

Budget Scenarios




FY2018 – FY2020

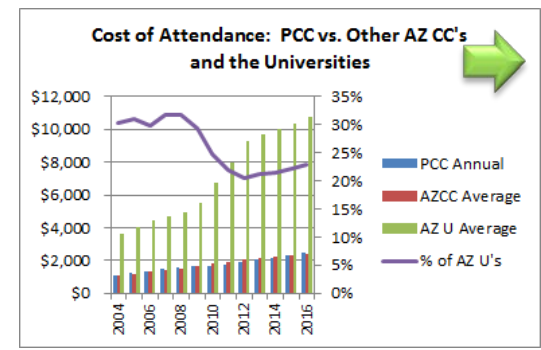
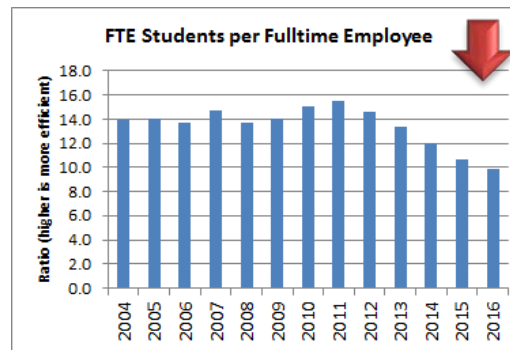
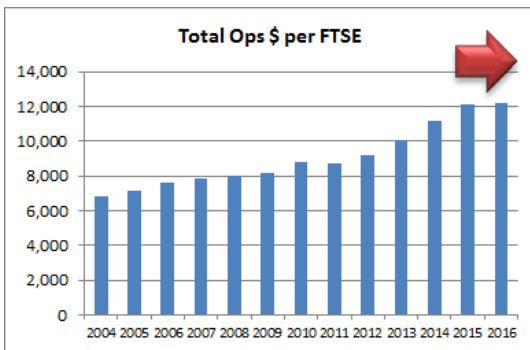
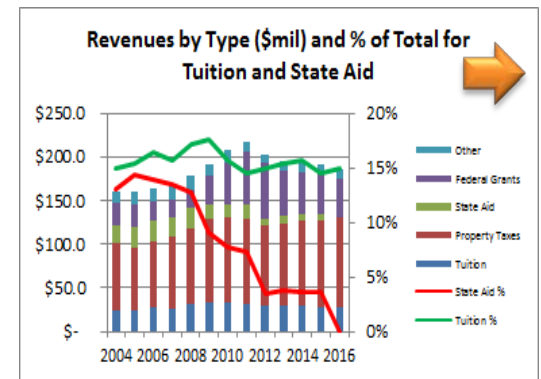
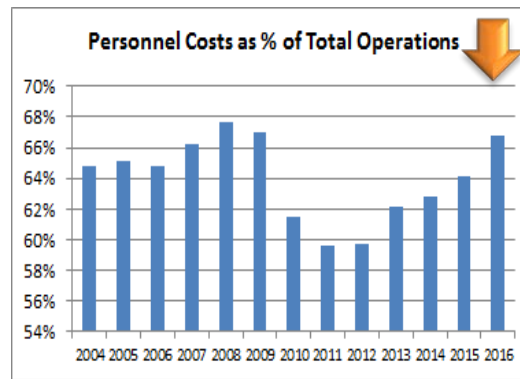
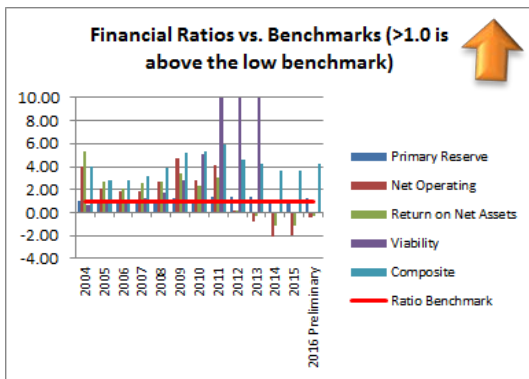
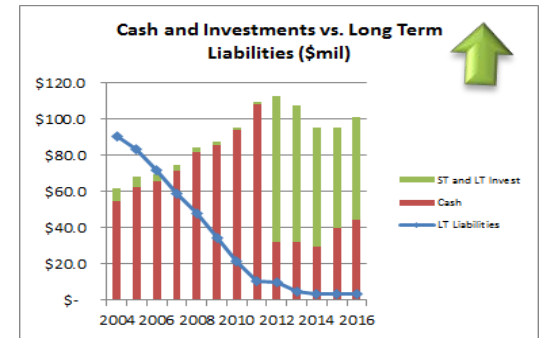
January 2017

Presenter: David Bea, Ph.D.

