

FY10 Budget Development: Planning for “Ordinary Resources”

September 2008

Presentation Objectives

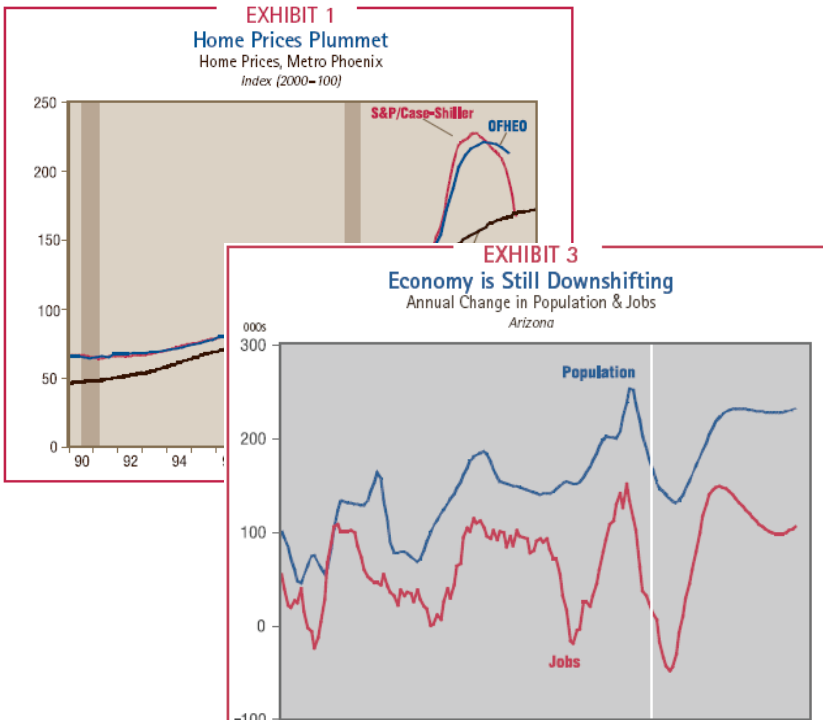
- ▶ Understand the current economy's impact on MCCCCD and the resultant impact on PVCC
- ▶ Outline the budget development process for FY10
- ▶ Engender thoughtful conversation to arrive at the best long-term strategies for PVCC



Arizona Economy Continues to Make Headlines

PHOENIX Business Journal

Bankruptcies soar as market takes a tumble



Published by the W. P. Carey School of Business at Arizona State University

BLUE CHIP ECONOMIC FORECAST

ARIZONA

"The expansion lives on, but at a more moderate pace, as growth rates decline for yet another year," said regional forecaster Lee McPheters.

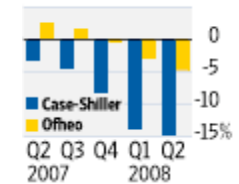
THE ARIZONA REPUBLIC

ASU plans to slash 81 positions, combine programs

THE WALL STREET JOURNAL.

States Slammed by Tax Shortfalls

Home Prices yr. over yr.



ARIZONA'S
ECONOMY

Eller COLLEGE OF
MANAGEMENT
THE UNIVERSITY OF ARIZONA.

More Recently...

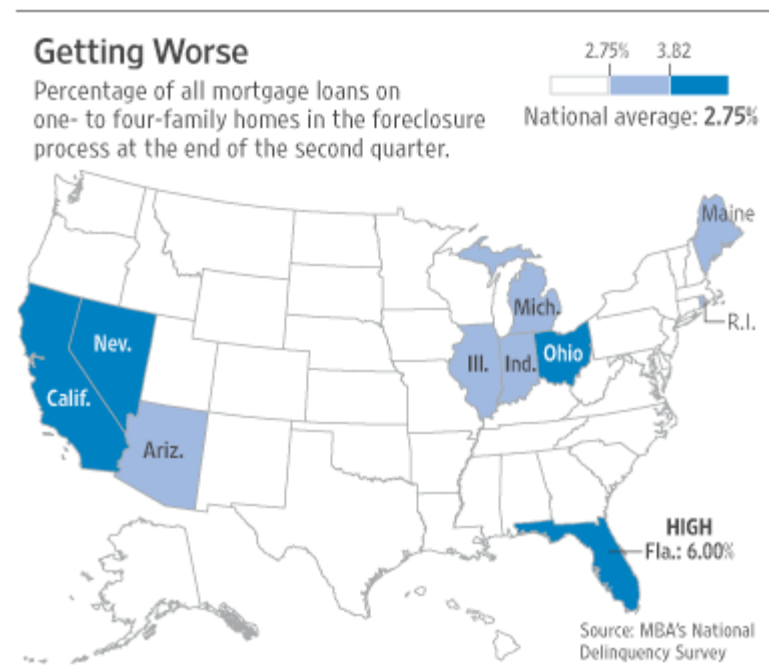
Arizona's tax collections down in July Report a grim sign for 2009 budget

