



OAKLAND
COMMUNITY
COLLEGE®

2007-08 GENERAL FUND BUDGET

**Approved by the Board of Trustees
May 21, 2007**

Clarence Brantley, Interim Chancellor

**Clarence Brantley, Vice-Chancellor Administrative Services
Gail Pitts, Controller
Jessica Baughman, Budget Analyst**

**OAKLAND COMMUNITY COLLEGE
2007-08 GENERAL FUND BUDGET**

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OAKLAND COMMUNITY COLLEGE 2007-08 GENERAL FUND BUDGET

NARRATIVE

The 2007-08 General Fund Budget totals \$155,058,000. This is a 4.0% increase over the 2006-07 approved budget. Estimated revenue and expenditures are balanced.

Enrollment Projection

Student credit hour (SCH) enrollment for 2007-08 is projected for budgeting purposes at 492,506 SCHs representing a 2.0% increase over the actual credit hours for Summer II and Fall 2006, and the estimated credit hours for Winter and Summer I 2007.

The line graph on page 12 illustrates the change in SCH enrollment over a 10-year period.

Revenue Forecast

The College forecasts general fund revenue of \$155,058,000. Major components of the revenue forecast are:

Property Taxes: All levied mills benefit the College's general fund. The 1.0 charter mill (reduced to 0.8033 mill by the Headlee Amendment) is expected to generate approximately \$48,990,600 in 2007-08 and the voted 0.8 mill (reduced by Headlee to 0.7811) is expected to generate \$47,069,400.

These estimates are based on an expected taxable property base of \$63.8 billion. The taxable base assumes a 3.4% cap on property tax assessments as determined by the State Tax Commission. Allowances have been calculated for additions from new construction and deductions for lost tax revenue due to TIFAs, LDFAs, DDAs, tax abatements, rebates and refunds.

State Appropriation: The 2007-08 state appropriation has not yet been determined by the legislature. The State of Michigan continues to experience an overall revenue shortfall, and the College has seen five reductions in its state appropriation over three fiscal years (two Executive Order reductions in 2002-03, a decrease in the 2003-04 legislated appropriation, an Executive Order in 2003-04, and another Executive Order reduction in 2004-05). In view of budget balancing actions to be taken by the State, the College has not budgeted an increase in state funding for 2007-08. The estimate used in this budget is a base appropriation of \$19,485,000, the amount appropriated for Fiscal Year 2006-07.

Tuition and Fees: Tuition rates are projected to increase by 3.0% in the Fall 2007 semester. The Board of Trustees continues to maintain the position that the college will not increase tuition by more than the rate of inflation, or 3%, whichever is lower. The final inflation rate for 2006 was 3.2% as released by the Bureau of Labor Statistics in January 2007.

In-district	\$ 58.50 per SCH (\$1.70 increase)
Out-of-district	\$ 99.00 per SCH (\$2.85 increase)
Out-of-state	\$138.85 per SCH (\$4.02 increase)

Tuition and fees are expected to generate \$36,487,000.

Investment Income: The College is limited by law to investing in government bonds, bills, and notes; CDs and savings accounts in banks and credit unions; and short-term commercial paper issued by Michigan corporations. Based on current returns, estimated revenue from these investments in 2007-08 is budgeted at \$3,000,000.

Miscellaneous Revenue: This category comprises ticket sales from the performing arts program, massage therapy revenue, and other revenue sources that cannot be classified elsewhere.

Expenditure Budget

Expenditures, including transfers to other funds, are projected at \$155,058,000. As in past years, cost-containment measures are necessary in order to balance the budget. These measures include reductions in future contracted temporary services and overtime costs and phasing in implementation of many previous cost reduction or revenue generation suggestions made by the College community.

Major components of the expenditure budget are as follows:

Employee Salaries and Wages: \$75,219,462 is budgeted based on current and projected bargaining unit contracts and expected staffing levels.

In addition to contractual salary and wage increases for full-time faculty and staff, the budget for adjunct (part-time) faculty has been increased to provide adequate funds for instruction due to enrollment growth.