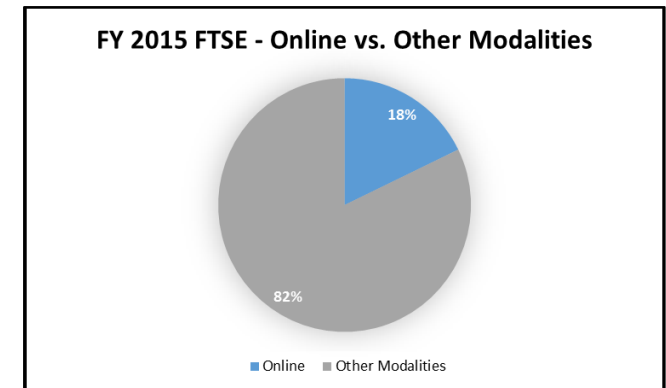
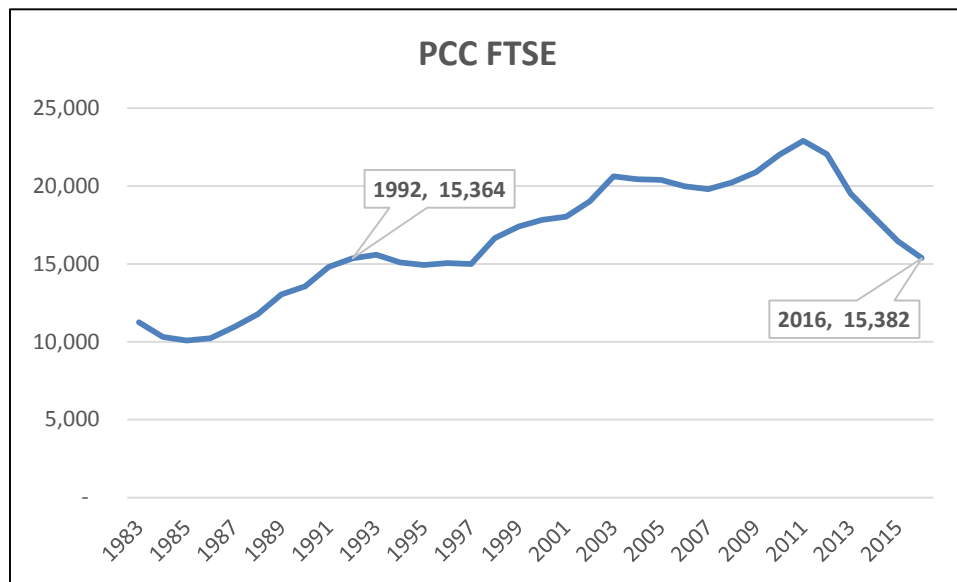
2004-2016 Dashboard of Financial Indicators

Red = Significant Concern
Orange = Moderate Concern
Green = Minimal to No Concern