Arizona Republic, September 7, 2008

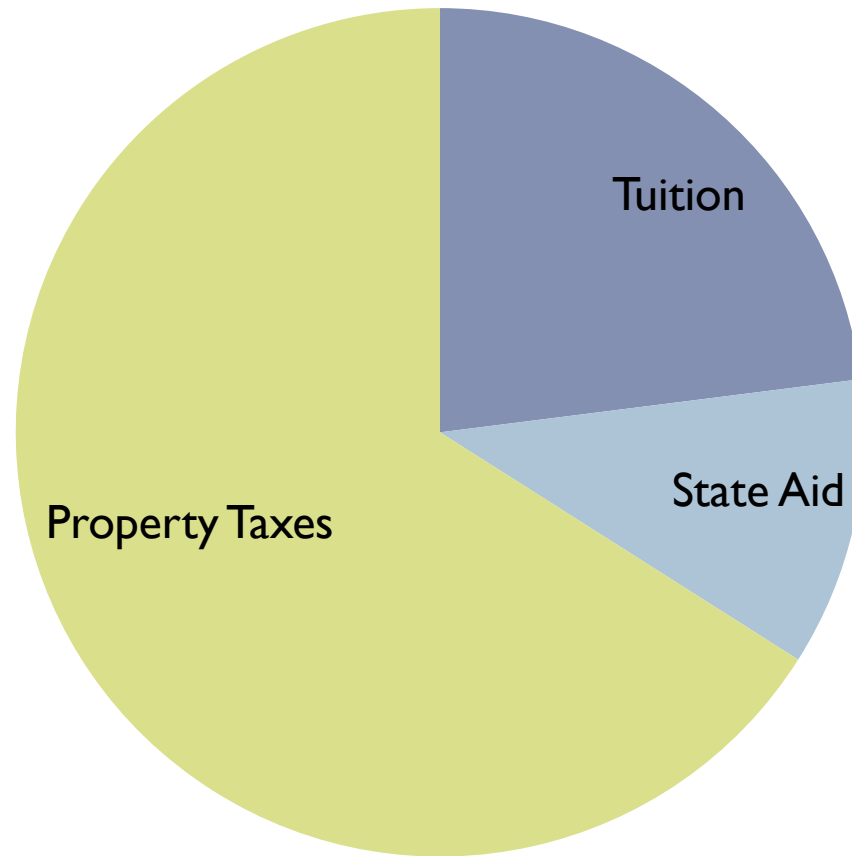
- ▶ **State revenue down**
- ▶ State government feeds off of three primary sources of tax revenue. In July, the first month of the new fiscal year, they all posted lower collection levels than forecast, which compounds state budget woes.
- ▶
 - **Sales tax:** \$356 million collected, \$60 million less than forecast
 - **Personal income tax:** \$265 million collected, \$19 million less than forecast
 - **Corporate income tax:** \$23 million collected, \$10 million below forecast
- ▶ **Source: Joint Legislative Budget Committee**

Foreclosures, Overdue Mortgages Increase Again

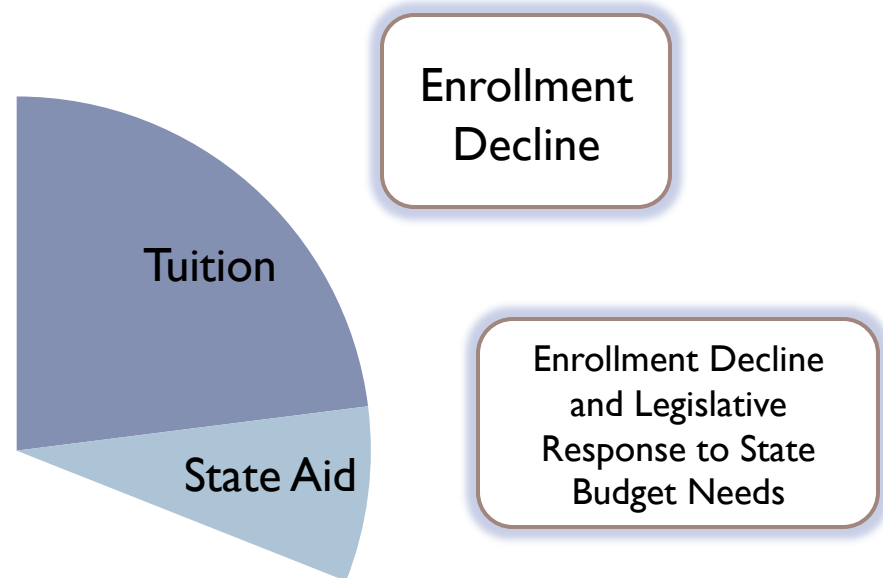
Wall Street Journal, September 6, 2008



How is Maricopa Community College District Funded?