In keeping with the College's ongoing efforts to limit increases in personnel expenditures, the vacancy committee will continue to review all vacant positions on a monthly basis to ensure that employee costs stay within the approved budget.

FICA, Retirement, and Fringe Benefits: This budget amount of \$29,651,610 is based on three components:

- FICA is the College's contribution to Social Security and Medicare. The rate is 7.65% of employee earnings, subject to certain maximums.
- Retirement is the College's contribution to the Michigan State Public School Employees Retirement System (MPERS) or the Optional Retirement Program (ORP). The ORP rate remains unchanged from last year at 11%. The MPERS rate was 17.74% for the fiscal year 2006-07, but is budgeted to increase to 19.14%, effective October 1, 2007 through June 2008. This increase will cost the College an estimated \$702,000 in fiscal 2007-08 (October through June). The annualized cost of this rate increase is expected to be approximately \$1,053,000 for the next year.
- Fringe benefit costs reflect 10% increases in health care costs and 3% inflationary increases in all other benefits.

Contracted Temporary Personnel: Funding for contracted temporary services was moved out of the "non-personnel" budget in 2003-04 and is now shown in the "personnel" budget. This category is for individuals and agencies that are contracted to provide services to the College but are not employees of the College. The budget for this category has been reduced \$200,000 from the 2006-07 level, to \$2,146,000.

Utilities: Purchased utilities — heating fuels, electricity, water and sewer usage — are budgeted at \$4,655,087 which is 3% more than the 2006-07 budget. Although the increase in utility rates is expected to be larger, the increase will be offset by savings realized from our Energy Management Program.

Debt Service: The final payment for the Fujitsu phone system was made in March 2007. No budget amount is needed for the 2007-08 fiscal year.

Staff Development and New Initiatives: A budget of \$604,268 will provide training and professional development opportunities for faculty and staff throughout the College via the Professional Development and Training Center. This amount represents eight tenths of one percent (.8%) of the salary and wages budget. In addition, \$300,000 is budgeted for evaluation, development, and start-up costs of new programs and activities that the College may implement in 2007-08.

Operating Expenses: Operating expenses are budgeted at \$21,536,243. This category includes a wide variety of components that are estimated based on different criteria:

- Lab supply budgets are based on the expected student lab fee revenue collected. All lab fee revenue is distributed to academic disciplines to be used for lab and classroom expenses.
- The student scholarship award budget is indexed to the in-district tuition rate; if the tuition rate changes, so does the budget for awards, so that the number of awards remains constant. **The Board of Trustees approved a 10% reduction in overnight travel and local/in-house meeting expenses totaling \$87,000 and transferred the funds into scholarships. The overall operating budget remains the same.**
- Matching funds for federal and Michigan work-study programs and Supplemental Educational Opportunity Grants are budgeted based on estimated revenue for those programs.
- Budgets for space rental, computer and equipment maintenance, and other contractual commitments are based on their respective contracts.
- Legal fees, fire and liability insurance, and other unavoidable administrative costs are budgeted based on historical spending levels and expected rate increases. Insurance in particular has seen large increases in recent years.
- Operating budgets are established for new programs and activities and prior years' new initiatives that have received continuing program status. In 2007-08, continued funding is planned for several student-centered activities: student orientation, student life, international study opportunities, and developmental education.
- General office supplies and expenses are budgeted based on a historical 3-year average of actual costs, adjusted for inflation.

- Several cost saving suggestions have been incorporated into this budget. The College will continue to evaluate many suggestions for cost savings and/or revenue enhancements that may produce financial results over the long term.

Facility and Maintenance Projects: \$14,025,831 is budgeted based on a multi-year plan for replacement and renovation needs.

Technology Projects: \$1,712,000 is budgeted for technology projects.

Equipment and Furniture: Funding for equipment and furniture includes four categories:

Computers: \$1,350,000. This budget provides funding for personal computers throughout the College. As computers age and become obsolete, they are scheduled for replacement from this budget line.

Other Equipment and Furniture: \$1,137,441. This budget is intended for replacements and upgrades of non-capitalized (under \$5,000) equipment and furniture other than computers.

