



# Fiscal Year 2025 and Beyond: Budget Forecast

Executive Leadership Team

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PimaCommunityCollege

# Budget Planning Session

- Long-term Planning
  - Budget model
  - Metrics, indicators, and ratios
  - Capacity of the institution
  - Budget development calendar
  - Historical context
- Budget Parameters
  - Expenditure priorities
  - Revenue projections
- ELT Feedback



# Long-Term Planning & Stewardship Metrics

- Budget model
- College budget metrics, indicators, and ratios
  - Longitudinal Budget
    - Personnel Costs/Total
    - Personnel Costs vs. FTSE
    - Tuition/Total Revenue
- Benchmarking data: Peer comparisons
  - Arizona: Tuition rates, adjunct faculty rates, salary surveys
  - IPEDS: Staffing, faculty, and management levels
- External review of financial metrics and ratios
  - HLC accreditation standards (Criterion 5) and ratios
  - Credit ratings (report guidance and feedback)

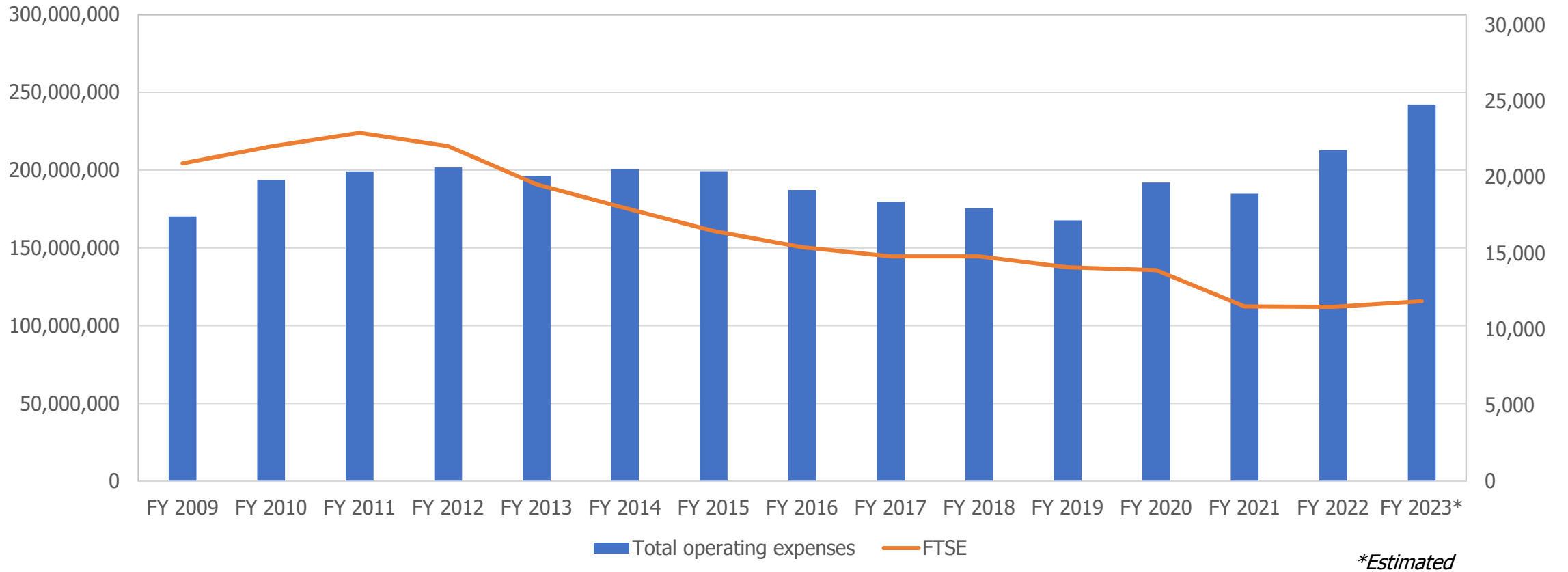


# Budget Development Calendar

	College Process		Governing Board	
<u>Item</u>	<u>Month(s)</u>	<u>Lead/Participants</u>	<u>Month(s)</u>	<u>Item Type</u>
Budget Development Calendar		Finance	November	Information Item
Budget Forecast, Metrics	October	ELT, Finance/Audit	November	Study Session
Course Fee Review	September to December	Academic Units, Finance	February	Information Item
Budget Discussion	Property Growth	County	February	Study Session
Employee Benefits	December to February	ESC, External Actuarial	March	Action & Information Items
Tuition and Service Fees	December to February	Finance	March	Action Item
Capital Project Plan	January to March	College-wide	May	Action Item
Unit Allocations (Operating Budgets)	February to March	College-wide		
Publication of Proposed Budget	December to April	Finance	May	Action Item
Employee Salaries & Wages	December to May	Finance, HR, AERC	June	Action Item
Property Taxes	December to February	Finance	June	Action Item
Budget Adoption			June	Action Item