What Causes the Funding Pie to Shrink?

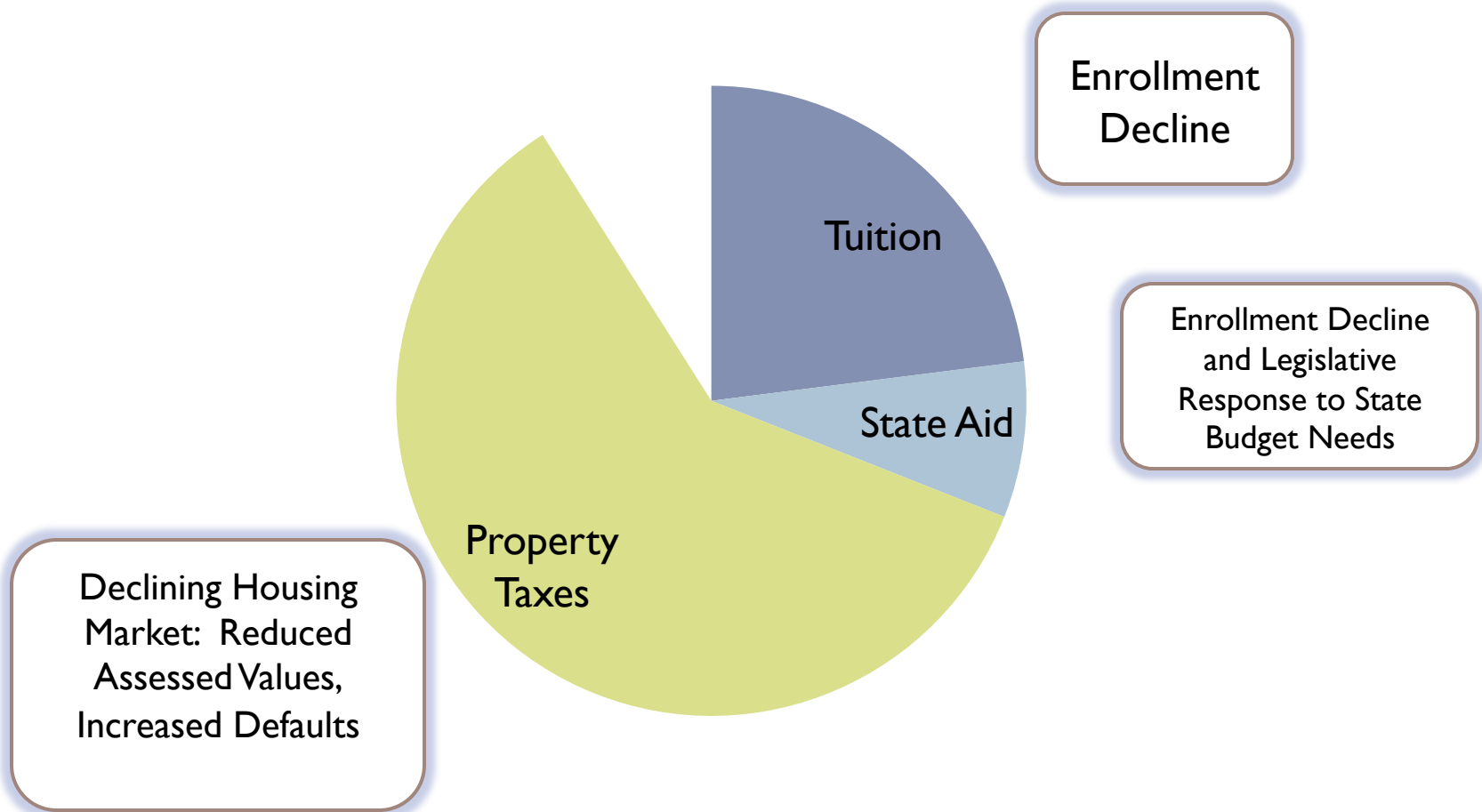


What's Happening to MCCCCD State Aid?