Key
 = Increase in Trend
 = Maintenance of Trend
 = Decrease in Trend



PCC Enrollment Summary



Enrollment Potential

Age	Pima County population	% PCC students
18-24	116,000	58%
25+	654,000	41%

Percentage of students enrolling in CCs one year after HS graduation

Pima CC	Arizona	United States
43%	37%	Less than 30%

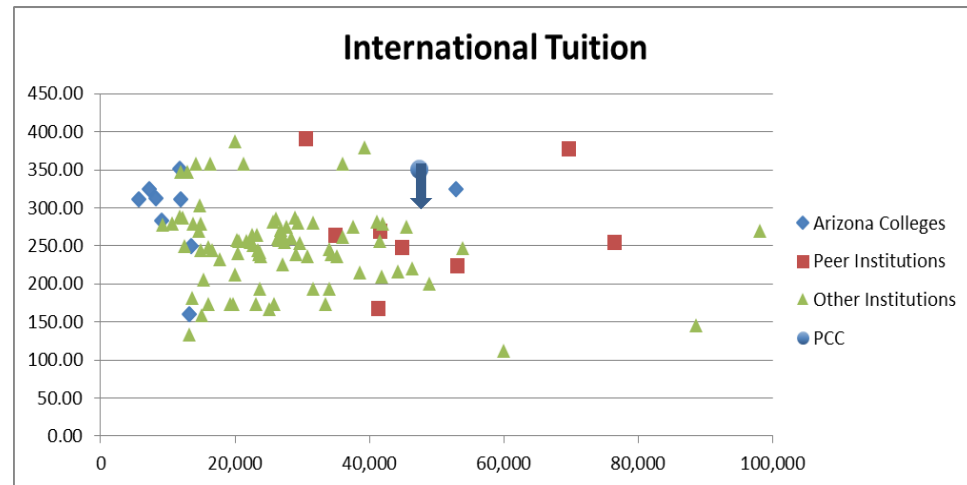
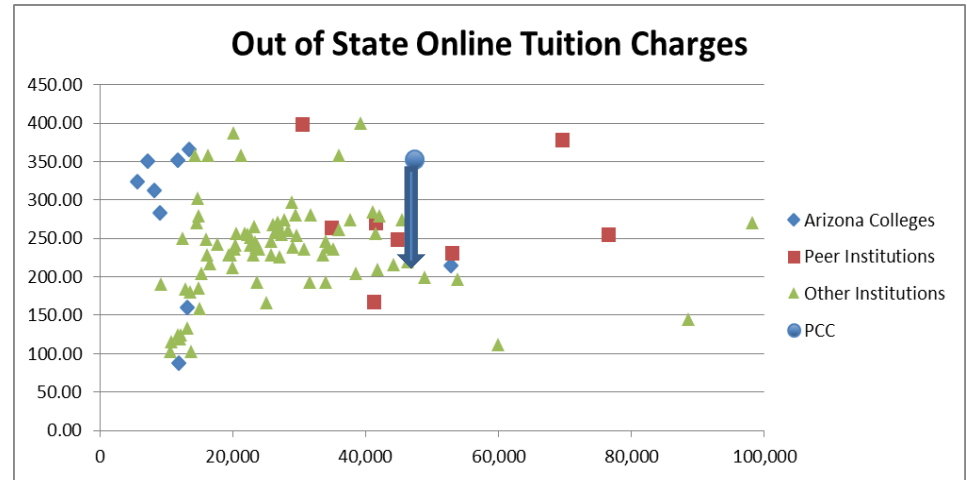
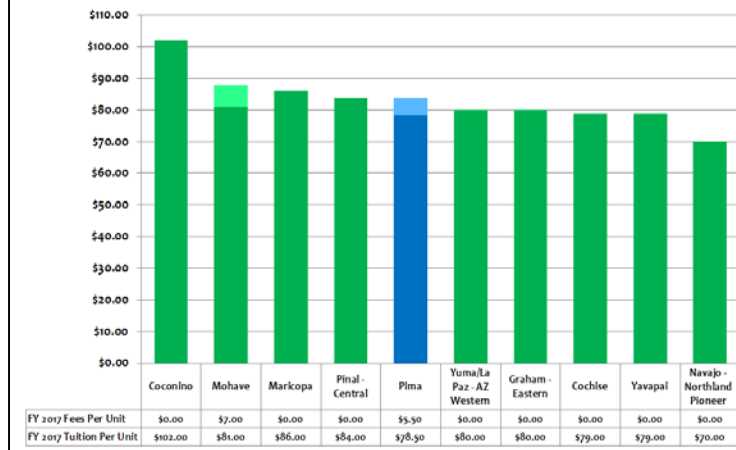
Percentage of students attending online, nights, or weekends

