

FY10 Budget Development:
Planning for LESS Than “Ordinary Resources”

December 2008

Presentation Objectives

- ▶ Understand the current State of Arizona economy
- ▶ Understand its impact on MCCCD and the resultant impact on PVCC
- ▶ Discuss next steps and strategies
- ▶ Engender thoughtful conversation to arrive at the best long-term strategies for PVCC

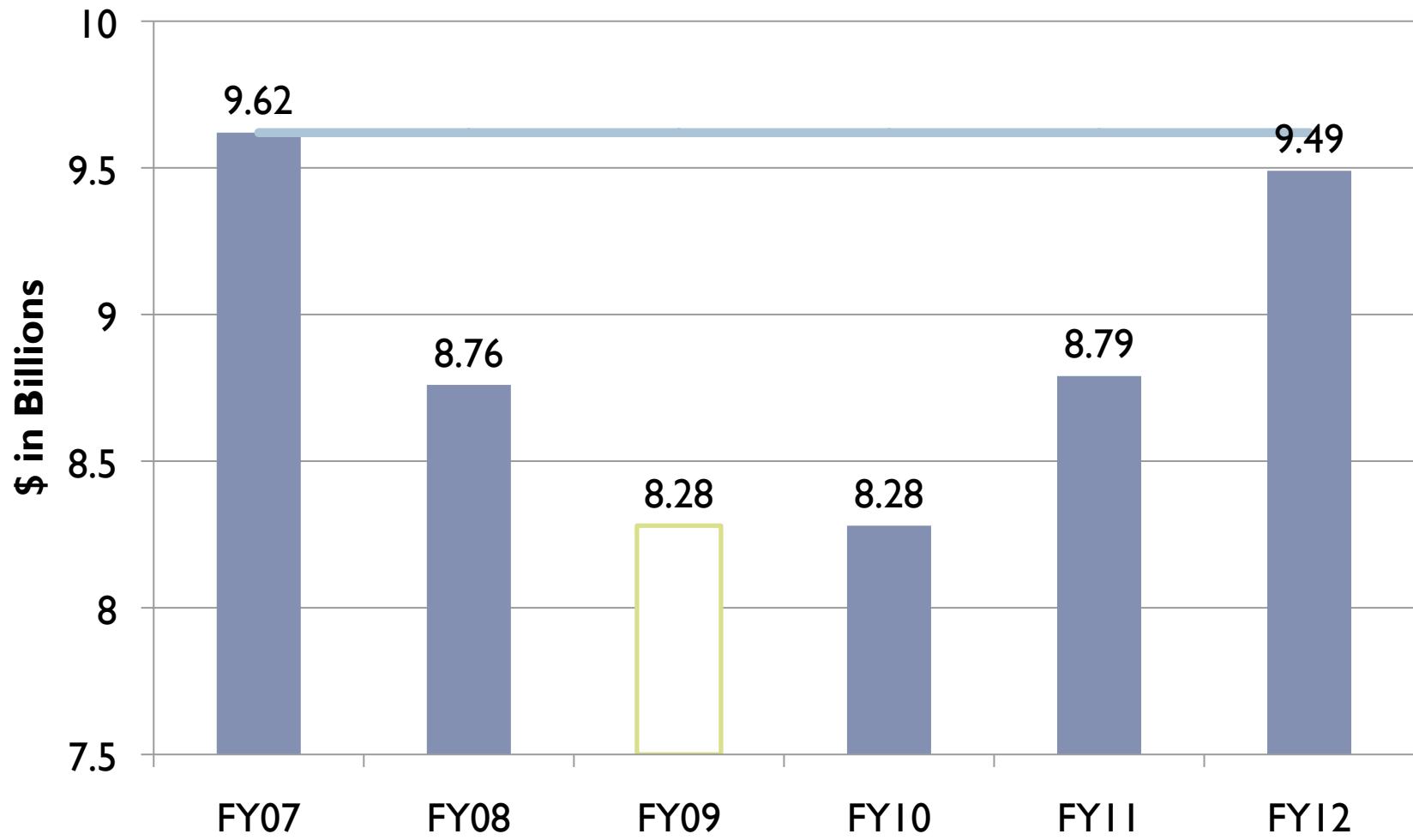


Joint Legislative Budget Committee

NOVEMBER 2008 BUDGET UPDATE



On-Going General Fund Projection: Collections Below FY07 Until After FY12



What is the General Fund Shortfall?

