Budget Status and Plan
FY 2019

CAC meeting
September 28, 2018
Chancellor Louise Pagotto
What is the issue?

• We are in deficit by -$2.7M for FY19.
• The larger problem is that the deficit has a compounding effect, which means the deficit for future years grows dramatically.
• With no change the ending cash balance for the campus:
  • FY19 -$1.3M
  • FY20 -$6.1M
  • FY21 -$11.0M
How did we get to this point?

Expenditures have outpaced revenues.

- Drop in enrollment has led to loss in tuition revenue
- Change in how we treat Scholarship funding on the Financial Plan $1.6M
- Loss in revenue due to performance funding ~$950K
Growth of Personnel and Operating Budgets

- **FY14**: Personnel A Costs = 31,477,792
  Operating B Costs = 7,042,505
- **FY15**: Personnel A Costs = 32,668,965
  Operating B Costs = 6,686,454
- **FY16**: Personnel A Costs = 32,760,445
  Operating B Costs = 6,280,524
- **FY17**: Personnel A Costs = 35,010,022
  Operating B Costs = 6,875,155
- **FY18**: Personnel A Costs = 35,797,112
  Operating B Costs = 7,801,580
- **FY19 Proj**: Personnel A Costs = 37,111,366
  Operating B Costs = 7,956,341
Increase of $1,506,763 or 32.9% since FY16
Security Contract

Increase of $315,493 or 290%
Total Personnel Costs
FY16 to FY19 projected

Increase of $4,380,921 or 13.4%
Lectureship Costs
FY16 to FY19

Increase of $993,687 or 21.9% since FY15
## Enrollment Trend

<table>
<thead>
<tr>
<th>Fall Semester</th>
<th>Head Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>6,899</td>
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<td>2017</td>
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<td>2016</td>
<td>7,382</td>
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We lost 1,477 students in 5 years!
An Interesting Fact

• Kaua‘i CC currently has 1,486 students enrolled in fall 2018
• A decrease of 1,477 students is almost the same number of students as Kaua‘i CC.

  We’ve lost an equivalent of a small college!
How Does this Impact Us?

• In 5 years, our enrollment decreased by 1,477 students.

• If a part-time student takes an average of 8.6 credits a semester and each credit in fall 2018 is $128.50 per credit the total amount of tuition per year for a part-time student is $2,210.20.

• If we say that the 1,477 students were all part-time, the total amount of revenue loss for 1,477 students is $3.2 million.

• If we say that only 60% of the students were part-time, the loss is $3.8 million.
How Have We Responded to Enrollment Decline?

• In fall 2010, our enrollment was 9,301 students; we offered 1,302 class sections.
• In fall 2018, our enrollment is 6,899 students; we offered 1,164 class sections.
• 138 sections fewer in fall 2018 than in fall 2010.
• Enrollment decreased by 26%, while our course section offerings decreased by 10.6%. 
We Have to Make Budget.

What Has to Happen?

• We must make fundamental changes to our budget/allocations and our expenditure rate.

• We cannot afford to simply apply budget restrictions (restriction is one year cut with restoration the following year).

• We have to make budget reductions (reductions are permanent, base budget altering).
Financial Plan

• FY19 no budget adjustments from FY18
Budget reduction plan

• See Handout
  • Budget Reduction Plan
  • FY19 Projected reflecting 20% across the board reduction (exception to B100 budget code (regular employee payroll))
Summary of the Plan

• Budget reduction of 20% across the board (exception: B100 for filled positions) ~+2.6M
  • See spreadsheet handout
• Temporary Freeze in filling vacancies
  • Positions that were filled on the 8/5/18 payroll, but have since become vacant are approved to fill
• Lectureship funds will be capped
Summary of the Plan

- Request full reimbursement of Culinary Inst. of the Pacific expenditures: +~$422K
- Transfer expenditures to CCSF funding:
  - Portion of Electricity: +~$250K
  - Portion of Security Contract: +~$50K
- Transfer expenditures to RTRF funding:
  - Portion of Electricity: +~$100K
- Financial Plan adjustments to W/C and Enrollment Growth ~$850K
- All restrictions and transfers will be adjustments to the budget base; permanent reductions.
Immediate Action

• Centralizing Saturday and evening classes will begin on 10/26
• Reduced A/C schedule (similar to Summer) will begin on 10/22
  • A/C schedule will accommodate for all classes and most events
• Reduction of contract security coverage will begin on 11/1
• Reduction of overtime and overload will begin immediately
Kākou

• We have been here before and have been successful; we CAN do it again.
• It won’t be easy, but we will work together.
• This is an important opportunity for us to make budget corrections and adjustments so that we can remain financially sustainable into the future.