	Adopted FY09	Budget Cut	Appropriated FY09	Cut %
Operating Aid	\$57,528,300	(\$2,112,200)	\$56,416,100	3.7%
Capital Aid	\$11,129,800	(\$11,129,800)	\$0	100.0%
TOTAL	\$68,658,100	(\$13,242,000)	\$55,416,100	19.3%

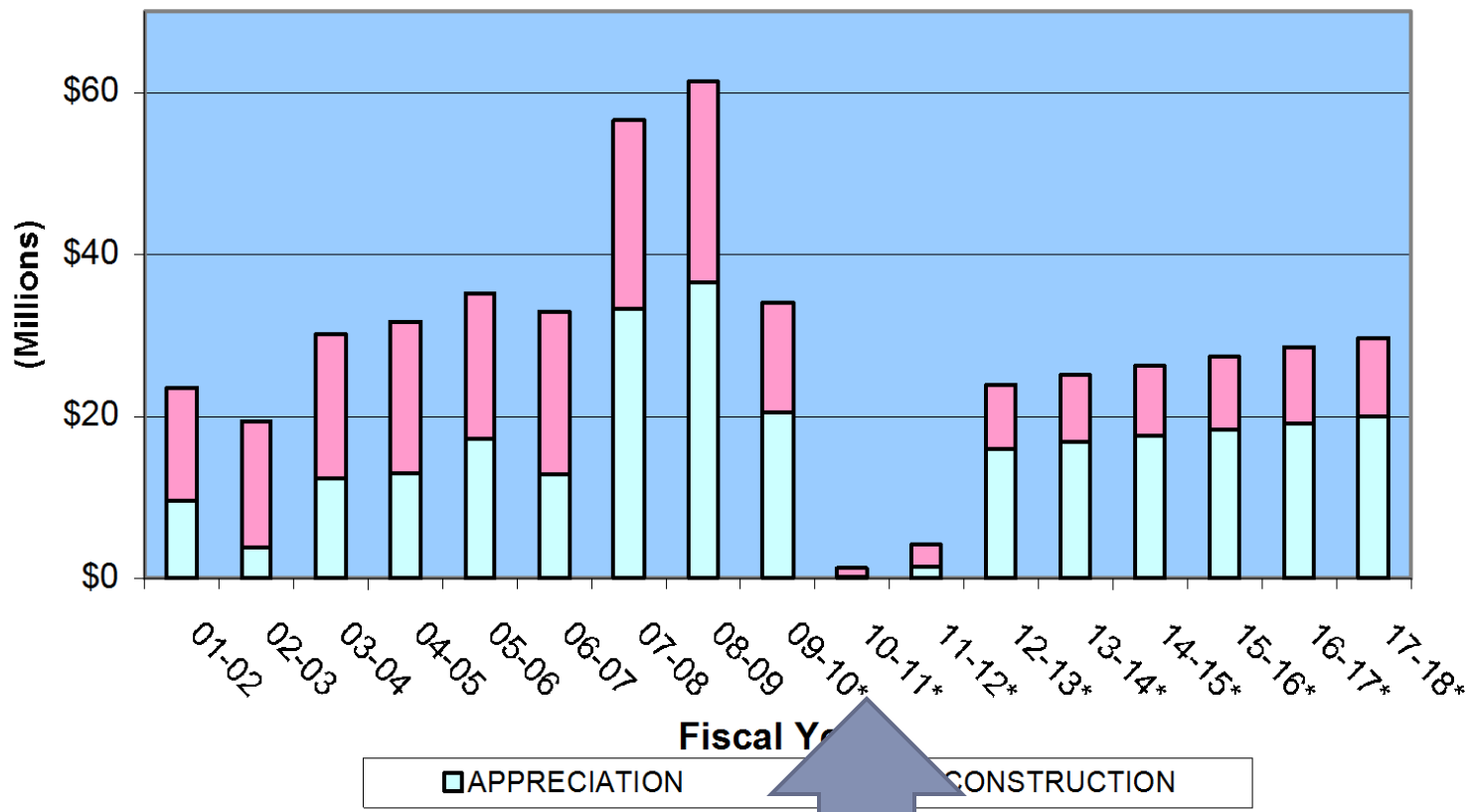


What Causes the Funding Pie to Shrink?



What's Happening to Property Taxes?

PRIMARY PROPERTY TAX LEVY GROWTH APPRECIATION vs. NEW CONSTRUCTION



Forecast: Source FY 2009-10 to 2017-18 Elliott D. Pollack & Co



Implications for PVCC

What Does this Mean for Paradise Valley Community College?

▶ **FY2008-09**

- ▶ Decline in FY08 Enrollment = \$50-100k Reduction to General Fund
- ▶ Legislative Budget Balancing = \$278k Reduction to State Aid Capital
- ▶ Potential for Additional Mid-Year Cuts

▶ **FY2009-10 Possibilities**

- ▶ Continuation of Cut to State Aid Capital
- ▶ Reductions to General Fund from Legislature
- ▶ Increases or Reductions from Enrollment Changes



