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**FISCAL YEAR 2022-2023**

**GENERAL OPERATING BUDGET**

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**BUDGET PLANNING**

The 2022 Legislative session ended in mid-March with some very good budget news for our community college system, including COLA increases for faculty and staff and a slight increase in Guided Pathways funding.  Most other funding categories are to be carried forward at current maintenance levels into the next fiscal year (essentially no state budget cuts).

As mentioned previously, however, Highline College continues to face significant revenue challenges due to on-going enrollment declines.  We are projected to meet only 74% of State FTE target for the current year (approximately 9% lower than YTD for the same period last year).  International Student Programs and Running Start are also down compared the same period last year, at ~32% and ~9%, respectively.  Consequently, our tuition and fee revenues have been significantly decreased/impacted.

The Executive Cabinet, Budget Advisory Council, and other division leadership teams/cabinets had been engaging in budget planning discussions since early February 2022.  Based on the feedback, Executive Cabinet adopted the following institutional budget priorities and principles for FY2022-23 to guide the College in the budget development process:

**Budget Planning Priorities**

* Enrollment management
* Address/manage budget shortfalls
* Implementation of Guided Pathways
* Implementation of Equity-first Strategic Plan
* Recruitment and retention of employees
* Technology improvements & integrations

**Budget Planning Principles**

Highline College budget planning process shall:

* Be conducted in a deliberate, inclusive, transparent, and financially sustainable manner to support both short-term and long-term goals,
* Focus on student success, including academic excellence, enrollment, persistence, and completion,
* Support mission fulfillment, innovation, and institutional excellence, as well as aligning with the strategic planning processes and vision,
* Promote a safe, healthy, and accessible learning, teaching, and service environment for our students, faculty, and staff,
* Promote alternative funding opportunities, including grants, external funds, partnerships and sponsorships.

As part of the budget planning process, the College engaged with various stakeholders through all-campus email distributions, division/department meetings, employee-group forums, and all-campus forums (please see Appendix for sampled communications).

A Budget Planning & Development Schedule (Calendar) was established to guide the budget planning process through the essential timeline. The Executive Cabinet set aside one-hour weekly meetings for over four months dedicated to the process. In recognizing the significant challenges of our budget, Executive Cabinet plans to continue working on a longer-term budget development, beyond just the typical annual process.



**EXECUTIVE CABINET**

* Dr. John Mosby, President
* Dr. Emily Lardner, Vice President for Academic Affairs
* Mrs. Danielle Slota, Executive Director for Office of the President
* Dr. Jamilyn Penn, Interim Vice President for Student Services
* Mr. Josh Gerstman, Vice President for Institutional Advancement
* Dr. Michael V. Pham, Vice President for Administration & Finance
* Mrs. Summer Korst, Executive Director for Human Resources
* Mr. Tim Wrye, Executive Director for Information Technology Services

**BUDGET ADVISORY COUNCIL**

**Purposes**:

1. The Budget Advisory Council shall advise the President and the Executive Cabinet on matters relating to the college budget, including budget planning and development, in alignment with the college mission and strategic goals.
2. The Budget Advisory Council shall evaluate funding models and provide comprehensive recommendations on budget adjustments and mitigations.
3. The Budget Advisory Council shall review and inform the respective college constituency about college budget policies, procedures, and priorities.

**Membership**:

The Budget Advisory Council shall consist of the following (10) voting members:

* Faculty Senate representative
* HCEA representative
* WPEA representative
* Professional/Exempt Employee representative
* Academic Affairs Division representative
* Administrative Services Division representative
* Institutional Advancement Division representative
* Student Services Division representative
* President’s Unit (inclusive of ITS & HR) representative
* ASHC Student representative

The Budget Advisory Council shall consist of the following (3) non-voting ex-officio members:

* Director of Budget and Grants (non-voting ex-officio)
* Director of Instructional Budget (non-voting ex-officio)
* Director of Institutional Research (non-voting ex-officio)

The Vice President for Administration shall serve as Chair of the Budget Advisory Council, with voting rights only to break a tie. In addition, the Vice President for Administration may designate a non-voting member to serve as secretary/recorder for the Council meetings.

**GENERAL OPERATING BUDGET OVERVIEW**

This General Operating Budget is submitted to the Board for approval and adoption of Highline College’s FY2022-2023 budget. It is an updated budget from the preliminary version provided to the Board of Trustees in July 2022. The Projected Budget (revenue & expenditures) for FY2022-23 are based on information as of June 30, 2022. The Actual Year-End for FY2021-22 are based on year close data as of August 15, 2022. The College will update the Board accordingly for any significant budget changes during the year.

**Revenue**

The total FY2022-23 Project Revenue budget is increased by approximately $2.7M compared to FY2021-22 Actual Year-End Revenue. State Allocations increased by approximately $2.1M, primarily due to a 4.743% COLA for faculty and 3.25% COLA for staff. In addition, represented classified staff were also provided with a lump sum of $2,000. Please note, however, State Allocations provided only 85% of the total compensation increases for State-funded positions. The College needs to make up the other 15% for all compensation increases for State-funded positions and 100% for all locally funded positions.