Pima CC	Arizona
61%	63%

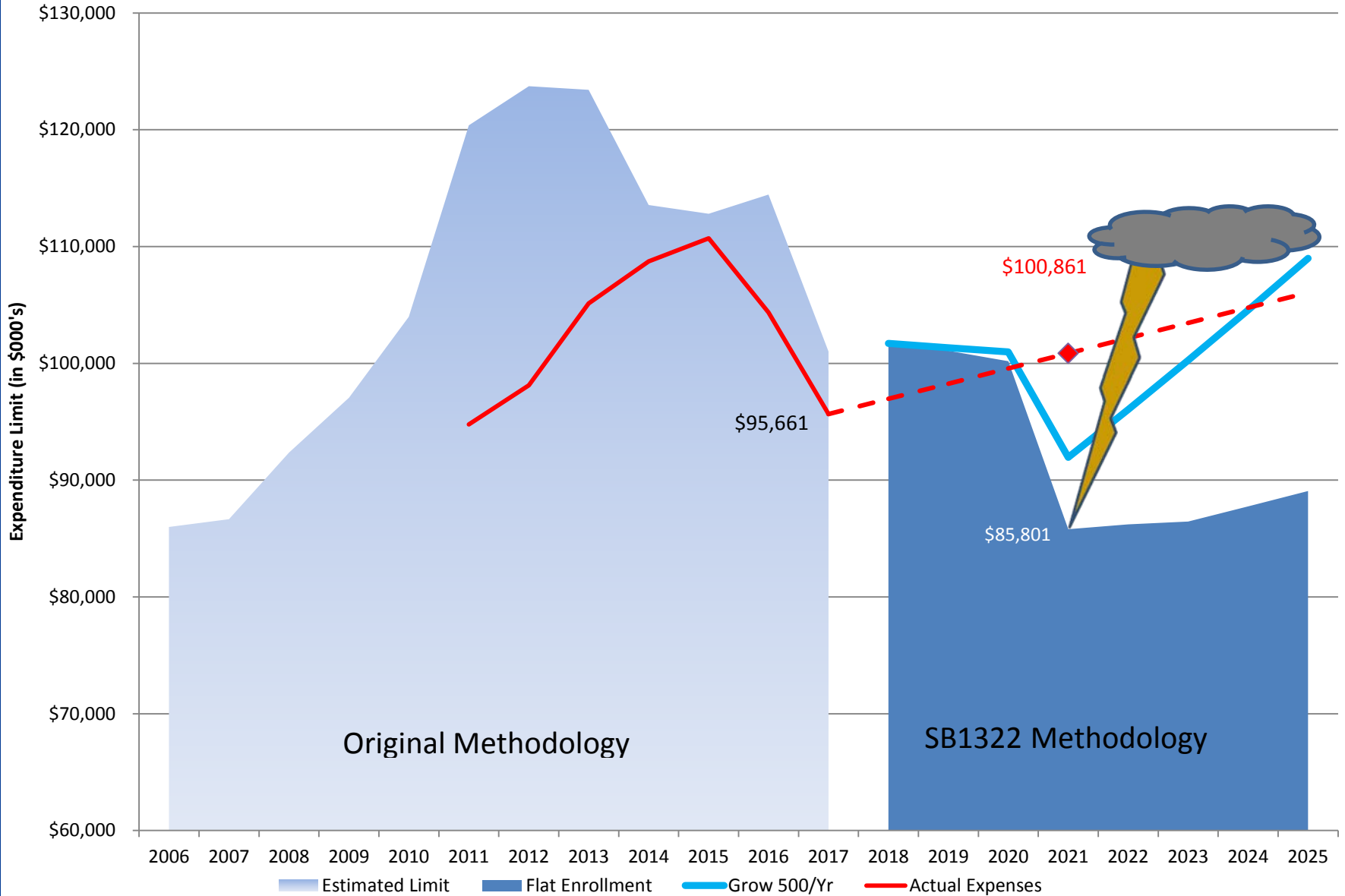
Source: Arizona 2020 Vision 2015 reports; U.S. Census Bureau 2010-14 American Community Survey five-year estimates

Market Comparison: Tuition

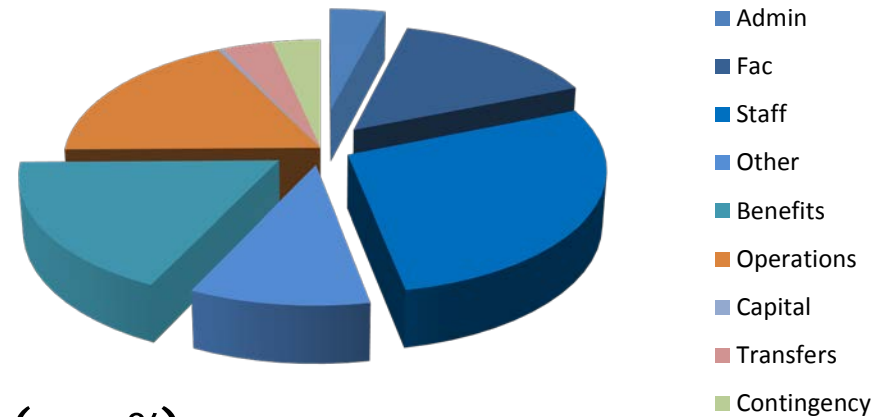
FY 2017 AZ Community Colleges In-State Resident Tuition Rates + Fees per unit