Depreciation Expense: \$1,950,000. Under the new GASB reporting requirements, the College must record depreciation expense for every piece of equipment or other physical asset that has been capitalized (i.e., costs \$5,000 or more, and has a useful life of at least one year). The depreciation expense is calculated based on the original cost of each item and its expected useful life. Over time, the monies captured by this expense entry provide a reserve for replacement of these assets as they reach the end of their useful lives.

Rolling Stock New Additions: \$120,000. This category has changed from replacement to new additions. Since the implementation of GASB 34 in the 2001-02 fiscal year; all capital equipment owned by the College has been inventoried and put on a replacement schedule. Thus, dollars are being put aside in Depreciation Expense for the replacement. This category is now for new vehicle acquisitions only.

Contribution to Fund Balance: The fund balance reflects the ability of the College to respond to revenue shortfalls, unanticipated expenses and other financial emergencies. The College's fund balance has been increased over the last several years as funding permitted. No increase has been budgeted for 2007-08, but if revenues increase during the fiscal year, funds will be devoted to this purpose.

OAKLAND COMMUNITY COLLEGE 2007-08 GENERAL FUND BUDGET

Estimated Revenue

Property Taxes		\$ 96,060,000																								
	<p style="margin-left: 40px;">Taxes levied on estimated Taxable Value of \$63,804,297,224 1.0 charter mill reduced by Headlee Amendment to .8033 mill. 0.8 voted mill reduced by Headlee Amendment to .7811 mill. Net of adjustments for TIFA, LDFA, and DDA exemptions, abatements, rebates and refunds.</p>																									
State Appropriation		19,485,000																								
Tuition and Fees		36,487,000																								
	<p style="margin-left: 40px;">Tuition - 492,506 Student Credit Hours will generate General Fund revenue 32,105,045 84.08% in-district at \$58.50 per SCH. 10.10% out-of-district at \$99.00 per SCH. 5.82% out-of-state at \$138.85 per SCH.</p>																									
	<p style="margin-left: 40px;">Fees -</p> <table style="margin-left: 80px; border-collapse: collapse;"> <tr> <td style="width: 100px;">Registration Fees</td> <td style="width: 100px; text-align: right;">\$ 1,726,900</td> <td></td> </tr> <tr> <td>Lab and Course Fees</td> <td style="text-align: right;">1,783,709</td> <td></td> </tr> <tr> <td>Technology Fees</td> <td style="text-align: right;">690,759</td> <td></td> </tr> <tr> <td>Transcript Fees</td> <td style="text-align: right;">64,902</td> <td></td> </tr> <tr> <td>Graduation Fees</td> <td style="text-align: right;">53,251</td> <td></td> </tr> <tr> <td>Other Fees</td> <td style="text-align: right;">62,434</td> <td style="text-align: right;">4,381,955</td> </tr> <tr> <td></td> <td style="border-top: 1px solid black; text-align: right;"></td> <td style="border-top: 1px solid black; text-align: right;"></td> </tr> <tr> <td style="margin-left: 40px;">Net Tuition and Fees</td> <td style="text-align: right;"></td> <td style="text-align: right;"><u>\$ 36,487,000</u></td> </tr> </table>		Registration Fees	\$ 1,726,900		Lab and Course Fees	1,783,709		Technology Fees	690,759		Transcript Fees	64,902		Graduation Fees	53,251		Other Fees	62,434	4,381,955				Net Tuition and Fees		<u>\$ 36,487,000</u>
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Income from Investments		3,000,000																								
Miscellaneous Revenue		<u>26,000</u>																								
Total Estimated Revenue		\$ 155,058,000																								