State Allocations of approximately $40.2M as of Allocation Schedule #1 (effective July 1, 2022) include ALL state funds, provisos, earmarks and one-time allotments. The major funding categories are listed as below:

* New funding
  + Compensation increases (COLA & classified lump sums) of $1.1M
  + Faculty conversion (11 positions from adjunct) of $297K
* Carry-forward funding
  + Guided Pathways of $1.945M (an increase of $214K)
  + High Demand Faculty Salary of $641K
  + Nursing Educator Salary Enhancement of $544K
  + Federal Way Education Center of $500K
* Pass-through funding
  + Health-rate Changes of $1.1M
  + Financial Aid Outreach Contracts of $80K
* Total State Allocation Schedule #1 also includes adjusted Worker Retraining Proviso of $1.576M.

Tuition is projected to increase by approximately $242K compared to year-end estimates, taking into account a 2.4% tuition rate increase.

Running Start is projected to increase by approximately $420K for FY2022-23. International Student Programs is also projected to increase by approximately $458K.

Grants & Contracts revenue is expected to increase by approximately $500K, with the inclusion of the new Running Start summer (and other reimbursement) grant.

All other revenue categories are projected for slight increases as the College continues to return to more on-campus operations.

Federal COVID-relief funds will not be available for FY2022-23, as the College has exhausted all available award balances.

Carry-forward fund balance FY2021 of $2.1M represents the amount budgeted for FY2021-22 but ultimately unspent due to the availability of the Federal COVID relief funds.

Carry-forward fund balance FY2022 of approximately $2.7M represents unrestricted and unspent funds estimated to be available to contribute to the FY2022-23 General Operating Budget. Certain fund balances, including student fees and grants, are either restricted or dedicated, and may not be used for general operations.

Board Reserve contributions of $2M is being requested by the College to meet all budget obligations for FY2022-23.

Total Revenue Budget for FY2022-23 is projected at $79.4M, inclusive of all funding sources, except the Student S&A Budget that was approved separately by the Board.

**Expenditures**

Compensation expenditure categories, including benefits, account for most of the budgeted expenditure increases, due to COLA and other salary enhancements.

* Professional & Exempt is projected to increase by approximately $828K, including the hiring of the new Vice President for Equity, Diversity and Inclusion as well as replacement of several vacancies.
* Full-time Faculty is projected to increase by approximately $600K.
* Part-time Faculty is budgeted separately from faculty stipends beginning in FY2022-23. In the past years, Part-time Faculty and Faculty Stipends are combined as one budget line item. The Part-time Faculty budget of approximately $7.9M includes additional funding as negotiated by the HC-HCEA CBA.
* Classified Staff budget is estimated to increase by approximately $764K, including replacement of several vacancies.

Equipment, Goods & Services category is budgeted for a decrease of approximately $508K. This is to account for the elimination of expenses related to the Federal COVID relief funding. For example, during the FY2021-2022, the College spent approximately $700K on mobile devices and software support for students.

Travel expenses are also expected to increase as travel restrictions due to COVID have eased.

Student Aid/Grant category is budgeted for an increase of approximately $1.3M, including the inclusion of the new Running Start grant.

One-time lump sum expenditure of $571K is budgeted for the payout of $2K per represented classified staff on July 25th as approved by the Washington State Legislature. In addition, per Budget Advisory Council’s recommendations and Executive Cabinet’s approval, eligible non-rep classified staff and exempt employees also receive a stipend of $1K per employee on August 10th.

Foundation Contracts category includes all contracts between Highline College and the Highline College Foundation, including the International Student Contract and the Campus View Student Housing Support contract.

Capital Projects are not typically included as part of the General Operating Budget. The State has a separate capital project funding process for our system. However, due to limited/inadequate state capital funding, the College has had to spend local funding to maintain and upkeep our aging infrastructure. For the FY2022-23, the College will need to renovate selected space to accommodate programs to be impacted by the upcoming major state-funded capital projects: the Welcome Center for Student Success and the Pathways buildings. A budget of $3.5M is being requested to renovate the third floor of B-23 to faculty offices, to convert the former Physical Fitness Training lab in B-21 to two general classrooms, to renovate Workforce Educational Services offices, and to create a new Veterans Center.

Total Expenditure Budget for FY2022-23 is estimated at $79.4M, inclusive off all expenditure categories, except for Student S&A Budget that was approved separately by the Board.

**Enrollment Management**

In an effort to increase enrollment, the College is investing in two major initiatives for the FY2022-23:

* CampusWorks contract, a student enrollment assessment, data analysis, and management plan project, for $60K (total two-year contract of approximately $228K).
* Aviso contract, a student engagement, retention, & completion project, for approximately $65K (total two-year contract of approximately $160K).

