



January 11, 2021

To: Board of Trustees

From: Interim President Lisa Watson

Re: Budget Reduction and Reduction in Force FY2022

Like all state entities, Northwest College was faced with mandated reductions from Governor Gordon in July 2020 due to the significant decrease in state revenue associated with the Coronavirus and large economic declines in the energy sector. These reductions originated from the Governor's mandated Step 2 and now proposed Step 3 reductions. The State's financial situation will continue to be of considerable concern to the College for the near future, and this analysis excludes any additional reductions implemented by the Governor or Legislature.

The College has experienced budget reductions twice in the past five years due to ongoing State revenue declines associated with the energy industry and enrollment declines that mirror national trends. Entering the third cycle of fiscal cuts and deeply concerned about the Coronavirus and continuing operations, the Board of Trustees approved the Fiscal 2021 budget in July 2020 with the use of one-time funds. This approval came with the expectation and knowledge that the College would have to complete a thorough analysis, scour every available resource and expenditure, and develop a budget for Fiscal 2022 reconciling the shortfall. To date the College has estimated a \$2,600,000 budget shortfall.

In consideration of Policy 5510 Reduction in Force, and due to the impending imbalance between cost of operations and expected revenue, the College has evaluated all budget lines, revenue sources, non-personnel, and personnel expenditures. Recommendations to the Board of Trustees are being made by the College President while considering the following:

1. Available funds
2. Congruence of resource allocation with mission, goals, and other planning documents
3. Historic, current, and projected demand for courses, programs, and services
4. Enrollment patterns — past, current, and projected
5. Future curriculum plans and needs
6. Related cost-effectiveness (cost/student) of courses, programs, and services
7. Staffing needs

Additionally, within Section A, the Reduction in Force Policy may be invoked in those circumstances where the following two conditions exist:

- a. Anticipated expenditures for personnel, considered together with those for non-personnel, exceed anticipated revenues and/or when current staffing is out of alignment with the programs and/or services which are offered now or are to be offered in the near future.
- b. Less severe means of personnel adjustment (ex: attrition, retraining) are insufficient to accomplish reductions and/or realignments of the scale or within the time constraints indicated by the conditions indicated above.

A comprehensive analysis of instruction and services, revenues, and expenditures have been conducted. Residence life, dining, and major maintenance were not included due to the Coronavirus affecting operations and timing. The budgetary shortfall has been discussed and reviewed during meetings with the Board of Trustees, Board Finance Committee, College Council, Budget Managers, and during All Employee meetings this past year. Pursuant to Policy 5510 Reduction in Force, I further consulted with College Council regarding Reduction in Force during a special meeting on January 5, 2021.

Anticipated expenditures exceed anticipated revenue. Available revenue increases, and all non-personnel reductions have been identified. Employee attrition and retirements are also included but are still not enough to cover total projected shortfalls. Temporary, conditional, provisional, and fixed-term employees were considered before an invocation of Reduction in Force. **All adjustments, including personnel reductions, have been identified, as shown in the chart on the following page.**

Recommendation: Due to the revenue shortfall and in compliance with the requirements of Policy 5510, it is recommended that the Board of Trustees shall invoke Reduction in Force.

- Instructional and academic support positions recommended for reduction in force shall continue working through the Spring 2021 semester (May 14) with separation pursuant to Policy 5510.
- All positions eliminated through attrition or retirement shall conclude pursuant to the specific separation date.
- All other staff positions selected under reduction in force will be released no sooner than 30 days after formal notification unless necessary for campus asset security or a specific closure plan. Financial assistance shall be offered through the Spring 2021 semester (May 14), based on the timing of the reductions within the current year and prior approval of budget utilization for Fiscal 2021.

Northwest College
Written Plan of Objectives for Mission, Vision, and Budgetary Alignment
Proposed Budgetary Reductions and Presidential Recommendation by Unit/Area
FY2022

The following written plan of objectives supplements the budget message at the December 14, 2020 Board Meeting. Due to enrollment and state appropriation reductions, anticipated expenditures exceed anticipated revenues. Non-personnel reductions have been reviewed for reduction before personnel. Less severe means of personnel adjustments have been proposed through attrition, retirements and non-personnel expense reductions. Further reductions are needed and proposed below to balance the budget. See Section I., II., and III.