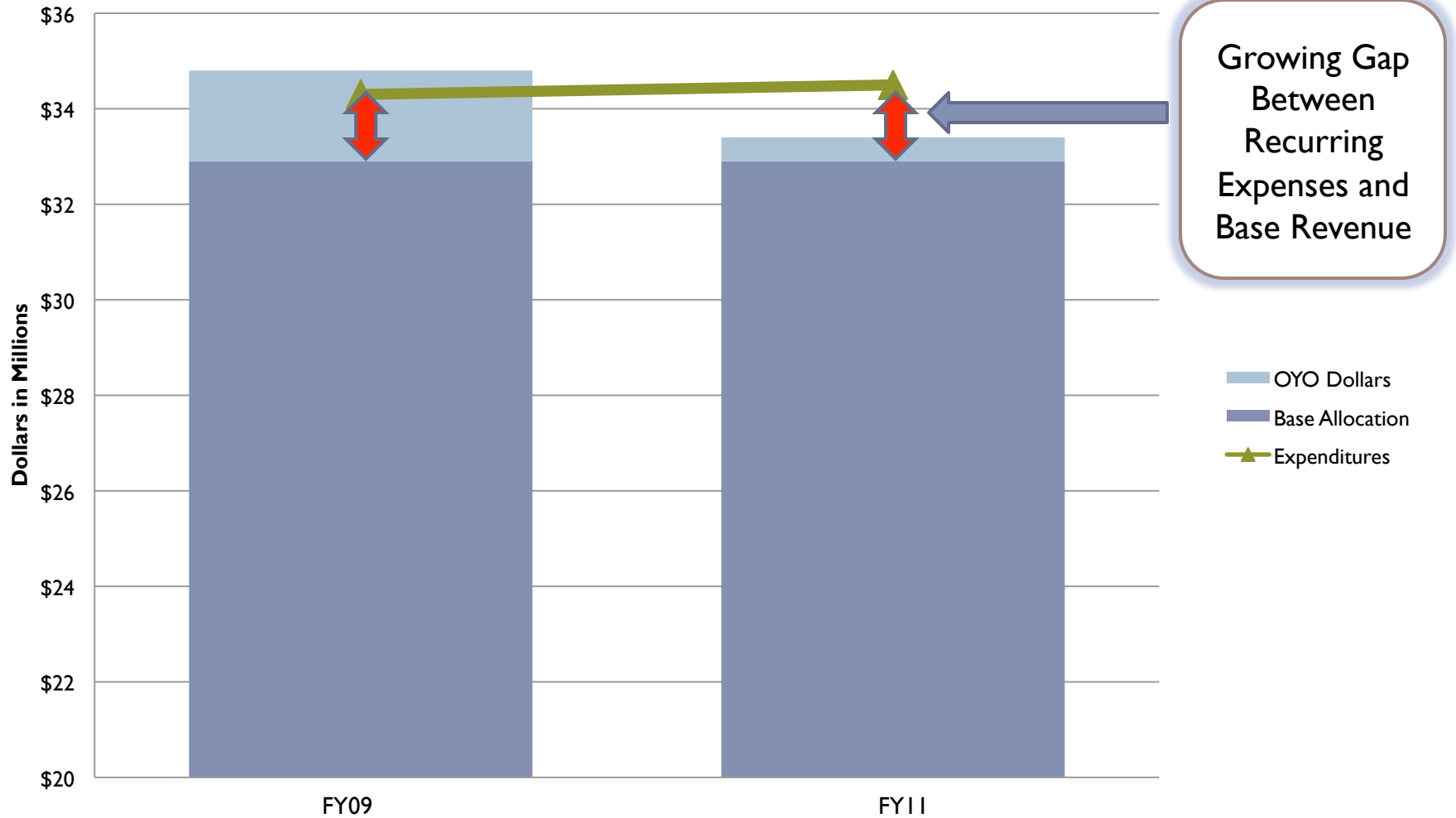
What Do We Need to Do?

