original spreadsheet attached here again).

However, OFM notified all higher education institutions that our expenditures in FY 2010 must not fall below the amounts appropriated by the legislature; otherwise, \$800 million in federal stimulus funding for our state would be put at risk due to Maintenance of Effort (MOE) requirements imposed by the federal government. Therefore, we were directed by OFM to reduce FY 2011 expenditures by the full cut amount; for our system, that means a \$13.5 million reduction in FY 2011, a 2% annual reduction.

Over the last four weeks we have worked with OFM staff on requesting a waiver from the federal MOE rules. That work has led to the conclusion that the state does not meet the criteria for requesting a waiver.

We had a conference call with the WACTC Executive and OBC Committees on Thursday to discuss our options. Based on the feedback from that consultation the State Board will not be levying additional cuts to the colleges this year through our allocation authority. Rather, each college district will make an independent decision on how to pursue savings in local funds in anticipation of additional cuts in the second year of the biennium.

There is a significant opportunity in all of this. Since the Governor-directed cut is loaded into the second year of the biennium, we can use the upcoming legislative session to make our case for not receiving

any additional cuts -- student demand is at record levels and colleges have stretched themselves to their limits to serve those students.

Finally, be reminded that the legislature will have to “rebalance” the budget when they get to town this January (the walking around number is about a \$1 billion deficit). We will develop a comprehensive legislative strategy that attempts to avoid any additional cuts, but we cannot guarantee that the legislature won’t cut us in the second year, or even in the first year of the biennium. Anything can happen once they open up that budget, so remain disciplined with your spending and look for additional opportunities to save money in your operations.

Please contact Charlie, me, or Denise Graham if you have questions.

Chris Reykdal
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Washington State Community and Technical Colleges
FY 2010 July Budget Reduction

2009-11 Biennial Reduction: (13,526,000)
2009-10 Annual Reduction: (6,763,000)
% Reduction on Total State Funds: -1.0%

Districts	Subtotal FY 2010 Initial Allocation (Column 34)	Total FY 2010 Exclusions	FY 2010 Adjusted Base	FY 2010 July Budget Reduction
Bates	22,690,789	1,663,438	21,027,351	(216,644)
Bellevue	33,863,609	2,078,335	31,785,274	(327,482)
Bellingham	10,763,225	721,544	10,041,681	(103,459)
Big Bend	10,826,663	723,622	10,103,041	(104,091)
Cascadia	10,489,151	456,895	10,032,256	(103,362)
Centralia	12,359,191	1,110,531	11,248,660	(115,894)
Clark	31,558,167	1,164,497	30,393,670	(313,145)
Clover Park	20,182,092	1,431,309	18,750,783	(193,188)
Columbia Basin	22,291,873	1,663,946	20,627,927	(212,529)
Edmonds	27,456,014	3,181,468	24,274,546	(250,100)
Everett	26,253,785	2,819,150	23,434,635	(241,446)
Grays Harbor	10,704,721	1,135,203	9,569,518	(98,594)
Green River	26,721,019	1,966,648	24,754,371	(255,043)
Highline	26,470,730	1,817,788	24,652,942	(253,998)
Lake Washington	15,177,571	1,337,856	13,839,715	(142,590)
Lower Columbia	14,194,032	871,354	13,322,678	(137,263)
Olympic	22,249,303	1,774,079	20,475,224	(210,955)
Peninsula	11,442,151	1,538,942	9,903,209	(102,032)
Pierce	26,762,153	2,277,377	24,484,776	(252,266)
Renton	18,970,742	1,931,054	17,039,688	(175,559)
Seattle	74,523,771	7,838,092	66,685,679	(687,059)
Shoreline	23,583,353	1,304,145	22,279,208	(229,542)
Skagit Valley	18,900,109	1,039,391	17,860,718	(184,018)
South Puget Sound	17,598,405	713,178	16,885,227	(173,968)
Spokane	62,425,770	2,246,152	60,179,618	(620,028)
Tacoma	22,277,991	1,359,612	20,918,379	(215,521)
Walla Walla	17,424,887	1,986,638	15,438,249	(159,060)
Wenatchee Valley	13,833,527	909,586	12,923,941	(133,155)
Whatcom	13,387,376	557,708	12,829,668	(132,183)
Yakima Valley	20,273,076	1,014,286	19,258,790	(198,422)
District Total	685,655,243	50,633,824	635,021,419	(6,542,596)
SBCTC Olympia	14,963,783	7,390,651	7,573,132	(78,026)
SBCTC Bellevue	9,587,717	9,000	9,578,717	(98,689)
Future Allocations	26,173,257	21,932,832	4,240,425	(43,689)
System Total	736,380,000	79,966,307	656,413,693	(6,763,000)