\$1.2 B in FY09

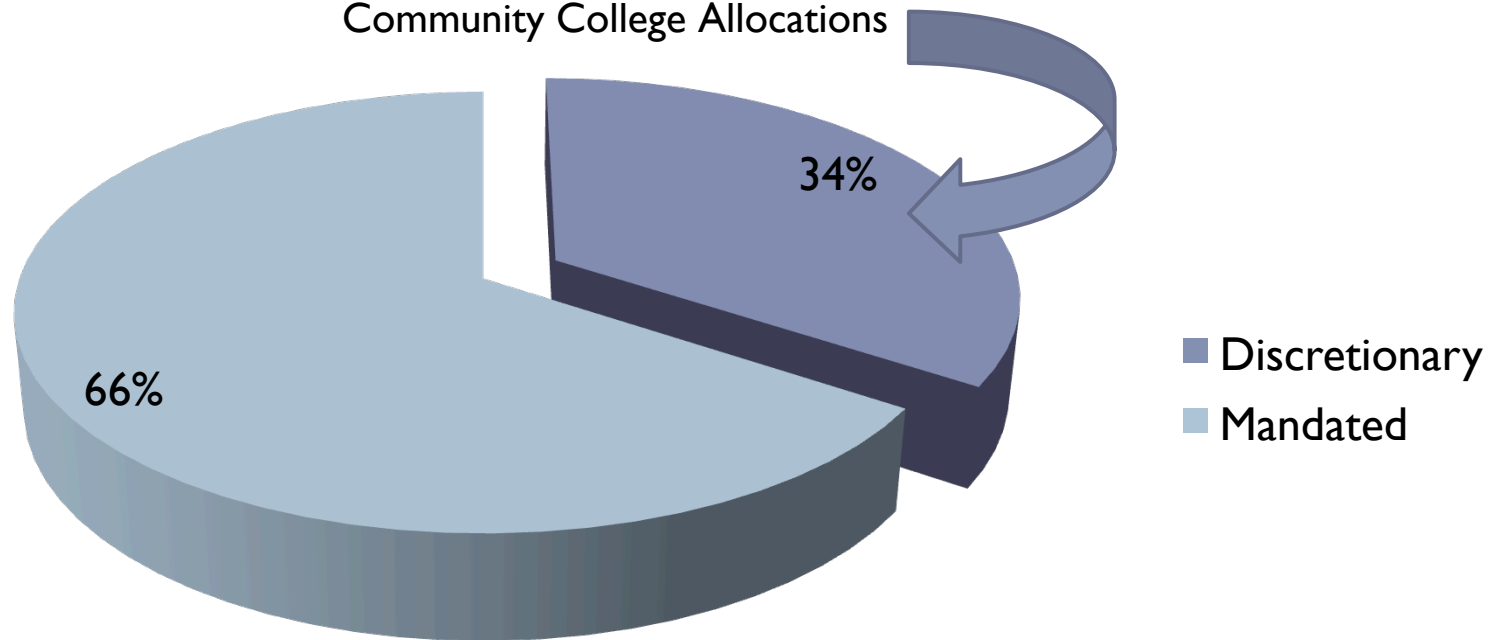
\$2.2 to \$3.0 B in FY10



Arizona General Fund

\$10.2 B Budget

Community College Allocations

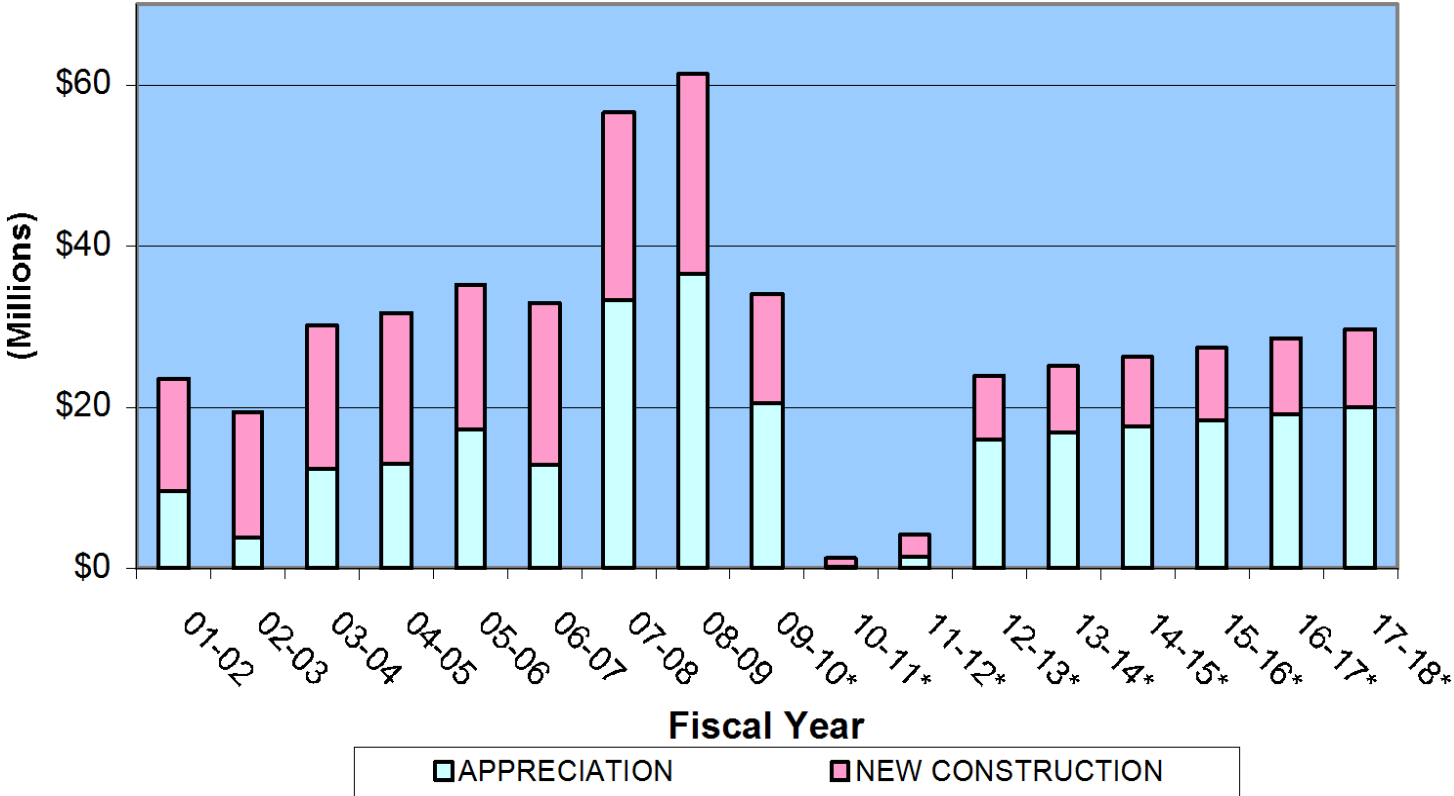


PROPERTY TAX PROJECTIONS



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.

WHAT'S HAPPENING TO THE MCCCD BUDGET?



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 if the State makes additional cuts?

Cut %	1% Cut	5% Cut	10% Cut	25% Cut
Cut Amount	(\$554,200)	(\$2,770,800)	(\$5,541,600)	(\$13,854,000)
TOTAL REMAINING	\$54,861,900	\$52,645,300	\$49,874,500	\$41,562,100

This provides about the same appropriation as in...

	FY2003	FY2000	FY1999	FY1995
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WHAT'S HAPPENING TO THE PV BUDGET?



Budget Planning

- ▶ **December 15th:**

- ▶ Reduction for FY08 Enrollment Decline: *Reduction of \$177,855*

- ▶ 1% Reduction for FY09: *Total Reduction of (\$310,000)*

- ▶ Additional 1% Reduction for FY10 (Cumulative 2%): *Total FY10 Reduction of (\$617,000)*