Expenditure Limitation Projections



Expenses



General Fund

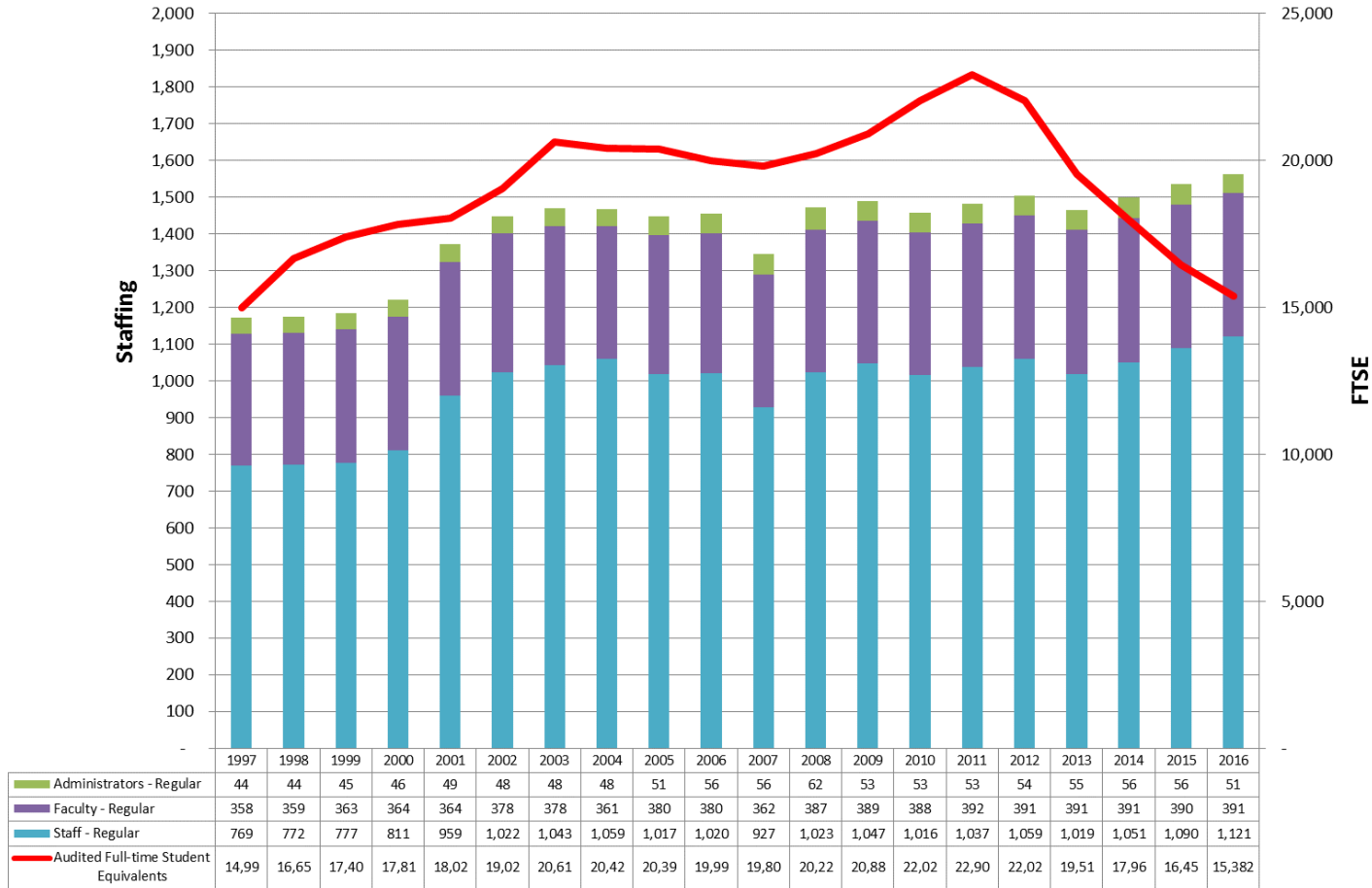
- Predominately personnel (~75%)
- Operational expenses – little to cut/reduce
- Capital expenses – need to operationalize/find a sustainable revenue source

Facts to Remember

- 1% increase in salaries and wages = \$900,000
- Health care increases ~ \$1 million per year
- Depreciation is \$8 million per year
- 1 % increase for adjunct faculty = \$150,000