**OAKLAND COMMUNITY COLLEGE
2007-08 GENERAL FUND BUDGET**

Expenditure Budget By Category

	<u>Amount</u>	<u>Percent of Total Budget</u>	<u>Percent of Operating Budget*</u>
<u>Personnel Costs:</u>			
Employee Salaries and Wages	\$ 75,219,462	48.51%	55.88%
FICA, Retirement and Fringe Benefits	29,651,610	19.12%	22.03%
Subtotal College Employee Costs	\$ 104,871,072	67.63%	77.91%
Contracted Temporary Personnel	2,146,000	1.38%	1.59%
Total Personnel Costs	\$ 107,017,072	69.01%	79.50%
<u>Non-Personnel Costs:</u>			
Retirement Contribution Reserve	\$ 500,000	0.32%	0.37%
Utilities	4,655,087	3.00%	3.46%
Debt Service	0	0.00%	0.00%
Staff Development and Initiatives	904,268	0.58%	0.67%
Operating Expenses	21,536,243	13.89%	16.00%
Total Non-Personnel Costs	\$ 27,595,598	17.79%	20.50%
Operating Budget*	\$ 134,612,670	86.80%	100.00%
<u>Non-Operating Costs:</u>			
Facility and Maintenance Projects	\$ 14,025,831	9.05%	
Technology Projects	1,712,000	1.10%	
Equipment - Computer Replacement Program	1,350,000	0.87%	
Carpet Replacement	150,058	0.10%	
Equipment - Other Furniture and Equipment	1,137,441	0.73%	
Equipment - Depreciation Expense	1,950,000	1.26%	
Equipment - Rolling Stock New Additions	120,000	0.08%	
Total Non-Operating Costs	\$ 20,445,330	13.19%	
Total Expenditures and Transfers	\$ 155,058,000	100.00%	
Contribution to Fund Balance		0.00%	
Total Budget	\$ 155,058,000	100.00%	

**OAKLAND COMMUNITY COLLEGE
2007-08 GENERAL FUND BUDGET**

Budget Summary

<u>Revenue:</u>	<u>Amount</u>	<u>Percent of Total Budget</u>	
Property Taxes	\$ 96,060,000	61.95%	
State Appropriation	19,485,000	12.57%	
Tuition and Fees	36,487,000	23.53%	
Income from Investments	3,000,000	1.93%	
Miscellaneous Revenue	<u>26,000</u>	<u>0.02%</u>	
Total Revenue	<u>\$ 155,058,000</u>	<u>100.00%</u>	
<u>Expenditures and Transfers:</u>	<u>Amount</u>	<u>Percent of Total Budget</u>	<u>Percent of Operating Budget*</u>
Personnel Costs	\$ 107,017,072	69.02%	79.50%
Non-Personnel Costs	<u>27,595,598</u>	<u>17.80%</u>	<u>20.50%</u>
Operating Budget*	<u>\$ 134,612,670</u>	<u>86.81%</u>	<u>100.00%</u>
Non-Operating Costs	<u>20,445,330</u>	<u>13.19%</u>	
Total Expenditures and Transfers	\$ 155,058,000	100.00%	
Contribution to Fund Balance	<u>0</u>	<u>0.00%</u>	
Total Budget	<u>\$ 155,058,000</u>	<u>100.00%</u>	

* Operating Budget includes budgets for personnel, utilities, financial aid, and other supplies and services necessary for the daily operations of the College. Non-operating budgets include projects for facilities, major maintenance and technology, as well