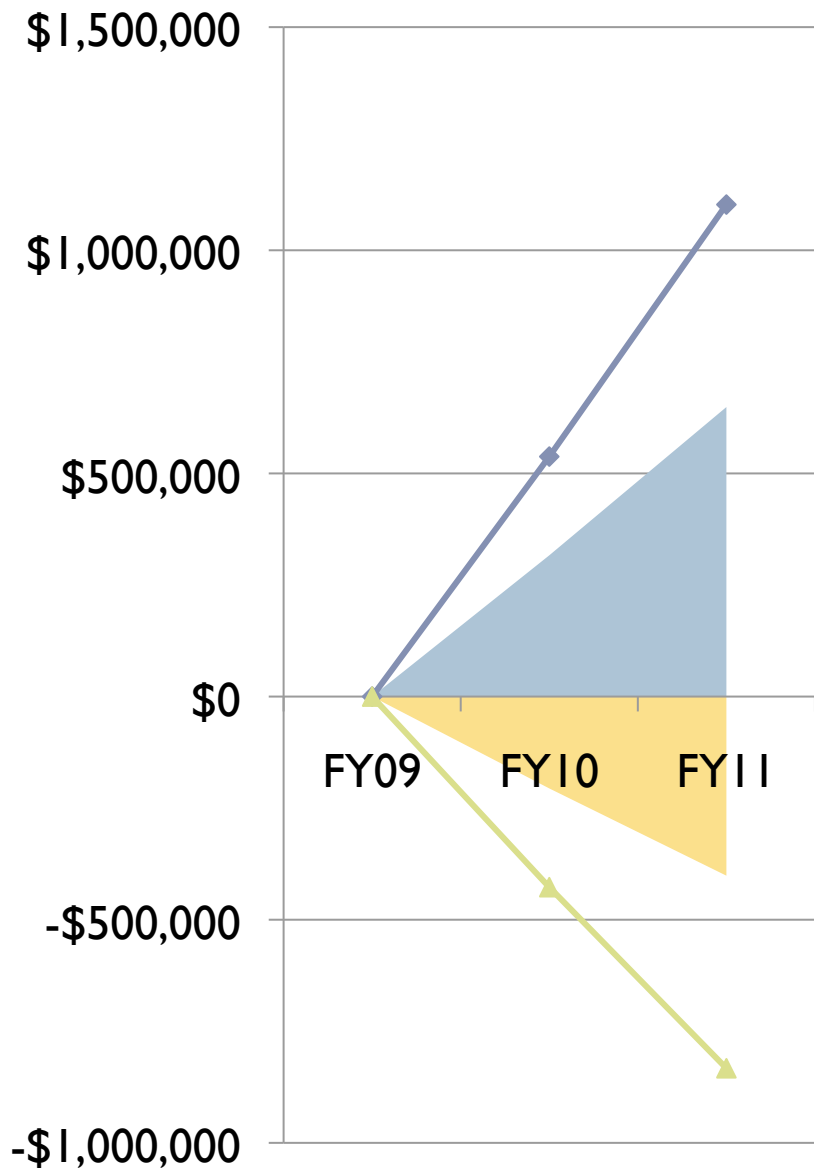
- ▶ **Get Grounded*:**
 - ▶ Engage in presentations and discussions to understand the environment
 - ▶ Focus on MCCCDC Strategic Directions and PVCC Strategic Priorities
- ▶ **Get Real*:**
 - ▶ Use analytics, data and facts to raise insight into problems and opportunities
 - ▶ Make and support decisions based upon the strategic plans and initiatives
- ▶ **Get Going*:**
 - ▶ Attract and retain students
 - ▶ Implement “best practices” to enhance effectiveness and efficiency
 - ▶ Build relationships and partnerships: grants, institutional advancement, entrepreneurship
 - ▶ Refocus and reallocate existing resources

* Drs. Nathan Hodges and Mark Milliron, “Community College Renewal”



Taking a Multi-Year Look: The Gap





- Net Revenue Change from Enrollment Growth
- Net Revenue Change from Enrollment Decline

How Does Enrollment Change the College's Bottom Line?

Let's examine **Gross** and **Net** impacts of 5% increases and decreases in enrollment for FY09 and FY10 on the following years' revenues

NOTE: Example assumes maximally efficient scheduling and enrollment of 30 students in every class

