



OAKLAND COMMUNITY COLLEGE®

2010-11 GENERAL FUND BUDGET

**Approved by the Board of Trustees
May 17, 2010**

Dr. Timothy Meyer, Chancellor

**Clarence Brantley, Vice-Chancellor Administrative Services
Gail Pitts, Controller
Renee Oszust, Budget Analyst**

**OAKLAND COMMUNITY COLLEGE
2010-11 GENERAL FUND BUDGET**

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OAKLAND COMMUNITY COLLEGE 2010-11 GENERAL FUND BUDGET

NARRATIVE

The 2010-11 General Fund Budget totals \$161,016,524. This is .4% more than the 2009-10 approved budget. Estimated revenue and expenditures are balanced. The College, like every other business and organization, is negatively impacted by the poor economic situation and facing many challenges to maintain various operations. The largest impact on the college is the declining property values resulting in declining property tax revenue. The 2010-11 budget reflects a reduction of \$10,990,976 (11.8%) in property tax revenue from the 2009-10 budget.

Enrollment Projection

Student credit hour (SCH) enrollment for 2010-11 is projected for budgeting purposes at 646,754 SCHs representing a 6.0% increase over the actual credit hours for Summer II, Fall 2009, Winter 2010, and the estimated credit hours for Summer I 2010.

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 \$161,016,524. 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 \$41,680,191 in 2010-11 and the voted 0.8 mill (reduced by Headlee to 0.7811) is expected to generate \$40,529,259.

These estimates are based on an expected taxable property base of \$54.6 billion. 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 2010-11 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 appropriations over three fiscal years. We are budgeting to receive a 3.1% reduction from current year appropriations. The estimate used in the budget is an appropriation of \$19,503,300.

Tuition and Fees: Tuition rates are projected to increase by 11% for 2010-11.

In-district	\$ 66.70 per SCH (11% increase)
Out-of-district	\$112.90 per SCH (11% increase)
Out-of-state	\$158.40 per SCH (11% increase)

Tuition and fees are expected to generate \$53,073,774.

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 and projected reductions in revenue, estimated revenue from these investments in 2010-11 is budgeted at \$6,180,000 a \$1,680,000 increase from the 2009-10 Budget.

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 \$161,016,524. 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: \$82,471,319 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 \$33,526,328 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 is 16.94% for the fiscal year 2009-10, but is budgeted to increase to 19.41%, effective October 1, 2010 through September 2011. This rate increase will cost the College an additional estimated amount of \$2,037,000, adding to the current cost of approximately \$12 million.
- Fringe benefit costs reflect 10% increases in health care costs and 3% inflationary increases in all other benefits.

Contracted Temporary Personnel: This category represents individuals and agencies that are contracted to provide services to the College; but, are not employees of the College. The budget for this category is now projected at \$1,865,000 for 2010-11.

Utilities: Purchased utilities — heating fuels, electricity, water and sewer usage — are budgeted at \$5,076,024 which is 1.9% more than the 2009-10 budget.

Staff Development: A budget of \$330,523 will provide training and professional development opportunities for faculty and staff throughout the College via the Professional Development and Training Center.

Operating Expenses: Operating expenses are budgeted at \$22,553,156. 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.
- 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. 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: \$8,844,174 is budgeted based on a multi-year plan for replacement and renovation needs.

Technology Projects: \$1,500,000 is budgeted for technology projects to meet the needs of the students.

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

Computers: \$1,750,000. 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: \$800,000. This budget is intended for replacements and upgrades of non-capitalized (under \$5,000) equipment and furniture other than computers.

Depreciation Expense: \$2,300,000. 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.

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 2010-11, but if revenues increase during the fiscal year, funds will be devoted to this purpose.

