Budget and Finance Planning
Fiscal Year 2016

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

• Proposed cuts to State Aid
  – Governor proposed 50% cut to PCC ($3M cut to operating; $300K to STEM funds)
  – 3/4/15 Budget bills propose 100% cut to PCC, MCC and Central Arizona College

• 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 Limit Estimate vs. Actual Summary

<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>Expenditure limit</td>
<td>122,989,612</td>
<td>125,892,320</td>
<td>126,021,541</td>
<td>115,829,735</td>
<td>112,293,950</td>
</tr>
<tr>
<td>EL - ACT FTSE</td>
<td>107,526,720</td>
<td>104,253,986</td>
<td>94,588,861</td>
<td>89,622,641</td>
<td>83,063,347</td>
</tr>
</tbody>
</table>
PCC Cost Reality

- 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)
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.
Budget Scenarios

• Approved December 2014
• Impact General Fund expenditures
  – $5 million reduction
  – $10 million reduction
  – $15 million reduction
Budget Priority Criteria (examples)

• Ensure regulatory and compliance requirements are met
• Allocate resources to ensure College mission, goals, and strategic plan are successful
  – Investment in strategic initiatives
• Meeting community needs and expectations
• Optimize human resources throughout the district
• Optimize use of physical space
Initiatives

• Distance Education
• International Education
• Enrollment Management
• Workforce Development
• Developmental Education
• Educational Master Plan
  – Supporting/ensuring strong programs
• Student Success Model