Washington State Community and Technical Colleges
 FY 2010 Exclusions to Budget Reduction Basis

Districts	Applied Baccs	Aerospace Apprentice	Basic Skills Enhancement	Centers of Excellence	Disability Accommod.	Life Transitions Program	Employment Resource Center	DOC Comp	Gateway Center	Hospital Employee Education & Training	Job Skills Program	M&O (New)
Bates	-	-	-	-	81,097	-	-	-	-	-	-	-
Bellevue	270,900	-	-	120,000	80,679	-	-	-	-	-	-	-
Bellingham	-	-	-	120,000	45,915	-	-	-	-	-	-	-
Big Bend	-	-	-	-	30,597	-	-	-	-	-	-	-
Cascadia	-	-	-	-	29,603	-	-	-	-	-	-	-
Centralia	-	-	-	120,000	41,676	-	-	-	-	-	-	-
Clark	-	-	-	-	73,981	60,300	-	-	-	-	-	-
Clover Park	-	-	-	-	47,191	-	-	-	-	-	-	-
Columbia Basin	126,000	-	-	-	76,378	-	-	-	-	-	-	-
Edmonds	-	100,000	-	120,000	117,680	-	1,178,000	-	-	-	-	-
Everett	-	-	-	-	61,345	-	-	-	-	-	-	-
Grays Harbor	-	-	-	-	35,480	-	-	-	-	-	-	-
Green River	-	-	-	120,000	65,761	32,900	-	-	-	-	-	-
Highline	-	-	-	120,000	51,192	-	-	-	75,000	-	-	-
Lake Washington	126,000	-	-	-	41,695	-	-	-	-	281,633	-	-
Lower Columbia	-	-	-	-	29,723	-	-	-	-	300,000	-	-
Olympic	220,500	-	-	-	66,936	52,100	-	-	-	-	-	-
Peninsula	252,000	-	-	-	45,893	-	-	-	-	-	-	-
Pierce	-	-	-	120,000	95,800	41,600	-	-	-	-	-	-
Renton	-	-	-	120,000	38,557	-	-	-	-	400,000	-	-
Seattle	390,600	2,793,500	-	-	145,929	-	-	-	-	297,400	-	-
Shoreline	-	-	-	-	74,702	-	-	-	-	-	-	-
Skagit Valley	-	-	-	120,000	52,897	41,600	-	-	-	-	-	-
South Puget Sound	-	-	-	-	50,037	-	-	-	-	-	-	-
Spokane	-	100,000	-	-	181,133	60,300	-	-	-	117,828	-	-
Tacoma	-	-	-	-	61,118	-	-	-	-	-	-	-
Walla Walla	-	-	-	120,000	44,674	41,600	-	-	-	-	-	-
Wenatchee Valley	-	-	-	-	53,854	-	-	-	-	-	-	-
Whatcom	-	-	-	-	46,227	40,600	-	-	-	-	-	-
Yakima Valley	-	-	-	120,000	51,970	-	-	-	-	-	-	-
District Total	1,386,000	2,993,500	-	1,320,000	1,919,720	371,000	1,178,000	-	75,000	1,396,861	-	-
SBCTC Olympia	-	-	-	-	-	155,321	-	658,700	-	-	2,725,000	-
SBCTC Bellevue	-	6,500	-	-	-	-	-	-	-	2,500	-	-
Future Allocations	-	-	3,469,574	550,000	-	13,700	-	-	-	850,639	-	1,326,000
System Total	1,386,000	3,000,000	3,469,574	1,870,000	1,919,720	540,021	1,178,000	658,700	75,000	2,250,000	2,725,000	1,326,000

*Proviso and earmark funds are excluded from the basis for spreading budget reductions.