OAKLAND COMMUNITY COLLEGE 2010-11 GENERAL FUND BUDGET

Estimated Revenue

Property Taxes		\$ 82,209,450																					
<p style="margin-left: 40px;">Taxes levied on estimated Taxable Value of \$54,645,800,622 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		19,503,300																					
Tuition and Fees		53,073,774																					
<p style="margin-left: 40px;">Tuition - 646,754 Student Credit Hours will generate General Fund revenue</p>																							
	47,811,404																						
<p style="margin-left: 40px;">84.08% in-district at \$66.70 per SCH. 10.10% out-of-district at \$112.90 per SCH. 5.82% out-of-state at \$158.40 per SCH.</p>																							
<p style="margin-left: 40px;">Fees -</p> <table style="margin-left: 80px; border-collapse: collapse;"> <tr> <td style="width: 40%;">Registration Fees</td> <td style="width: 20%; text-align: right;">\$ 1,911,712</td> <td style="width: 40%;"></td> </tr> <tr> <td>Lab and Course Fees</td> <td style="text-align: right;">2,386,286</td> <td></td> </tr> <tr> <td>Technology Fees</td> <td style="text-align: right;">764,583</td> <td></td> </tr> <tr> <td>Transcript Fees</td> <td style="text-align: right;">84,937</td> <td></td> </tr> <tr> <td>Graduation Fees</td> <td style="text-align: right;">63,118</td> <td></td> </tr> <tr> <td>Other Fees</td> <td style="text-align: right;">51,734</td> <td style="text-align: right;">5,262,370</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> </table>			Registration Fees	\$ 1,911,712		Lab and Course Fees	2,386,286		Technology Fees	764,583		Transcript Fees	84,937		Graduation Fees	63,118		Other Fees	51,734	5,262,370			
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Other Fees	51,734	5,262,370																					
Net Tuition and Fees		\$ 53,073,774																					
Income from Investments		6,180,000																					
Miscellaneous Revenue		50,000																					
Total Estimated Revenue		\$ 161,016,524																					

**OAKLAND COMMUNITY COLLEGE
2010-11 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	\$ 82,471,319	51.22%	56.56%
FICA, Retirement and Fringe Benefits	33,526,328	20.82%	22.99%
Subtotal College Employee Costs	<u>\$ 115,997,647</u>	<u>72.04%</u>	<u>79.55%</u>
Contracted Temporary Personnel	1,865,000	1.16%	1.28%
Total Personnel Costs	<u>\$ 117,862,647</u>	<u>73.20%</u>	<u>80.83%</u>
<u>Non-Personnel Costs:</u>			
Retirement Contribution Reserve	\$ -	0.00%	0.00%
Utilities	5,076,024	3.15%	3.48%
Staff Development and Initiatives	330,523	0.21%	0.23%
Operating Expenses	22,553,156	14.01%	15.47%
Total Non-Personnel Costs	<u>\$ 27,959,703</u>	<u>17.37%</u>	<u>19.18%</u>
Operating Budget*	<u>\$ 145,822,350</u>	<u>90.57%</u>	<u>100.01%</u>
<u>Non-Operating Costs:</u>			
Facility and Maintenance Projects	\$ 8,844,174	5.49%	
Technology Projects	1,500,000	0.93%	
Equipment - Computer Replacement Program	1,750,000	1.09%	
Carpet Replacement	0	0.00%	
Equipment - Other Furniture and Equipment	800,000	0.50%	
Equipment - Depreciation Expense	2,300,000	1.43%	
Total Non-Operating Costs	<u>\$ 15,194,174</u>	<u>9.44%</u>	
Total Expenditures and Transfers	<u>\$ 161,016,524</u>	<u>100.00%</u>	
Contribution to Fund Balance	<u>0</u>	<u>0.00%</u>	
Total Budget	<u><u>\$ 161,016,524</u></u>	<u><u>100.00%</u></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 costs include projects for facilities, major maintenance and technology, as well as equipment replacement

