Budget and Finance Planning
Fiscal Year 2016

Presented by: David Bea Ph.D.
Spring 2015
Major Factors Impacting Budget

• Proposed cuts to State Aid
  – January: Governor proposed 50% cut to PCC ($3M cut to operating; $300K to STEM funds)
  – March: Budget bills cut 100% aid to PCC and MCC
  – State shift of 1% residential property cap funding

• Enrollment declines
  – From about 23,000 FTSE in 2011 to less than 18,000 in 2014
  – Reduces tuition and fee revenue

• Proposed Expenditure Limit Legislation
### PCC Expenditure Limitation Expenses (in $ thousands)

<table>
<thead>
<tr>
<th></th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated EL</td>
<td>122,990</td>
<td>125,892</td>
<td>126,022</td>
<td>115,830</td>
<td>112,294</td>
</tr>
<tr>
<td>Expenses</td>
<td>94,761</td>
<td>98,117</td>
<td>105,131</td>
<td>108,737</td>
<td>112,294</td>
</tr>
<tr>
<td>Actual-based EL</td>
<td>107,527</td>
<td>108,409</td>
<td>106,769</td>
<td>96,188</td>
<td>88,776</td>
</tr>
</tbody>
</table>

![Graph showing expenditure compares](image-url)
PCC Projected Expenditure Limitation Expenses (in $ thousands)

<table>
<thead>
<tr>
<th>Year</th>
<th>Estimated EL</th>
<th>Expenses</th>
<th>Actual-based EL</th>
<th>Target EL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$123.0 M</td>
<td>$94.8 M</td>
<td>$107.5 M</td>
<td>$123.0 M</td>
</tr>
<tr>
<td>2012</td>
<td>$125.9 M</td>
<td>$98.1 M</td>
<td>$108.4 M</td>
<td>$125.9 M</td>
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<tr>
<td>2013</td>
<td>$126.0 M</td>
<td>$105.1 M</td>
<td>$106.8 M</td>
<td>$126.0 M</td>
</tr>
<tr>
<td>2014</td>
<td>$115.8 M</td>
<td>$108.7 M</td>
<td>$96.2 M</td>
<td>$115.8 M</td>
</tr>
<tr>
<td>2015</td>
<td>$112.3 M</td>
<td>$112.3 M</td>
<td>$88.8 M</td>
<td>$112.3 M</td>
</tr>
<tr>
<td>2016</td>
<td>$114.4 M</td>
<td>$107.3 M</td>
<td>$84.7 M</td>
<td>$114.4 M</td>
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<tr>
<td>2017</td>
<td>$106.1 M</td>
<td>$104.8 M</td>
<td>$90.9 M</td>
<td>$106.1 M</td>
</tr>
<tr>
<td>2018</td>
<td>$102.5 M</td>
<td>$102.3 M</td>
<td>$97.4 M</td>
<td>$102.5 M</td>
</tr>
<tr>
<td>2019</td>
<td>$109.3 M</td>
<td>$103.8 M</td>
<td>$104.1 M</td>
<td>$109.3 M</td>
</tr>
<tr>
<td>2020</td>
<td>$116.2 M</td>
<td>$105.4 M</td>
<td>$110.9 M</td>
<td>$116.2 M</td>
</tr>
</tbody>
</table>

Reduce Budget $2.5 million per year

Target EL Enrollment = 22,000

Actual Enrollment +1,000 FTSE/year
PCC FTSE vs. Staffing Levels
FY 1997-2014

Notes:
1. Figures for Regular positions are based on budgeted full-time equivalents. Figures for Adjunct, Temporary & Student positions are based on estimates from actual costs.
2. Prior to 1997, Personnel Statistics were calculated using a different methodology.
PCC Budget Realities

- Large Proportion of Costs are Fixed or perceived as “Fixed”
  - Facility intensive structure, dispersed throughout County
    - 6 Campuses + 3 “campus” business parks + learning centers
    - Enrollment consistent with when College had 5 campuses, exclusive of growth in distance education
    - Depreciation and deferred maintenance
  - Heavy Personnel-based expenses
    - 78% of operating budgets (General + Designated Funds)
    - High benefits costs: medical; retirement; leave
    - Static labor force
      - 9.7 years - average years of service for current regular College employees
  - Large proportion of operating costs are not discretionary (utilities, contracts, and licenses)

- Revenue Restraints
  - Property tax levy limitations
  - Tuition “affordability”
Budget Reduction Scenarios

• Approved December 2014
• Impact General Fund expenditures

– $5 million reduction
– $10 million reduction
– $15 million reduction

$2.5 million reduction per year over 4 years
Budget Priority Criteria (examples)

Decisions will be evidence-based, transparent, collaborative, well communicated, and defensible

Resources shall be allocated to:
• Ensure College mission, goals, and strategic plans are successful
  – Investment in strategic initiatives
• Ensure regulatory and compliance requirements are met
• Meet student and community needs and expectations
• Optimize human resources throughout the district
• Optimize use of physical space
• Encourage efficiencies, create returns on investment, and enable continuous improvement
Initiatives

- Distance Education
- International Education
- Enrollment Management
- Workforce Development
- Developmental Education
- Educational Master Plan
  - Supporting/ensuring strong programs
- Student Success Model
- Organizational redesign