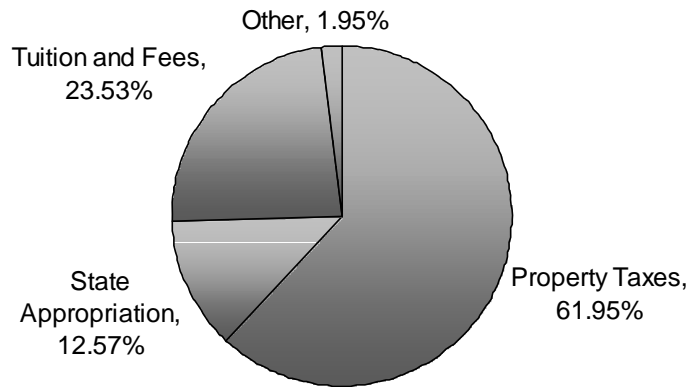
OAKLAND COMMUNITY COLLEGE 2007-08 GENERAL FUND BUDGET

Two Year Budget Comparison By Expenditure Category

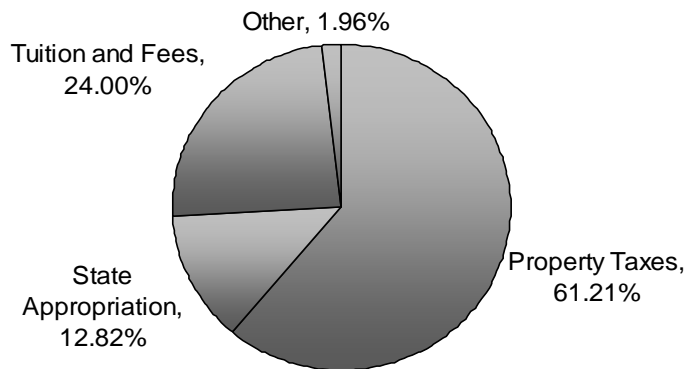
	<u>2007-08 Budget</u>	<u>2006-07 Budget</u>	<u>2007-08 Budget Increase (Decrease) from 2006-07 Budget</u>	
Employee Salaries & Wages	\$ 75,219,462	\$73,626,823	\$ 1,592,639	2.1%
Fringe Benefits	29,651,610	27,269,163	\$ 2,382,447	8.0%
Subtotal College Employee Costs	104,871,072	100,895,986	\$ 3,975,086	3.8%
Contracted Temporary Personnel	2,146,000	2,346,000	\$ (200,000)	-9.3%
Total Personnel Costs	\$107,017,072	\$103,241,986	\$ 3,775,086	3.5%
Retirement Contribution Reserve	\$ 500,000	\$500,000	\$ -	
Utilities	\$4,655,087	\$4,519,502	\$ 135,585	2.9%
Debt Service	0	297,400	\$ (297,400)	
Staff Development and New Initiatives	904,268	856,520	\$ 47,748	5.3%
Operating Expenses	21,536,243	19,787,345	\$ 1,748,898	8.1%
Subtotal Non-Personnel Costs	\$27,595,598	\$25,960,767	\$ 1,634,831	5.9%
Operating Budget	\$134,612,670	\$129,202,753	\$ 5,409,917	4.0%
Facility and Maintenance Projects	\$ 14,025,831	\$13,104,255	\$ 921,576	6.6%
Technology Projects	1,712,000	1,712,000	\$ -	0.0%
Equipment-Computer Replacement Program	1,350,000	1,350,000	\$ -	0.0%
Carpet Replacement	150,058	323,132	\$ (173,074)	
Equipment-Other Furniture and Equipment	1,137,441	1,137,441	\$ -	0.0%
Depreciation Expense	1,950,000	1,979,993	\$ (29,993)	-1.5%
Rolling Stock New Additions	120,000	122,277	\$ (2,277)	-1.9%
Subtotal Non-Operating Costs	\$20,445,330	\$19,729,098	\$ 716,232	3.5%
Total Expenditures and Transfers	\$155,058,000	\$148,931,851	\$ 6,126,149	4.0%
Contribution to Fund Balance	0	0	0	--
Total Budget	\$155,058,000	\$148,931,851	\$ 6,126,149	4.0%