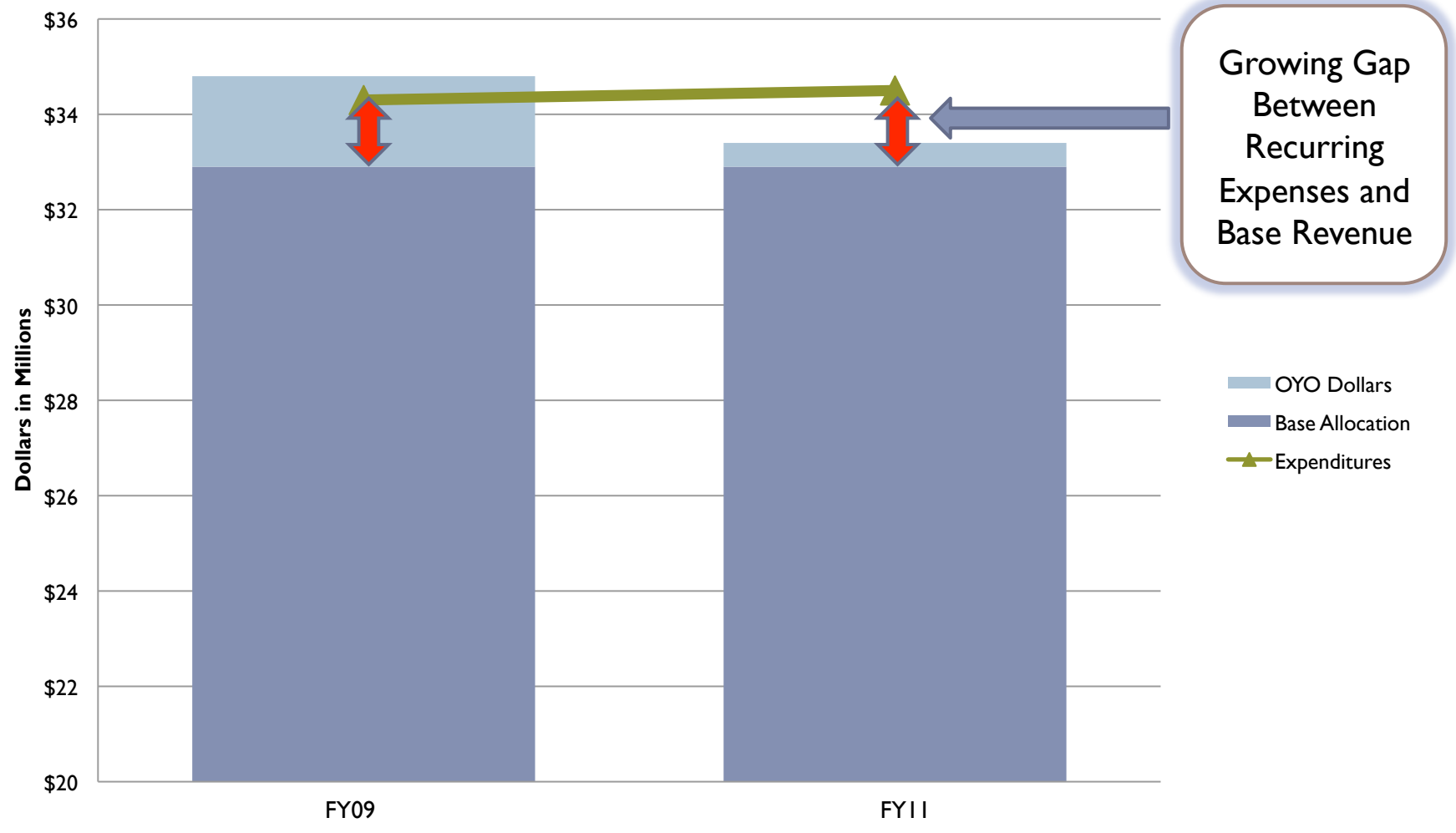
- ▶ **January 9th:**

- ▶ Additional 3% Reduction for FY10 (Cumulative 5%): *Total FY10 Reduction of (\$1,538,000)*

- ▶ Additional 11% Reduction for FY10 (Cumulative 12%): *Total FY10 Reduction of (\$3,687,000)*



Taking a Multi-Year Look: The Gap



Growing Gap
Between
Recurring
Expenses and
Base Revenue

- OYO Dollars
- Base Allocation
- Expenditures

Budget Development Calendar: Some Key Dates

December 1	Deadline for Submission of Early Retirement Incentive and Active Retirement Applications
December 4	Deadline for College Budget (APB) Requests
December 5, 8	•PV College Budget Update Meetings
December 8	<ul style="list-style-type: none"> •Anticipated Legislative Special Session •Restricted Fund 3 Revenue Projections for FY10 to Colleges
December 9	•District Financial Advisory Committee (FAC) Meeting
December 12	•Budget Development Steering Team (BDST) Meets to Recommend Strategies for Budget Reductions
December 15	•Deadline for Submission of FY09 1% and FY10 Additional 1% Cuts to District
December 19	•Deadline for Employees to Rescind Early Retirement Incentive Applications
January 9	<ul style="list-style-type: none"> •Deadline for Submission of Plans for FY10 Additional 3% and 10% Cuts to District (cumulative 5% and 12%) •Deadline for Submission of VP Restricted Fund 3 Budget Projections to District
January 27	• District FAC Meeting Finalizing Tuition Recommendation
February 17	•PV FY10 General and Capital Funds Budget Submissions Complete to District
March 24	•Governing Board Meeting: Adoption of FY 10 Tuition and Fee Schedule
April 21	•Governing Board Meeting: Adoption of FY10 Preliminary Budget



WHAT STEPS IS PV TAKING?



