

Budget and Finance Planning Fiscal Year 2016

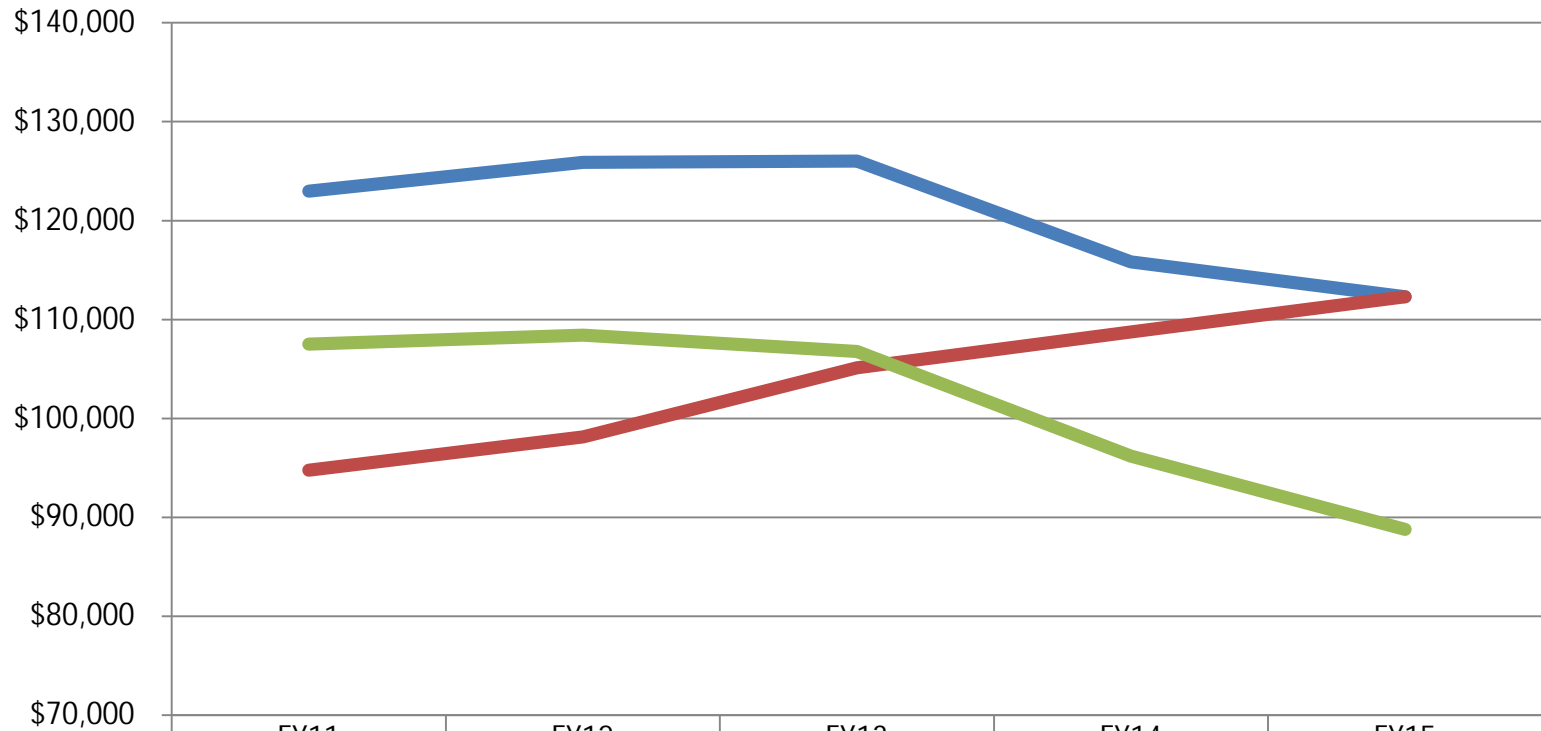
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Spring 2015