**OAKLAND COMMUNITY COLLEGE
2010-11 GENERAL FUND BUDGET**

Budget Summary

<u>Revenue:</u>	<u>Amount</u>	<u>Percent of Total Budget</u>	
Property Taxes	\$ 82,209,450	51.06%	
State Appropriation	19,503,300	12.11%	
Tuition and Fees	53,073,774	32.96%	
Income from Investments	6,180,000	3.84%	
Miscellaneous Revenue	50,000	0.03%	
Total Revenue	\$ 161,016,524	100.00%	
<u>Expenditures and Transfers:</u>	<u>Amount</u>	<u>Percent of Total Budget</u>	<u>Percent of Operating Budget</u>
Personnel Costs	\$ 117,862,647	73.20%	80.83%
Non-Personnel Costs	27,959,703	17.36%	19.17%
Operating Budget*	\$ 145,822,350	90.56%	100.00%
Non-Operating Costs	15,194,174	9.44%	
Total Expenditures and Transfers	\$ 161,016,524	100.00%	
Contribution to Fund Balance	0	0.00%	
Total Budget	\$ 161,016,524	100.00%	

* 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 as equipment replacement

**OAKLAND COMMUNITY COLLEGE
2010-11 GENERAL FUND BUDGET**

**Two Year Budget Comparison
By Revenue Category**

	2010-11 Budget	2009-10 Budget	2010-11 Budget Increase/(Decrease) from 2009-10 Budget	
Property Taxes	\$82,209,450	\$93,200,426	(\$10,990,976)	-11.8%
State Appropriations	19,503,300	20,083,500	(\$580,200)	-2.9%
Tuition & Fees	53,073,774	42,473,023	\$10,600,751	25.0%
Investment Income	6,180,000	4,500,000	\$1,680,000	37.3%
Miscellaneous Revenue	50,000	50,000	\$0	0.0%
Total Revenue	\$161,016,524	\$160,306,949	\$709,575	0.4%

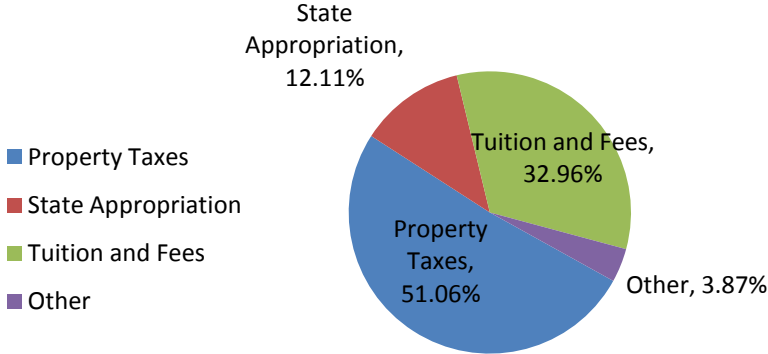
**OAKLAND COMMUNITY COLLEGE
2010-11 GENERAL FUND BUDGET**