| I. Proposed Budgetary Reductions | | | | II. Presidential Recommendation: According to Policy 5510 - Reduction in Force, when invoking RIF and upon receipt of the President's recommendation, the Board must designate those units or areas within the College which are to be subject to reductions together with the number of positions to be affected in each of those units or areas. | | |
|---|--------------------|-----------------------|--|---|--|--|
| | Amount | Percent change | | | | |
| State Appropriation Revenue | (2,774,970) | | | | | |
| Local Levy Revenue | (288,487) | | | | | |
| Tuition Revenue | 243,783 | | | | | |
| Student/Course Fee Revenue | 282,379 | | | | | |
| Childcare/Fitness Revenue | (184,163) | | | | | |
| Other Revenue/Fees | 134,211 | | | | | |
| Total Revenue reductions | (2,587,247) | -8.60% | | Board Recommendation: It is recommended that the Board designate the following units/areas and number of positions that are subject to Reduction in Force. | | |
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| | | | | | | |
| | | | | | | |
| Personnel (Attrition/Retire) | 1,200,135 | | | | | |
| Personnel (RIF) | 661,083 | | | | | |
| Total Personnel | 1,861,218 | | | | | |
| Non personnel | 726,029 | | | | | |
| Total Expenditure reductions | 2,587,247 | | | | | |
| Shortfall/Overage | (0) | | | | | |
| | | | | | | |
| | | | | | | |
| Approved FY 2021 Budget | 30,072,861 | | | | | |
| Plant & Other fund reductions | - | | | | | |
| Proposed reductions | (2,587,247) | | | | | |
| Total Preliminary Budget 2022 | 27,485,614 | | | | | |
| | (2,587,247) | -8.60% | | | | |

| Reduction in Force by Unit/Area | | | | No. of Positions |
|--|--|--|---|-------------------------|
| Division | Unit/Area | | | |
| Instruction - Faculty | Ag Business Communications | | | 1 |
| | Life Health Science | | | 1 |
| | Physical Science | | | 1 |
| | Social Science | | | 1 |
| | Visual, Performing Arts and Humanities | | | 1 |
| | Visual, Performing Arts and Humanities | | | 1 |
| Instruction - Support | Academic Affairs | | | 0 |
| | Student Services | | | 0 |
| | Admin Services/Plant | | | 0 |
| | Auxiliary | | | 0 |
| | Fitness Center | | 1 | |
| | Child Care | | 4 | |
| | Total | | | 11 |

| III. Distribution of Staffing Reductions | | | | | | | | | |
|---|----------------------------------|--------------------------------------|------------------------------|---------------------------|----------------------------------|-----------------|----------------------------------|-------------------------|--|
| | FY2021 Budgeted Personnel | Attrition Interim Fixed/Other | Retirement reductions | Reduction in Force | FY2022 Proposed Personnel | % Change | Personnel Cost Reductions | Total Reductions | |
| Instruction/Support | 69 | -4.5 | 0 | -6 | 58.5 | 14% | 413,103 | -10.5 | |
| Academic Affairs | 22 | -1 | -1 | 0 | 20 | 15% | - | -2 | |
| Student Services | 29 | -4 | -1 | 0 | 24 | 14% | - | -5 | |
| Admin Services / Plant | 40 | -2 | 0 | 0 | 38 | 14% | - | -2 | |
| College Relations | 3 | 0 | 0 | 0 | 3 | 14% | - | 0 | |
| Foundation | 5 | 0 | 0 | 0 | 5 | 0% | - | 0 | |
| Grants | 8 | 0 | 0 | 0 | 8 | 0% | - | 0 | |
| Presidents Office | 3 | 0 | 0 | 0 | 3 | 0% | - | 0 | |
| Auxiliary | 20 | 0 | 0 | -5 | 15 | 25% | 247,980 | -5 | |
| Total Personnel | 199 | -11.5 | -2 | -11 | 174.5 | 12% | 661,083 | -24.5 | |

PROPOSED BUDGETARY REDUCTIONS

PROPOSED REVENUE

The Wyoming Community College Commission voted on October 8, 2020, to increase tuition rates for all students effective Fall 2021. Based on current enrollments, tuition revenue is projected to increase by \$288,487 per year.

The College has reviewed course fees relative to costs, and the Board voted to increase several course fees in December. With current enrollments, the course fees are projected to increase by \$32,379 per year.

The College has also discussed student fees and will be working on a recommendation to increase student fees based on current enrollment. If approved, student fee revenue is projected to increase by \$250,000 per year based on current enrollment.