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

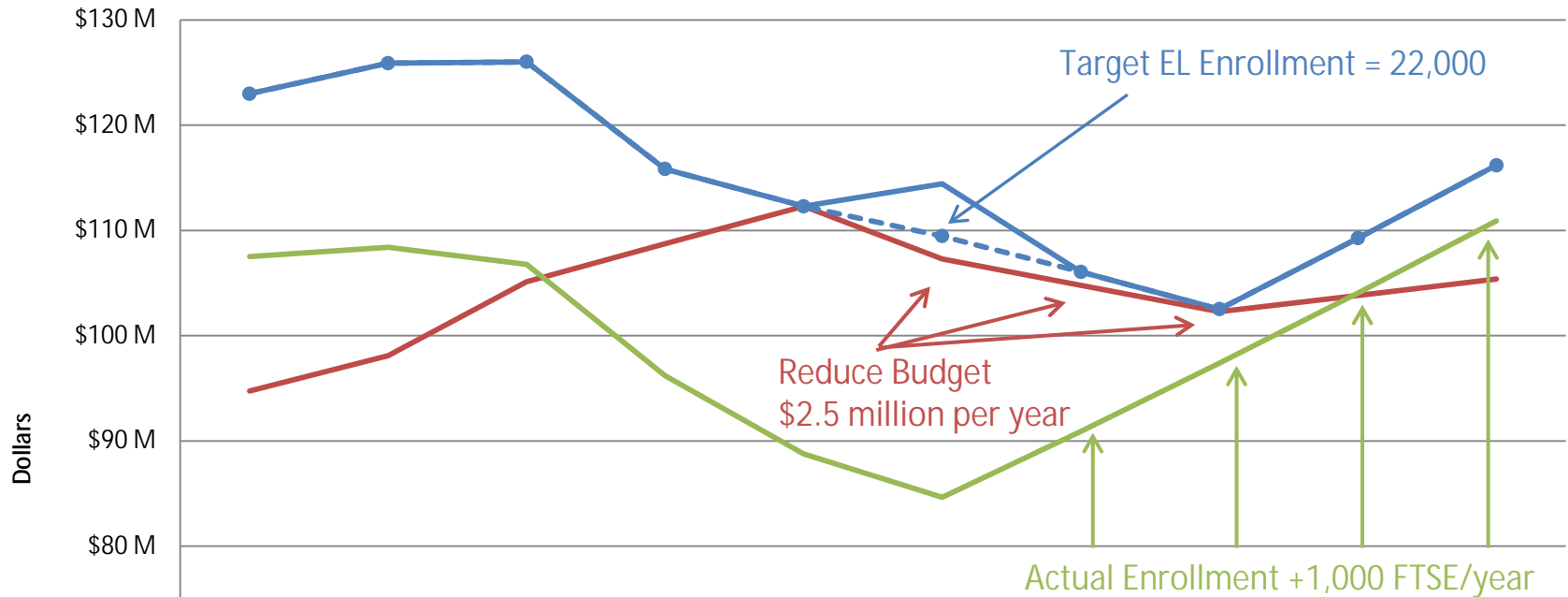
PCC Expenditure Limitation Expenses

(in \$ thousands)