**New Positions**

The FY2022-23 General Operating Budget includes the following NEW positions:

* Vice President for Equity, Diversity, and Inclusion
* Director of Counseling
* Data Analyst
* Access Control Specialist
* 11 tenured faculty positions (converted from adjunct positions)

**Parity Increases**

As part of our institutional budget priorities to recruit and retain qualified employees, the College, in early June, conducted a limited system salary survey for student-support and student-service positions (primarily positions with annual earnings of less than $60K). We found that most of our positions were earning less than the system average. As a result, the College provided additional parity increases, averaging 2.5 percent, for over 50 student-support and student-service positions, including entry advisors, academic advisors, and financial advisors. The parity increase is provided on top of the COLA and to be effective July 1st.

**Collective Bargaining Agreement - Faculty**

As of the submission of this budget document, Highline College and HCEA (faculty union) have reached a tentative agreement on the next three-year contract. Both the college and faculty union are in support of providing additional salary increases for adjunct faculty for parity purposes. Consequently, the College has tentatively agreed to provide approximately $400K to enhance the part-time/adjunct salary schedule to FY2022-23.

**Collective Bargaining Agreement – Classified Staff**

Highline College and WPEA (classified staff union) have entered into bargaining as of the submission of this budget document. Unlike the HCEA Agreement, almost all financial considerations of the WPEA Agreement must also be reviewed by the Office of Financial Management (Washington State) and be submitted to the State Legislature for budget approval. As required by law, October 1, 2022 is the deadline for Highline College and WPEA to reach an agreement for the biennium 2023-2025 contract.

**Summary**

Highline College continues to face several significant budget challenges in the FY2022-23 and likely beyond.

* The lingering COVID pandemic still impacts the College in many different aspects of our operations, especially in terms of dramatically increasing operating costs, both due to supply-chain shortages and inflation.
* The declining trends in enrollment of the past several years are presenting significant budget challenges for the College, in terms of revenue shortfalls. Compared to the FY2018-19, tuition and fee revenue for the College had dropped nearly $5M on average since 2020. The College has and is planning to invest additional resources to our enrollment management initiatives, including student recruitment, retention, and service.
* Compensation costs, including benefits, have continued to increase due to COLAs, parity salary adjustments, contractual agreements, and the hiring of new positions to respond to service demands. Furthermore, the tight job/labor market is impacting the College’s ability to recruit and retain qualified personnel, resulting in additional straining of our limited resources.
* As noted above, the College and the HCEA (faculty union) are still in the process of contract negotiation as of the drafting of this budget document, with adjunct faculty salary parity increases as one of top issues. Additional commitment of resources will be needed on permanent basis to support any eventual agreement.
* The College will also be entering into contract bargaining with the WPEA (classified staff union) in August and September. While financial considerations are more limited due to state restrictions, certain provisions of the contract bargaining may have impacts on the general operations of the College.
* Excluding carry-forward balance, BOT reserve contribution, and local capital project expenditure, the College has a potential budget deficit of approximately $2.1M for the FY2022-23. This is the NET of all revenue sources and all expenditures.

Beyond the budget and fiscal challenges, the general overall uncertainty and discontent over a wide-range of societal issues, including the economy, work-life balance, workplace preferences, inflation, safety, wealth disparities, racial injustices and violence, are all contributing to sense of pessimism and unhappiness among some of our employees, consequently affecting their work morale.

Given this context, the College’s leadership is presenting the FY2022-2023 General Operating Budget as our best approach to ensuring sufficient resources for the College to fulfill its mission in supporting student learning and achievement. The College fully recognizes the need to address the budget deficit and certainly plans to develop strategies within this fiscal year to bring about a more balanced budget. The College’s request to utilize carry-forward fund balances and BOT reserve are intended to provide additional and necessary time for us to evaluate the results of various enrollment management efforts, as well as for budget evaluation purposes. The intends to continue with a budget planning process that is deliberate, inclusive, transparent, and sustainable, with the least disruptions and impacts on our students and employees.

**FISCAL YEAR 2022-2023**

**GENERAL OPERATING BUDGET**





**GUIDED PATHWAYS**

The Guided Pathways is a special proviso allocated to Highline College to implement the Guided Pathways model, and similar programs designed to improve student success, through redesigning certain academic programs, and expanding academic advising and support services. The College plans to utilize the Guided Pathways allocation as follows:



**TUITION – BUILDING – S&A FEE SCHEDULE**

**FISCAL YEAR 2022-2023**





**STUDENT COURSE & OTHER FEES**

**FISCAL YEAR 2022-2023**







**PARKING FEES & FINES**

**FISCAL YEAR 2022-2023**

All parking fees are to remain the same as the previous year.



**WAIVERS**

**FISCAL YEAR 2022-2023**



**APPENDIX**

The following includes sampled written communications to the College campus regarding budget planning & updates.

