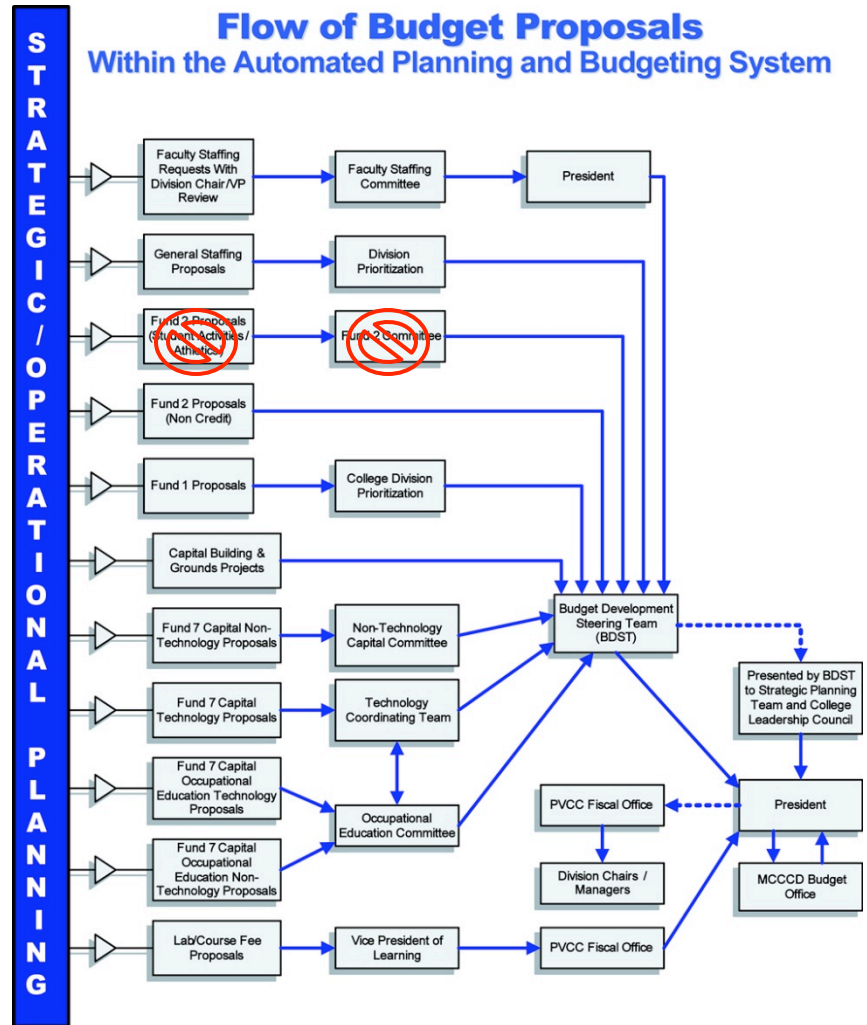
PVCC Budget Assumptions

- ▶ 1. Short- and long-term planning, as reflected in institutional priorities and initiatives, will drive the college's resource allocation process.
- ▶ 2. The Budget Development Steering Team will prioritize funding proposals for new and existing programs and submit them to the college President who will review them and determine final allocations.
- ▶ 3. The budget process will identify needs to reallocate or repurpose existing funds.
- ▶ 4. Recommendations for RFP faculty staffing will be made by the Faculty Staffing Committee directly to the college President.
- ▶ 5. Annual allocations will be designated by the college President to support the college's fixed operating needs and for emergency or critical needs.
- ▶ 6. Budget priorities developed for a given fiscal year generally only apply to that year and do not carry over to future fiscal years.

