

# Responses to and Discussion of Faculty Questions Regarding Budget Transparency and Operations

ADDENDUM TO SC DISTRICTWIDE BUDGET FORUMS: FOCUS ON FACULTY  
QUESTIONS

JUNE 5, 2023

**1. State law says the District must keep 5% of its budget in reserves. As far as we can tell, and against the advice of SBCTC, the District keeps at least twice that amount in its reserves. How much money, in dollars, in the reserves is over what state law mandates and the State Board advises? What percentage over 5% does this amount represent?**

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There are no RCWs (state laws) or WACs (state administrative codes) that govern how CTCs determine reserve requirements. There are no SBCTC policies that govern or limit the amounts.

Local BOTs determine college reserve amounts.

Seattle College Policy 608 states we must hold 5%-10% of our operating budget in reserves. We are currently holding \$15M, 10% in reserves per our policy.

Additional context, other colleges hold more: Tacoma 15%, Bellevue 25%, Shoreline 5%-8%, Everett 15%

## **2. In 2018 or 2019, Seattle Central College sold an entire city block on Capitol Hill. Where is that money now, in whole dollars and line-items?**

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Funds held in a budget at Seattle Central

- \$8.3 M at start of year
- \$969K expended (\$625K will be recouped from a settlement with a contractor)
- \$7.3M in account currently

These funds will be used when college capital budget cannot support unanticipated maintenance and repairs.

\$3M is pledged to support renovation of BPH in the future

### **3. When did members of the former Chancellor's cabinet become aware of the budgeting "error" that said the Colleges were 17 million \$ in debt? When was the BoT made aware of the error?**

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Spring 2022: Former VCFO erroneously forecasted a \$17M shortfall, not a debt

August 2022: Fiscal year close process ending in August showed it was a \$3M actual shortfall

September 14, 2022: Chancellor's Executive Cabinet was made aware in planning retreat

- Board Chair and BOT Finance Committee were made aware the following week by Interim Chancellor

October 13, 2022: Full BOT formally informed by presentation made by Interim Vice Chancellor of Finance and Operations, Terence Hsiao

**4. In whole dollars, and in line-items, what budget cuts were made between March 2022, when the erroneous budget was presented to the BoT, and September 2022, when the error was announced? How many people were laid off as a direct result?**

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No additional budget cuts were made due to the forecasted \$17M shortfall between March and September 2022. Therefore, there were no layoffs as a result of this projected shortfall.

*Colleges have been in a multi-year process to respond to financial impacts due to declining enrollments.*

**5. Over the last five fiscal years, how many times has each college come in under budget, and had the surplus locked away in reserves, rather than going back into that college's operating budget? What is this amount in whole dollars?**

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Surpluses at the close of the fiscal year are considered one-time funds

They are at the discretion of college presidents to determine use when transferred to cash balances.

**6. The Seattle Colleges Institute of English brought in massive revenue for years, which kept much of the Colleges' operations afloat, until changes to visas in 2017 and a global pandemic in 2020 resulted in a radical decline in enrollment. Between the years of 2012 and 2017, how many dollars from SCIE's revenue was placed in Reserves, by year? How many dollars from Reserves were returned to SCIE in order to cover operations and Instructional costs during enrollment crises?**

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From July 1, 2012 through June 30, 2018, total revenue in SCIE was \$25,161,249. Total expenses were \$23,841,132. The difference is \$1,320,117.

Expenses included SCIE program faculty, staff, administrators (100% funded) + a portion of some international program staff that supported SCIE students (40% funded by SCIE 2012-2015; then 30% funded by SCIE from 2015-2018).

Only twice was money moved out of the SCIE budget to pay more college-wide expenses. [These are included in the expenses above.]

- During October 2014, \$1.5M taken from revenue by the Central Business Office and was to be used for the following: consolidation and reserve, local construction funds, and institutional support.
- During October 2016, 700K was taken to pay for half of the capital project costs of relocating the SCIE spaces to the BE building into BE 1124 and BE1128 and out of South Annex.

## **7. Compared to North and South, Central pays a disproportionate amount of its revenue to the District. And Central pays more into the District than it “owes.” If Central did not have to pay into the District, its budget would be balanced this year. Why is Central charged a disproportionate amount of cash in order to support District operations?**

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District invoice amounts paid by the colleges are based on proportional percentages of revenue generation. Currently:

- North 28.8%
- Central 45.7%
- South 25.5%

This model has been refined over last three years. Chancellor, Presidents and VCFO plan to revisit and reevaluate methodology.

- Example: In past, invoices were based on Siegal/Districtwide PLANNED expenditures. Revised this FY (22-23) to be based on ACTUAL expenditures (typically less).

This year, all three colleges spend a similar percentage of their Operating Budgets on Siegal/Districtwide expenses: North 13%, Central 13% and South 15%.

- For Central, this is a reduction in both the percentage and the actual dollar amount Central pays from previous years. In 2022-2023, for instance, Central was budgeted to pay 9.7M for district expenses but will pay only 8.2M in 2023-2024.



**8. Between 2020-2022, spending on management and executive personnel increased 69% per student FTE, while spending on Instruction has gone down to 46%. How does this disparity reflect the District's stated priorities regarding diversity, equity, and inclusion?**

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*We would like to clarify and learn the sources used to frame this question on per student FTE spending. We can't verify/locate the sources of those numbers and percentages, however, we can say:*

- All three colleges and district office have reduced size of Executive Teams
- In enrollment declines, per student spending in any category increases in the short term

For FY 2023-2024, spending on “Instruction” category is 47% and “Instructional Support” is 9%

At BOT request, Associate VC of EDIC is working with Cabinet leaders to document investments in EDIC, developing a report for BOT and college community.