Staffing Levels

PCC FTSE vs. Staffing Levels - Fiscal Years 1997-2016



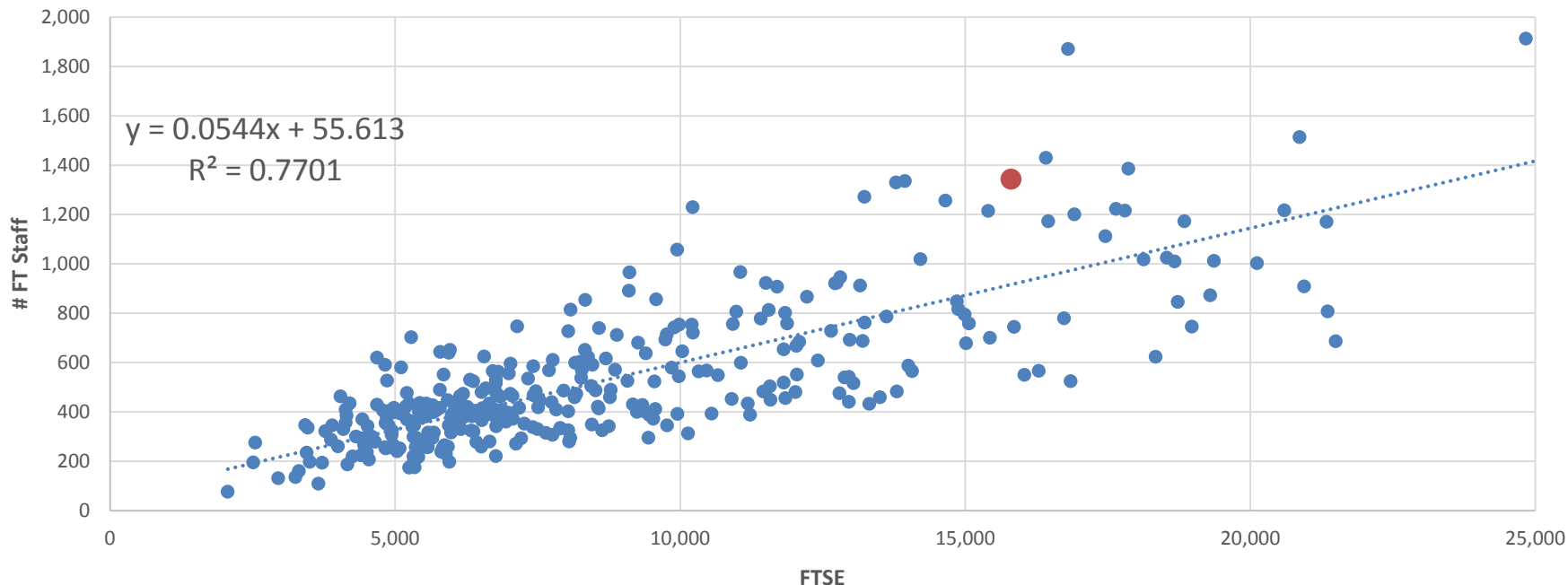
Notes: 1. Figures for Regular positions are based on budgeted full-time equivalents. Figures for Adjunct, Temporary & Student positions are based on estimates from actual costs.
 2. Prior to 1997, Personnel Statistics were calculated using a different methodology.

National Community College Data Comparisons:

Integrated Post Secondary Education Data System

2014-2015 Staffing Comparison			
	Average of Sample 2-Year Colleges	PCC	PCC's Rank
Headcount	17,025	39,912	20
FTSE	7,469	15,799	36
FTSE/FT Faculty	45.7	45.1	174
FTSE/FT Total Staff	26.3	11.8	308
FTSE/FTE Total Staff	11.7	9.5	258
2013-2014 Expenditure Comparison			
FY14 Total \$/FTSE	\$11,308	\$11,620	148

Full Time Staff Comparison: 2014-15 FTSE/FT Staff, 333 2-yr Colleges



Regression for FT Staff Ratio with Estimated Reduction Impact

<u>FTSE</u>	<u>FT Staff</u>	<u>Vs. PCC</u>	<u>% Pos. Cut</u>
14,000	817	-527	-39%
15,000	872	-472	-35%
16,000	926	-418	-31%
17,000	980	-364	-27%
18,000	1,035	-309	-23%
19,000	1,089	-255	-19%
20,000	1,144	-200	-15%
21,000	1,198	-146	-11%
22,000	1,252	-92	-7%
23,000	1,307	-37	-3%
PCC	1,344		