# Historical Drivers, Strategies, Spending, and FTSE

Impacts of Great Recession	HLC Probation	Expenditure Limitation (EL) Threat	COVID-19 Impacts
State Aid Reductions	Admin Reorg	EL Reduction Plan	COE Investments, Post-Prop 481





# Base Budget Expenditure Priorities

1. Integrated Planning: sets the direction of the College
2. External factors: local, state, national
3. Contractual obligations/mandatory cost increases
4. Employee compensation
  - Benefits: Medical and Pharmaceutical, Retirement, Workers Compensation, Unemployment, etc.
  - Sustaining the Classification and Compensation structure
5. Cost growth, program or service enhancement

# Cost Pressures/Program Enhancements

- Student Support
  - Childcare
  - Transportation
- External partner expectations: leases, cost-sharing, etc.
- Co-curricular (~\$2.0M underfunded)
- Course materials/course delivery
  - Digital delivery (infrastructure, personnel/skills, student equipment)
  - Bookstore/food service
  - Open Educational Resources
- Sustainability
  - Improving operational efficiency (utilities, scheduling, etc.)
  - Deferred maintenance (equipment replacement, facilities upkeep)
  - Developing metrics



# Fiscal Year 2025 Revenue Projections

Revenue Source	Estimated Revenue
<u>Tuition and Service Fees</u>	
\$1.00 per credit of Tuition	\$350,000
\$1.00 per credit of Student Service Fee	\$320,000
\$1.00 per credit of Technology Fee	\$320,000
<u>Property Taxes</u>	
Levy Neutral	+\$2,000,000
2% increase	+\$2,600,000
3% increase	+\$4,000,000
<u>State Aid</u>	
STEM	No change
Operating	Unreliable
<u>Other Revenues</u>	
Prop 207	+\$750,000
State Sales Tax	+\$400,000
Investment Revenues	TBD

## Other considerations:

- Dual enrollment: \$50 per credit; not yet distributed
- **Auxiliary revenues**
- Review of differential tuition for high-cost disciplines



# Incremental Operating Budget Illustration\*

	Simple Est. (\$mil)
<b>Revenues (Reliable/Controllable)</b>	
Property Tax (w/+2%)	4.6
Tuition (+\$3.00 per credit hour increase)	1.1
Subtotal Revenues	5.7
<b>Expenses</b>	
Co-curricular (Athletics, Arts)	2.0
Contracts	1.0
Medical benefits	1.0
Year of experience	3.0
Adjunct Faculty increases (+5%)	0.5
Other changes	<u>0.5</u>
Subtotal Expenses	\$8.0
<b>Net Change</b>	<b>-2.3</b>

*\*Does not include major program changes, market adjustments, minimum pay increases, etc.*

# Ongoing Challenges Summary

- Struggling enrollment outlook
- Limited potential growth in other revenues
- Structural inefficiencies and continued resistance to reductions
  - All services at all places
  - Classroom inefficiencies (scheduling, course capacity)
  - Space optimization
- Funding College priorities with limited resources
- Reallocating resources
- Planning next phase of capital investment with limited internal resources

# FTSE to Staff Ratio

- FTSE to Staff Ratio (excluding grant-funded positions)
  - 2012 through 2014: Average 20 FTSE per staff
  - 2015 through 2019: Average 15 FTSE per staff
  - 2020 through 2022: Average 12 FTSE per staff
- Goal 15:1 FTSE to Staff ratio comparable to 50:1 FTSE to Instructional Faculty ratio
- FY23 is ~150 positions above 15:1 FTSE to Staff ratio

# Strategies

- Review of Budget Capacity
  - Review of operating budgets vs. actual expenditures
  - Carry-forward - requests to be resubmitted
    - Capital projects (excludes grant-related projects)
    - Strategic Initiative Budget Requests
- Chancellor's Goals
  - Broad assessment of the College to create efficiencies
  - Three-year budget plan for FY25 to FY27
- Position Control
  - Resource reallocation
  - Planned attrition via expected retirements
  - Planned reductions in programs or services

# Planned Attrition via Expected Retirements

Employee Class	Count	Pay
Administrators	4	\$601,619
Faculty-Educational Support	1	\$89,066
Faculty-Instructional	29	\$2,503,052
Staff-Exempt	44	\$3,469,943
Staff-Non-Exempt	30	\$1,620,894
Grand Total	108	\$8,284,574
Savings (w/Fringe Benefits) @ 50% Fill	54	\$5,592,088



# Feedback from the ELT

- Priorities for Fiscal Year 2025
  
- Strategies to Build a Sustainable Budget



# Additional Information

# Resources

- [Fiscal Year 2025 Budget Development Calendar](#)
- Integrated Planning
  - [Strategic Plan, 2021-2025](#)
  - [2023-2024 Chancellor's Goals/College Priorities](#)
  - [Educational Master Plan](#)
  - [Facilities Master Plan](#)
- [Financial Metrics, Indicators, and Ratios](#)
- [Dashboards](#)
  - [Audited FTSE for PCC and AZ Colleges](#)
  - [PCC Human Resources in IPEDS Categories, Ratios](#)
  - [Finance](#)







**/// Keep striving.**



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