PROPOSED REDUCTIONS

Reductions in Operating Expenditures – Non-Personnel

1. Reduce all operating budgets

All operational lines were reviewed as part of overall budget reductions. Non-personnel expenditure reductions have been calculated to be \$726,029. Several significant areas of reduction include:

- a. Transfer \$100,000 of plant repair and maintenance expenses to student plant funds
- b. Reduce student work-study by \$100,000
- c. Reduce lease expense at the Cody Center by \$50,000
- d. Eliminate ongoing funding support of \$70,000 for the Children's Learning & Care Center
- e. Reduce student bad debt by implementing enhanced student communications, proactive account management, and more stringent payment procedures

2. Reduction in soft dollar scholarships (tuition discounting) - Athletics and other small scholarships

Over the past five years, the College has strived to reduce Athletic and other soft dollar scholarships from \$800,000 to just over \$226,000. The College and the Foundation will continue the athletic scholarship campaign, which is critical for retaining athletics at Northwest College.

The Foundation is able to provide additional support to offset several small scholarship lines on behalf of the College.

3. Athletics, sanctioned Student Teams, Activities, and Clubs

For decades, Northwest College has operated as a residential campus and was the first community college in Wyoming to offer residence hall living and a robust student life experience. In-depth analysis has been performed regarding athletics, livestock judging, forensics, student activities, and clubs. At this time, the College has decided to retain all

athletic and sanctioned teams. The remaining teams, activities, and clubs will need to be funded through the use of additional student fees.

Reductions in Operating Expenditures – Personnel

4. Reduce personnel

All personnel lines have been considered as part of the overall budget reductions. After two other budget cuts and now a third significant reduction in State funding, a reduction in positions will be necessary.

- a. Faculty positions have been identified and are outlined in the section related to Reduce/Eliminating Academic Programs, Support, or Course Offerings. Position reductions follow policy guidelines and programmatic change recommendations.
- b. Classified, Professional and Administrative Staff positions have been identified and are outlined in the section related to Reduction in Classified, Professional, and Administrative Staff – Attrition, Retirements, and Reduction in Force. Position reductions follow policy guidelines and Support Service program reviews and analysis.

Reduction in Classified, Professional and Administrative Staff – Attrition, Retirements, and Reduction in Force

As per Policy 5510, Classified, Professional and Administrative Staff were ranked within the designated unit or area based upon appropriate assignment-specific qualifications. Temporary, conditional, provisional, and visiting employees were considered first before invoking Reduction of Force unless the employees had skills necessary to the continued operations of the College.

5. Elimination of other positions – Attrition and Retirements

The College has reviewed positions identified as open from attrition or retirement. The following positions will be or are open due to attrition or retirement and are recommended for elimination:

- a. Women's Soccer Coach
- b. Campus Security Assistant
- c. Custodian
- d. Vice President for Student Services

6. Elimination of other positions – Reduction of Force

The following positions are being recommended for Reduction in Force:

- a. Fitness Center Coordinator
- b. Children's Learning and Care Center Assistant (3)
- c. Children's Learning and Care Center Manager

7. Future position review

The College has a handful of positions open or currently filled as Interim positions. These positions will need to be evaluated, filled, or eliminated in order to meet the needs of the College.

Non- Reduction in Force (RIF) Personnel Reductions

8. Increase the Employee's Share of Retirement Contribution

Wyoming has been known for its excellent benefit options and has long assisted with the payment of these options. This has included both employer contributions to retirement as well as employee contributions. Currently, per Wyoming State Statute, the employer is required to contribute 9.12%, but Northwest College has also been funding a significant share of the employee's contribution on their behalf.

Due to the current financial situation, the College recommends transferring 3% of the employee portion of retirement back to the employee. Northwest Colleges overall contribution will decrease from 14.69% to 11.69%. Employee required contribution will increase from 3.43% to 6.43%. Employees will lose the 3% previously paid by the College on behalf of the employee. As employees pick up responsibility for the 3% required contribution, their take home pay will be reduced; however that percentage will go directly into their individual retirement accounts.

For employees working in either A or B banded positions, this proposal recommends increasing pay by 3% to offset the reduction. This proposal is based on the relative low pay and difficulty in hiring within our community for these positions.

This option is designed to minimize the loss compared to a straight reduction in pay while managing comparable benefit packages and salaries.

Shifting Expenditures/Personnel from Operational to Other funds

9. Increased support from the Northwest College Foundation

Northwest College is extremely fortunate to have the NWC Foundation for support. Over the years, the Foundation has diligently worked to build its endowments, specifically for our students and the College. The growth of these endowments (restricted funds for a specific purpose) has allowed the Foundation to provide additional scholarship funds for Athletics and other small scholarships. Additionally, the Foundation has been able to reallocate operational funds of \$70,000 to offset employee costs.

Reduce/Eliminating Non-Academic Functions

10. Discontinue operations of the Children's Learning & Care Center

The Children's Learning & Care Center provides daycare options for students, employees, and the community. It has also served as a clinical site for academic programs at Northwest College. For years, the Center has struggled to maintain enrollment levels that provide enough revenue to cover operational costs. The College has supported the Center over the past 20 years to offer daycare for our students. The College recommends the discontinuation of services effective February 26.