Washington State Community and Technical Colleges
FY 2010 Exclusions to Budget Reduction Basis

Districts	UCNPS	Opportunity Grants	Revolving Funds	Student Achievement	Students of Color	Technology Transformation	University Contracts	Worker Retraining	Workforce Development Projects	Workplace-Based Instructional Programs	Total Exclusions
Bates	-	279,412	-	-	16,460	-	-	1,286,469	-	-	1,663,438
Bellevue	-	379,412	-	-	56,150	-	-	1,171,194	-	-	2,078,335
Bellingham	-	373,412	-	-	11,610	-	-	170,607	-	-	721,544
Big Bend	-	428,412	-	-	20,230	-	-	244,383	-	-	723,622
Cascadia	-	279,412	-	-	9,550	-	-	138,330	-	-	456,895
Centralia	-	369,412	-	-	12,290	-	-	567,153	-	-	1,110,531
Clark	-	279,412	-	-	38,430	-	94,500	617,874	-	-	1,164,497
Clover Park	-	448,412	-	-	31,950	-	-	903,756	-	-	1,431,309
Columbia Basin	-	279,412	-	-	47,850	-	-	1,134,306	-	-	1,663,946
Edmonds	-	461,412	-	-	48,620	-	252,000	903,756	-	-	3,181,468
Everett	1,795,500	319,412	-	-	29,630	-	-	613,263	-	-	2,819,150
Grays Harbor	-	299,412	-	-	11,830	-	-	788,481	-	-	1,135,203
Green River	-	354,412	-	-	33,330	-	-	1,360,245	-	-	1,966,648
Highline	-	461,412	-	-	77,320	-	-	1,032,864	-	-	1,817,788
Lake Washington	-	279,412	-	-	28,130	-	-	580,986	-	-	1,337,856
Lower Columbia	-	306,412	-	-	9,280	-	-	225,939	-	-	871,354
Olympic	-	334,412	-	-	30,430	-	189,000	880,701	-	-	1,774,079
Peninsula	-	399,412	-	-	8,600	-	63,000	770,037	-	-	1,538,942
Pierce	-	688,824	-	-	46,340	-	441,000	843,813	-	-	2,277,377
Renton	-	279,412	-	-	51,720	-	-	991,365	-	50,000	1,931,054
Seattle	-	1,028,236	-	-	199,110	-	-	2,983,317	-	-	7,838,092
Shoreline	-	445,412	-	-	41,660	-	-	742,371	-	-	1,304,145
Skagit Valley	-	279,412	-	-	29,050	-	-	516,432	-	-	1,039,391
South Puget Sound	-	279,412	-	-	19,460	-	-	364,269	-	-	713,178
Spokane	-	598,824	-	-	49,150	-	-	1,138,917	-	-	2,246,152
Tacoma	-	279,412	-	-	41,550	-	-	977,532	-	-	1,359,612
Walla Walla	-	461,412	-	-	18,650	-	-	1,300,302	-	-	1,986,638
Wenatchee Valley	-	279,412	-	-	23,000	-	-	553,320	-	-	909,586
Whatcom	-	279,412	-	-	11,640	-	-	179,829	-	-	557,708
Yakima Valley	-	392,412	-	-	62,580	-	-	387,324	-	-	1,014,286
District Total	1,795,500	11,624,008	-	-	1,115,600	-	1,039,500	24,369,135	-	50,000	50,633,824
SBCTC Olympia	-	815,000	-	-	-	1,112,000	-	1,924,630	-	-	7,390,651
SBCTC Bellevue	-	-	-	-	-	-	-	-	-	-	9,000
Future Allocations	-	60,992	5,033,051	1,000,000	-	-	126,000	8,965,335	537,541	-	21,932,832
System Total	1,795,500	12,500,000	5,033,051	1,000,000	1,115,600	1,112,000	1,165,500	35,259,100	537,541	50,000	79,966,307