Funding the Renewal of the College

- Educational Master Plan Priorities
 - Ensure program quality, relevancy, and sustainability
 - Create pathways to student success
 - Establish centers for excellence
 - Emphasize outreach centers and leverage adult education



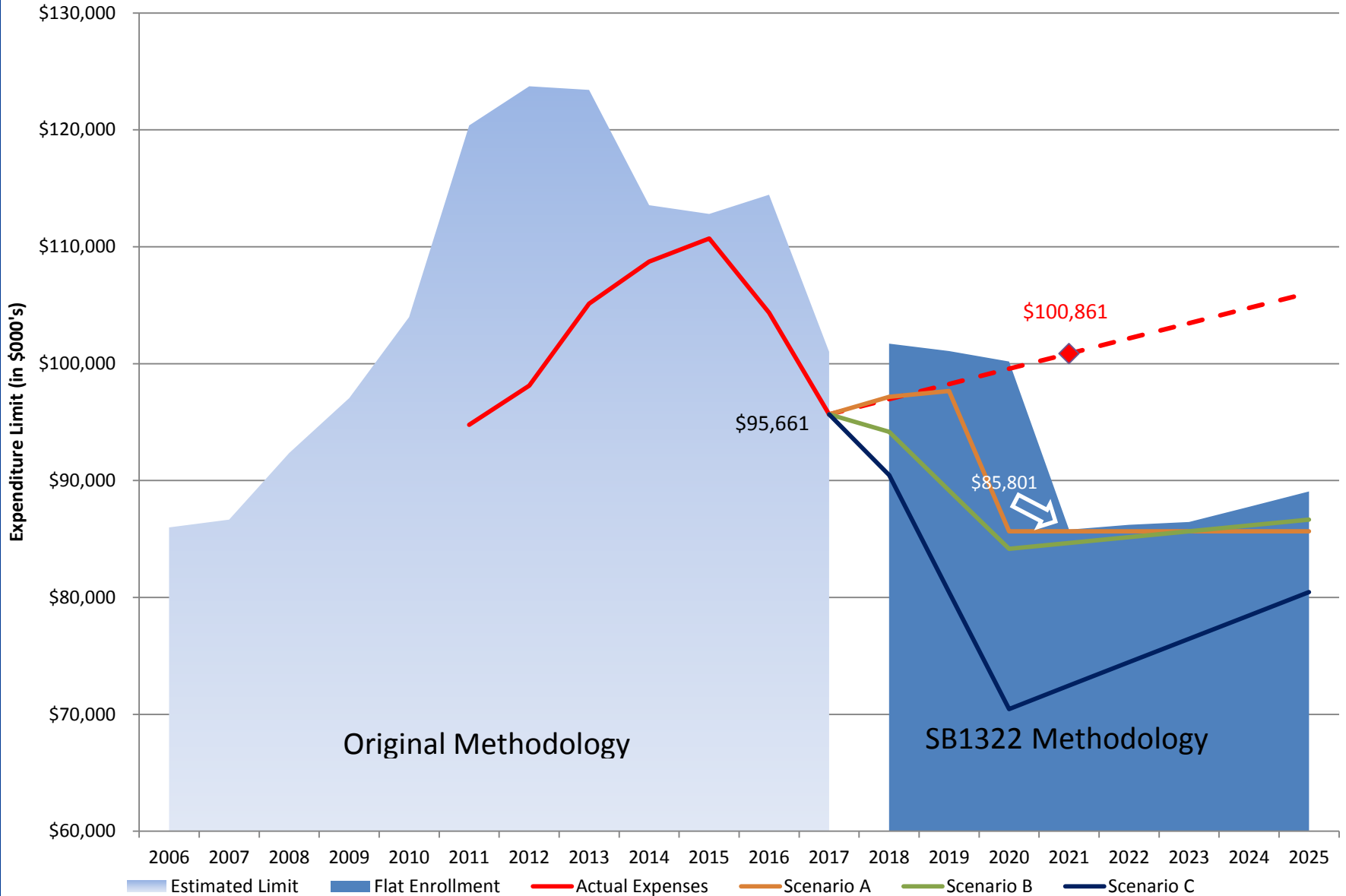
Budget Scenarios

- Scenario A: Delay Impacts for Now with Larger Tuition Increases
 - Small to no reductions for FY18 and FY19. Plan for \$15 mil reduction in FY20
 - Continue to reduce via attrition
 - Mitigate cost increases and Expenditure Limitation impacts with larger tuition increases
 - No funding to implement Educational Master Plan or other strategic changes until FY20
 - Large reduction pending due to Expenditure Limitation
- Scenario B: Rejuvenate the College
 - Reduce current operations by \$5 mil per year in each of next 3 years
 - Identify programs for elimination and begin phasing out
 - Reduce infrastructure/staffing
 - Implement most of the first 5 years of the Educational Master Plan (EMP)
 - Rely on GO Bonds for some EMP projects
- Scenario C: Revolutionize the College
 - Reduce current operations by about \$10 mil per year in each of next 3 years
 - Identify programs for elimination and begin phasing out
 - Eliminate at least one location
 - Significantly reduce infrastructure/staffing
 - Large and immediate investment in Educational Master Plan
 - Ensure future financial stability and ability to grow

FY18 Incremental Budget Scenario Examples (\$mil)

	Scenario		
	A	B	C
Tuition	\$ 3.5	\$ 1.5	\$ 1.5
Property Tax Growth	\$ 1.5	\$ 1.5	\$ 1.5