**OAKLAND COMMUNITY COLLEGE
2007-08 GENERAL FUND BUDGET
Where Our Revenue Comes From**

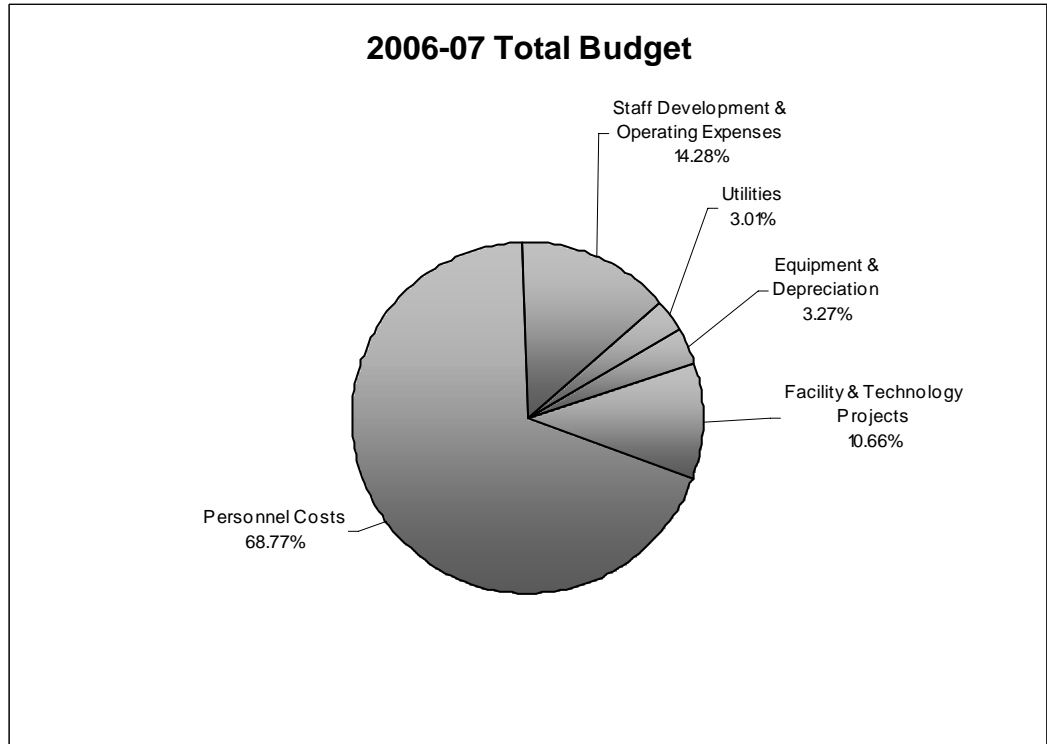
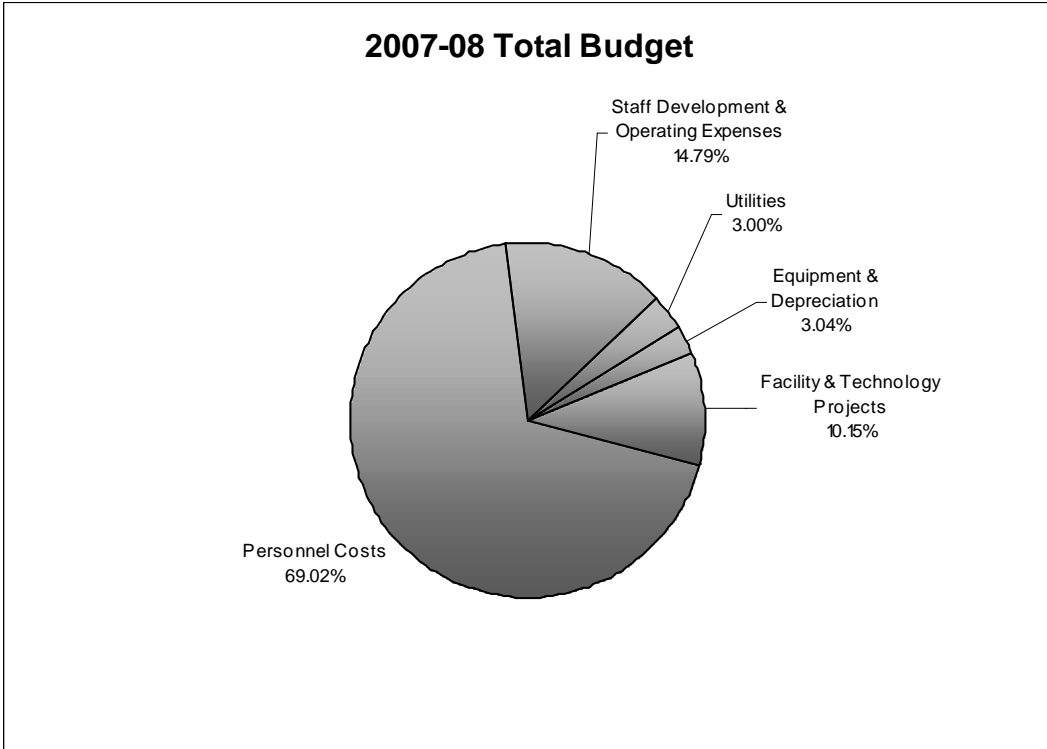
2007-08 Total Estimated Revenue



