Budget and Finance Planning
Fiscal Year 2016

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Spring 2015
Major Factors Impacting Budget

• Proposed cuts to State Aid
  – Governors proposed 50% cut to PCC ($3 mil cut to operating; $300K to STEM funds)

• 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>
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</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>
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<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>
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</tbody>
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- **Expenditure limit**
- **Actual Exp**
- **EL - ACT FTSE**

Graph showing the comparison between expenditure limits and actual expenditures from FY11 to FY15.
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)

- Increasing enrollment
- Ensuring student success
- Meeting community needs and expectations
- Supporting critical functions, such as regulatory compliance
- Investment in strategic initiatives that will reduce costs or generate revenues
- Relieving pressure on expenditure limitation