Property Tax Increase	\$ 2.0	\$ 2.0	\$ 2.0
Subtotal Revenues	\$ 7.0	\$ 5.0	\$ 5.0
Health Insurance	\$ 1.0	\$ 1.0	\$ 1.0
Contractual Obligations	\$ 2.0	\$ 2.0	\$ 2.0
Salary Increases	\$ 2.0	\$ 2.0	\$ 2.0
Subtotal Expenses	\$ 5.0	\$ 5.0	\$ 5.0
Operational Reductions	\$ -	\$ (5.0)	\$ (10.0)
Net Change	\$ 2.0	\$ 5.0	\$ 10.0
New Financing Payment	\$ -	\$ 3.0	\$ 6.0
Financial Impact/Funding Depreciation	\$ 2.00	\$ 2.00	\$ 4.00
Expenditure Limitation Impact	\$ 1.50	\$ (1.50)	\$ (6.50)

Expenditure Limitation Projections for Budget Scenarios



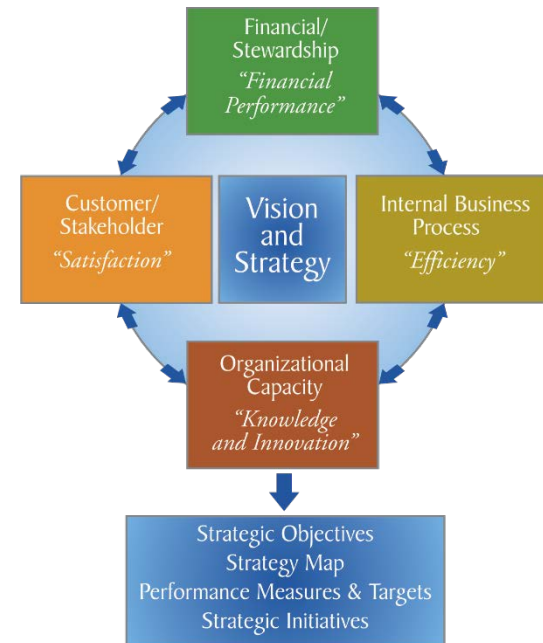
Reductions: There is no magic wand

- Reduce staff
 - Eliminate positions
 - Convert positions to partial FTEs
- Eliminate obsolete programs
- Reduce locations
 - Sell/lease vacant space
- Streamline service delivery – do not provide all services at all locations
- Decrease Benefits costs
 - Health premiums
 - Vacation/holiday benefits
- Increase contract and tuition revenues



Selecting a Scenario – The Balanced Scorecard Approach

- The Balanced Scorecard reviews four perspectives to measure and obtain a single strategy:
 - Financial
 - Customer
 - Internal Business Processes
 - Learning and Growth



Additional Resources

- December 14, 2016 Presentation to the Governing Board
 - [Video](#)
 - [PowerPoint Presentation](#)
- [Budget Criteria](#)
- [2017-2018 Financial Metrics](#)
- [Educational Master Plan Recommendations](#)
- [Educational Master Plan FAQ](#)

Questions?



Feedback

- You can provide input on which scenario will best fulfill the mission and vision of the College using this [link](#).