2006-07 Total Estimated Revenue

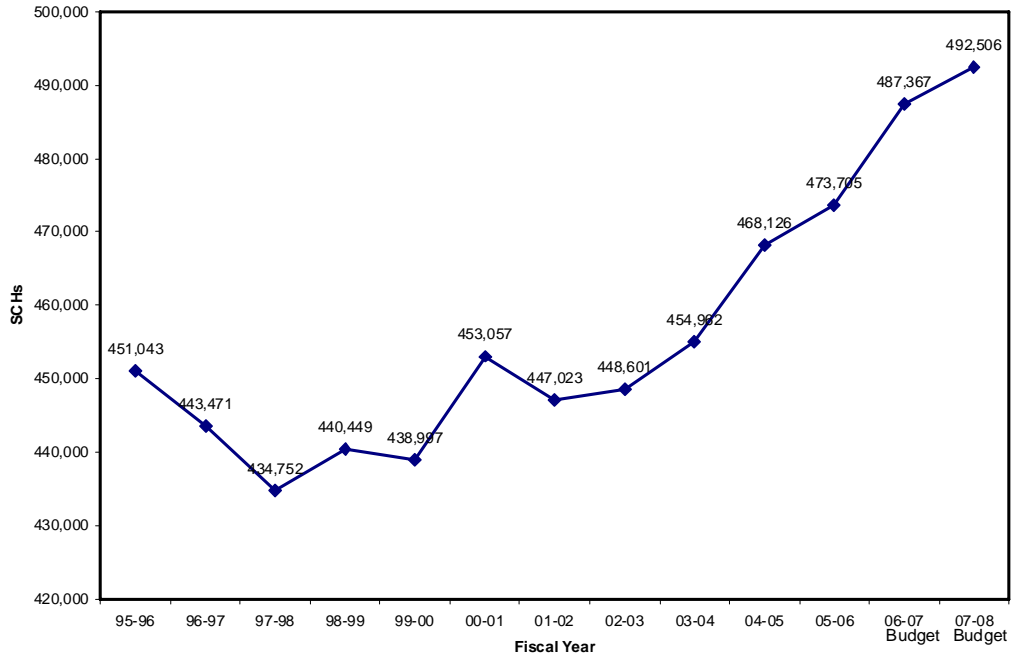


OAKLAND COMMUNITY COLLEGE 2007-08 GENERAL FUND BUDGET Where Our Budget is Spent



OAKLAND COMMUNITY COLLEGE 2007-08 GENERAL FUND BUDGET

Student Credit Hour Enrollment



OAKLAND COMMUNITY COLLEGE 2007-08 GENERAL FUND BUDGET

Debt Retirement Fund Budget

	General Obligation Bonds 2003	Revenue Bonds 1971	Total Debt Retirement Fund
	<u> </u>	<u> </u>	<u> </u>
Requirements:			
Interest Payments			
November 1, 2007	\$171,707.50		\$171,707.50
December 1, 2007		18,360.00	18,360.00
March 1, 2008			0.00
May 1, 2008	171,707.50		171,707.50
June 1, 2008		18,360.00	18,360.00
	<u>\$343,415.00</u>	<u>\$36,720.00</u>	<u>\$380,135.00</u>
Principal Payments			
March 1, 2008			\$0.00
May 1, 2008	1,030,000.00		1,030,000.00
June 1, 2008		135,000.00	135,000.00
	<u>\$1,030,000.00</u>	<u>\$135,000.00</u>	<u>\$1,165,000.00</u>
Total Requirements	<u>\$1,373,415.00</u>	<u>\$171,720.00</u>	<u>\$1,545,135.00</u>
Funding Sources			
General Fund			
Debt Retirement Fund	\$1,373,415.00	\$171,720.00	\$1,545,135.00
Total Funding	<u>\$1,373,415.00</u>	<u>\$171,720.00</u>	<u>\$1,545,135.00</u>

OAKLAND COMMUNITY COLLEGE 2007-08 GENERAL FUND BUDGET

Ten Year Comparisons - Financial Information

Amounts Shown are in Thousands (000s)