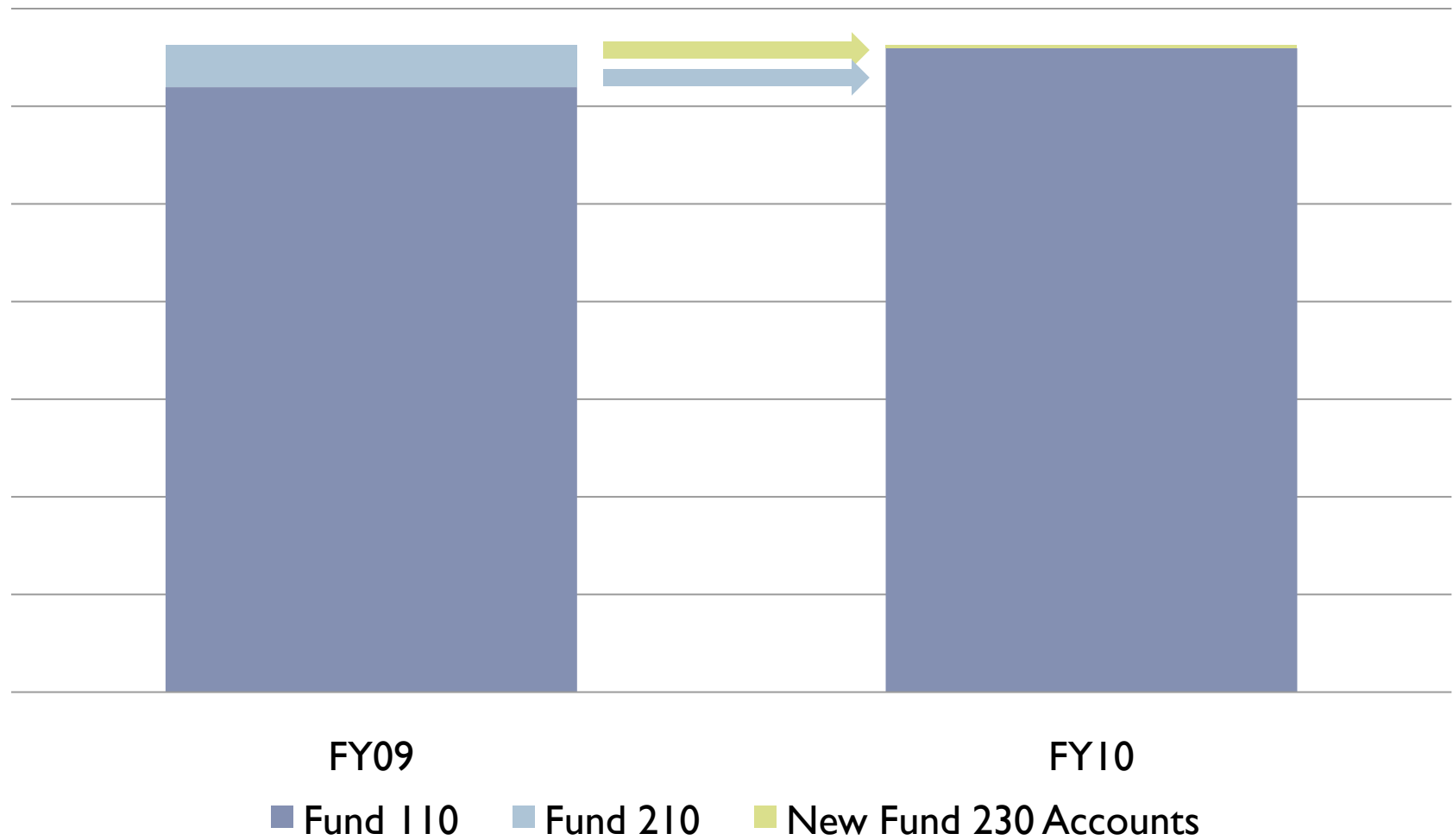


PVCC Planning & Budgeting Process

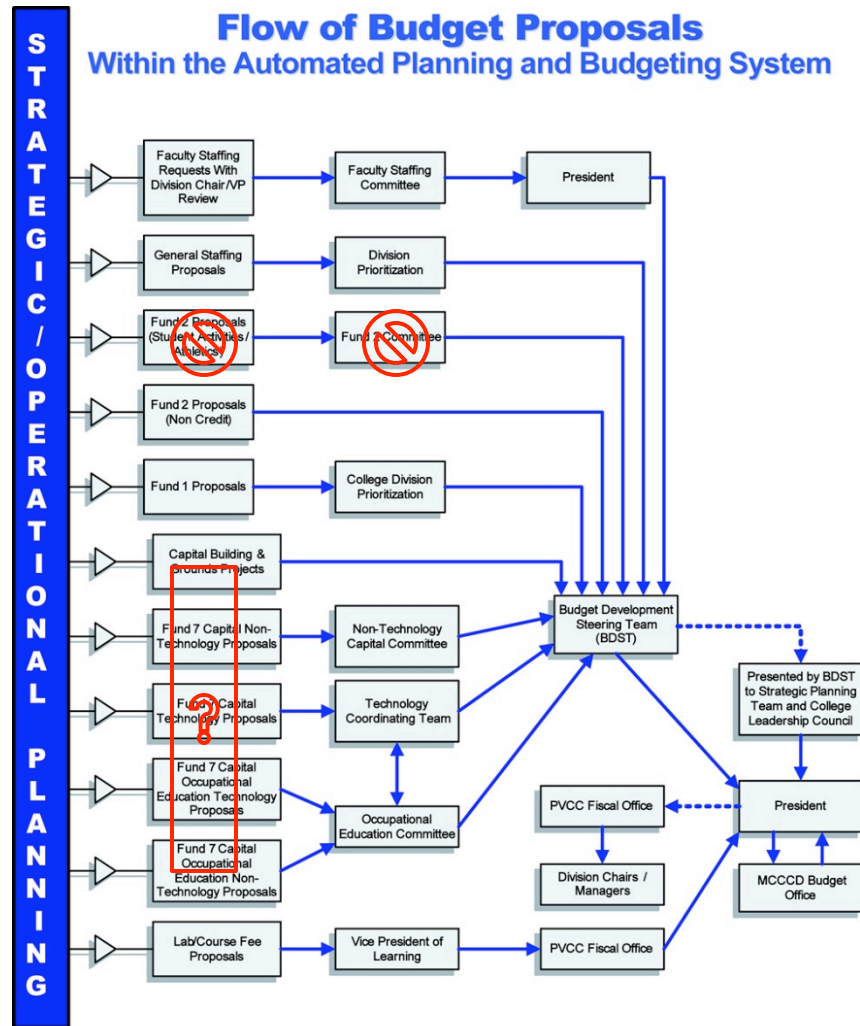
Fund 2 Integrated with Fund 1



Merger of Funds 110 and 210



PVCC Planning & Budgeting Process



Fund 2 Integrated with Fund 1

State Aid Capital Still Suspended

Divisions and Departments will submit operational plans and budget requests for FY10 in APB now through November 30th

So What's the Good News?

- ▶ College and District are financially solvent in FY09
- ▶ Enrollment at PVCC appears to be up for Fall 2008
- ▶ Data and analytics are being used to identify issues **in advance** of their becoming reality
- ▶ Giving us time to be a part of the solution through thoughtful discussion and planning
 - ▶ To refocus and reallocate resources
 - ▶ To increase our institutional advancement efforts to create new revenue streams





Questions?