1% Reductions for FY09 and FY10

- ▶ Reduced Allocations for Travel and Official Functions
- ▶ Maintain Position Vacancies, Planned and Hiring Freeze
- ▶ Reduced Reserves in Fund 110
- ▶ Eliminated 2 Vacant Positions, Director of Continuing Education and Admin Secretary

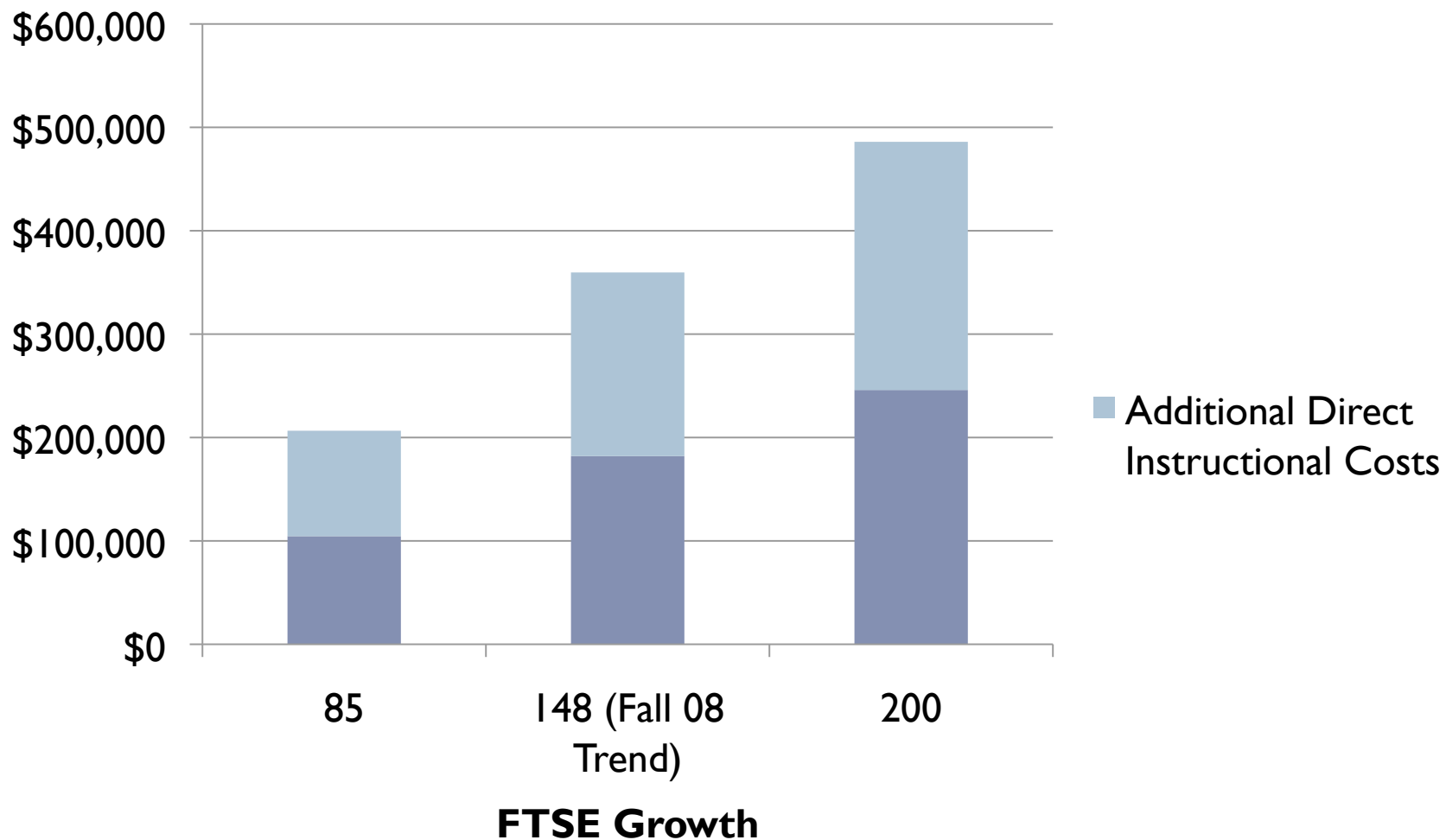


Approaches to 5% and 12% Cuts

- ▶ Enrollment Growth
- ▶ Cut Temp Wages
- ▶ Review Vacant Positions
- ▶ Realign Units
- ▶ Reduce Non-Core Services and Programs
- ▶ Re-Evaluate Timeline for “Q” Building



Potential Revenue from Enrollment Growth



**QUESTIONS? COMMENTS?
SUGGESTIONS?**