	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget
REVENUE SOURCES										
Property Taxes	56.5%	57.0%	56.9%	59.0%	59.6%	62.9%	60.6%	61.4%	61.2%	61.6%
State Appropriation	18.2%	17.8%	17.6%	17.3%	15.7%	13.8%	13.9%	13.0%	12.8%	12.8%
Tuition & Fees	22.9%	22.1%	22.1%	21.8%	23.1%	22.5%	23.5%	23.2%	24.0%	23.7%
All Other	2.4%	3.1%	3.4%	1.9%	1.6%	0.8%	2.0%	2.4%	2.0%	1.9%
Total Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
EXPENDITURES *										
	\$109,921	\$115,413	\$119,058	\$121,895	\$130,900	\$130,598	\$139,539	\$144,010	\$148,934	\$155,058
Increase (Decrease)	\$8,553	\$5,492	\$3,645	\$2,837	\$9,005	(\$302)	\$8,941	\$4,471	\$4,924	\$6,124
% Increase (Decrease)	8.4%	5.0%	3.2%	2.4%	7.4%	-0.2%	6.8%	3.2%	3.4%	4.1%
EXPENDITURES PER FISCAL YEAR EQUATED STUDENT (FYES) **										
	\$7,736	\$8,149	\$8,147	\$8,436	\$9,046	\$8,899	\$9,240	\$9,424	\$9,473	\$9,760
Increase (Decrease)	\$455	\$413	(\$2)	\$289	\$609	(\$147)	\$342	\$184	\$49	\$287
% Increase (Decrease)	6.3%	5.3%	0.0%	3.5%	7.2%	-1.6%	3.8%	2.0%	0.5%	3.0%
BUDGET COMPARISON										
Revenues	\$111,187	\$116,352	\$121,693	\$125,208	\$126,834	\$128,985	\$136,300	\$143,242	\$148,934	\$155,058
Expenditures	\$109,921	\$115,413	\$119,058	\$121,895	\$130,900	\$130,598	\$139,539	\$144,010	\$148,934	\$155,058
Excess (Shortfall) of										
Revenue over (under)										
Expenditures	\$1,266	\$939	\$2,635	\$3,313	(\$4,066)	(\$1,613)	(\$3,239)	(\$768)	\$0	\$0

* Expenditure totals include transfers.

** Fiscal Year Equated Student (FYES) = Total Student Credit Hours / 31.

OAKLAND COMMUNITY COLLEGE 2007-08 GENERAL FUND BUDGET

Ten Year Comparisons - Student Information

	1998-99 Actual	1999-00 Actual	2000-01 Actual	2001-02 Actual	2002-03 Actual	2003-04 Actual	2004-05 Actual	2005-06 Actual	2006-07 Budget	2007-08 Budget
STUDENT CREDIT HOURS *	440,326	438,997	453,057	444,255	448,612	473,612	469,261	476,527	482,849	492,506
Increase (Decrease)	8,713	-1,329	14,060	-8,802	4,357	25,000	-4,351	7,266	6,322	9,657
% Increase (Decrease)	2.0%	-0.3%	3.2%	-1.9%	1.0%	5.6%	-0.9%	1.5%	1.3%	2.0%
FISCAL YEAR EQUATED STUDENTS (FYES) **	14,209	14,162	14,613	14,331	14,471	15,278	15,137	15,372	15,576	15,887
Increase (Decrease)	286	-47	451	-282	141	806	-140	234	204	312
% Increase (Decrease)	2.1%	-0.3%	3.2%	-1.9%	1.0%	5.6%	-0.9%	1.5%	1.3%	2.0%
STUDENT HEADCOUNT *	62,973	61,801	61,938	67,982	65,502	67,724	67,007	66,784	67,423	68,772
Increase (Decrease)	-14,107	-1,172	137	6,044	-2,480	2,222	-717	-223	639	1,349
% Increase (Decrease)	-18.3%	-1.9%	0.2%	9.8%	-3.6%	3.4%	-1.1%	-0.3%	1.0%	2.0%

* Includes non-credit, as reported by Institutional Research Office.

** Fiscal Year Equated Student (FYES) = Total Student Credit Hours / 31.