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

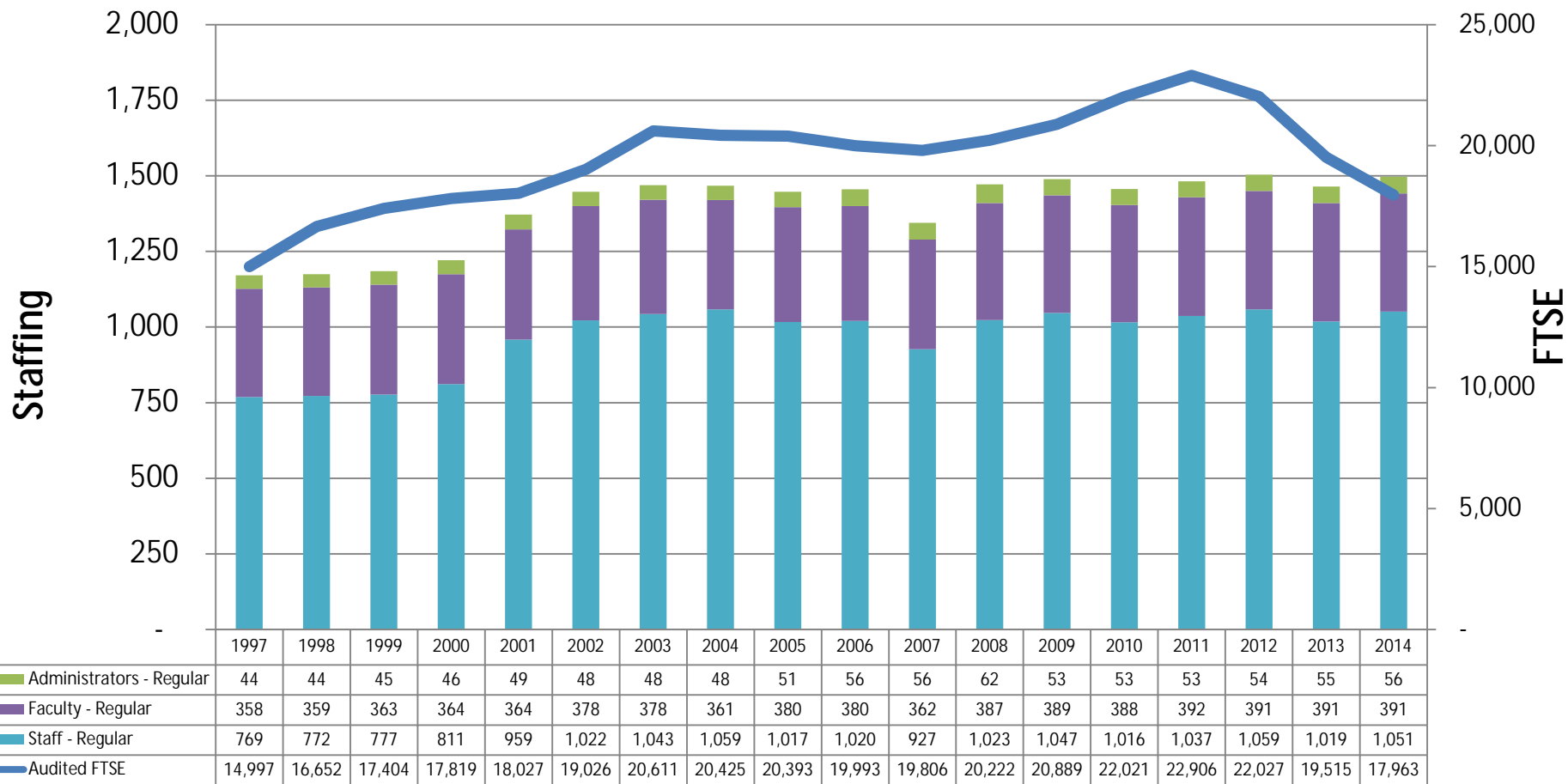
PCC Projected Expenditure Limitation Expenses (in \$ thousands)



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
— Estimated EL	\$123.0 M	\$125.9 M	\$126.0 M	\$115.8 M	\$112.3 M	\$114.4 M	\$106.1 M	\$102.5 M	\$109.3 M	\$116.2 M
— Expenses	\$94.8 M	\$98.1 M	\$105.1 M	\$108.7 M	\$112.3 M	\$107.3 M	\$104.8 M	\$102.3 M	\$103.8 M	\$105.4 M
— Actual-based EL	\$107.5 M	\$108.4 M	\$106.8 M	\$96.2 M	\$88.8 M	\$84.7 M	\$90.9 M	\$97.4 M	\$104.1 M	\$110.9 M
-•- Target EL	\$123.0 M	\$125.9 M	\$126.0 M	\$115.8 M	\$112.3 M	\$109.5 M	\$106.1 M	\$102.5 M	\$109.3 M	\$116.2 M

Dollars by Fiscal 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.

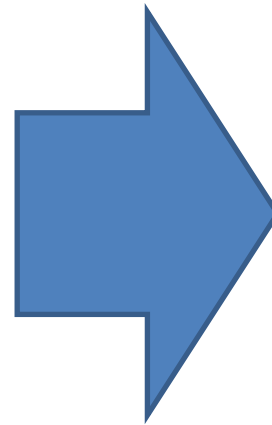
PCC Budget Realities

- 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**