Reduce/Eliminating Academic Programs, Support, or Course Offerings

Academic program analysis, academic program support, and course offerings have been of primary importance to budget discussions. Maintaining and operating core services for academic support were evaluated through Support Service program reviews and analysis of enrollments relative to academic and student support needs. For academic program reductions and reduced course offerings, the analysis considered enrollment, number of students within each major, number of faculty positions, and a baseline financial analysis using program designators. It should be recognized that each student generates tuition revenue specific to their program and the general credit courses needed for the degree. For this analysis, only program-specific information was included. Of the 37 academic program designators pulled, only 7 had expenses greater than revenue.

The upcoming transformational and strategic work scheduled for this spring was also a topic of discussion. In keeping with the overall feedback from many committees, faculty members, deans, and administrators, the preferred choices were to reduce course offerings, increase course cap sizes, and to keep intact as many academic programs as possible until the transformational work is complete.

Recommendations are as follows:

11. Eliminate 1 Librarian position in the Hinkley Library due to retirement

Northwest College has one librarian scheduled to retire. Fortunately, the College will retain three master's qualified librarians to provide library services.

12. Eliminate 1 Art & Galleries Coordinator

The Art & Galleries Coordinator has served as curator to the College's art collection, managed the galleries for showings, and provided academic support. The faculty, with some additional support from adjunct resources, can manage the College Collection and galleries.

13. Eliminate 1 part-time Senior Office Assistant position vacant at Cody Center

The part-time position to support evening operations at the Cody Center is no longer essential due to course delivery and scheduling changes. The necessary support can be provided by the flexible scheduling of retained personnel.

14. Reduce Ag Stock Pavilion academic support

By eliminating the sheep herd and partnering with local ranchers, necessary animal science educational experiences for students will be maintained. Kept livestock will be limited to the academic year, which results in a modification to the Ag Pavilion and Judging Coordinator position.

15. Adjuncts and other academic costs

The College retains a pool of funds utilized to teach courses with Adjunct or Faculty at an overload level. As part of the changes in course offerings, the College will reduce these funds as well as review all reassign time and may reduce those as well. Finally, all educational costs associated with instruction were evaluated, and course fees were adjusted to ensure consumable costs have been covered.

16. Reductions to Faculty Positions

All faculty lines were reviewed when looking at reductions to faculty positions taking into consideration qualifications, statutory needs, and current or future curriculum plans and needs. As per Policy 5510 regarding faculty Reduction in Force, fixed-term and probationary positions were considered first, followed by tenured faculty. Recommendations for reduction are in accordance with seniority requirements.

Although discontinuation of an educational program was considered under Policy 3530 Severance/Termination, Section D, no academic programs are being recommended for discontinuation at this time. Discussions occurred within Curriculum, Academic Advisory Council (AAC), Budget Managers, College Council, and Faculty Senate regarding academic program discontinuation or reduced course offerings.

Recommendations are as follows:

Fixed-term, Non-tenured, and open position eliminations:

- a. Fixed-term Animal Science faculty position
- b. Fixed-term English (foreign language) faculty position
- c. Fixed-term Music faculty position
- d. Fixed-term Political Science position reduced to support statutory instruction
- e. Non-tenured Biology faculty position
- f. Open Education faculty position
- g. Non-tenured Math faculty position

Tenured Faculty recommended reduction in force:

- h. Anthropology/Sociology faculty position
- i. Communications faculty position
- j. English faculty position

17. Continued commitment to transformational change and academic program alignment

Economic and enrollment declines nationwide are making it necessary for all academic institutions to commit valuable time and analysis to academic program alignment. Gone are the days of available funds and available traditional students. As part of the transformational work scheduled this spring, time will be spent on aligning all academic programs with the College's Mission, available funding, and the needs of the community.

OTHER CONSIDERATIONS

As Northwest College is forced to address State funding reductions, other expenditures continue to increase for the campus outside of our control. Specifically, the College participates in the State health insurance program (EGI). Our plans are controlled by the State, and we have no ability to address increasing rates for our employees and the College. In the past, as rates increased for the College, the State was able to provide additional support to the Community Colleges to offset those increases so that other cuts were not needed. With severe revenue declines for the State, funding for those employer costs has been reduced. This reduction has forced the College to reduce in other areas to cover the increased costs.

The same benefit cost increase and reduced support items exist for employer retirement costs as well. These increases continue to erode the College's ability to use the funds for educational purposes.