**Two Year Budget Comparison
By Expenditure Category**

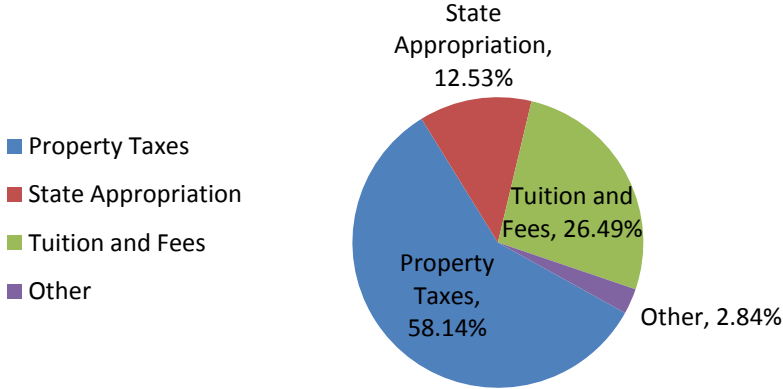
	2010-11 Budget	2009-10 Budget	2010-11 Budget Increase (Decrease) from 2009-10 Budget	
Employee Salaries & Wages	\$82,471,319	\$77,004,282	\$5,467,037	7.1%
Fringe Benefits	33,526,328	31,244,790	2,281,538	7.3%
Subtotal College Employee Costs	115,997,647	108,249,072	7,748,575	7.2%
Contracted Temporary Personnel	1,865,000	2,050,238	(185,238)	-9.0%
Total Personnel Costs	\$117,862,647	\$110,299,310	\$7,563,337	6.9%
Retirement Contribution Reserve	\$0	\$500,000	(500,000)	-100.0%
Utilities	\$5,076,024	\$4,982,293	93,731	1.9%
Staff Development and New Initiatives	330,523	630,523	(300,000)	-47.6%
Operating Expenses	22,553,156	21,550,000	1,003,156	4.7%
Subtotal Non-Personnel Costs	\$27,959,703	\$27,662,816	\$296,887	1.1%
Operating Budget	\$145,822,350	\$137,962,126	\$7,860,224	5.7%
Facility and Maintenance Projects	\$8,844,174	\$15,000,000	(\$6,155,826)	-41.0%
Technology Projects	1,500,000	1,812,000	(312,000)	-17.2%
Equipment-Computer Replacement Program	1,750,000	1,750,000	0	0.0%
Carpet Replacement	0	482,823	(482,823)	-100.0%
Equipment-Other Furniture and Equipment	800,000	1,000,000	(200,000)	-20.0%
Depreciation Expense	2,300,000	2,300,000	0	0.0%
Subtotal Non-Operating Costs	\$15,194,174	\$22,344,823	(\$7,150,649)	-32.0%
Total Expenditures and Transfers	\$161,016,524	\$160,306,949	\$709,575	0.4%
Contribution to Fund Balance	0	0	0	-
Total Budget	\$161,016,524	\$160,306,949	\$709,575	0.4%

**OAKLAND COMMUNITY COLLEGE
2010-11 GENERAL FUND BUDGET
Where Our Revenue Comes From**

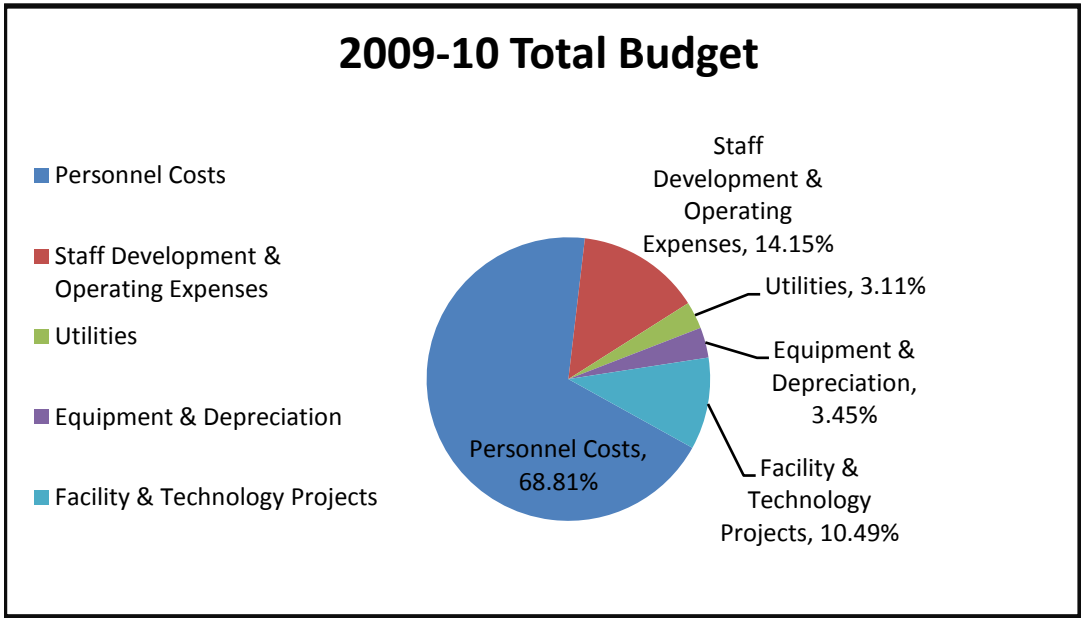
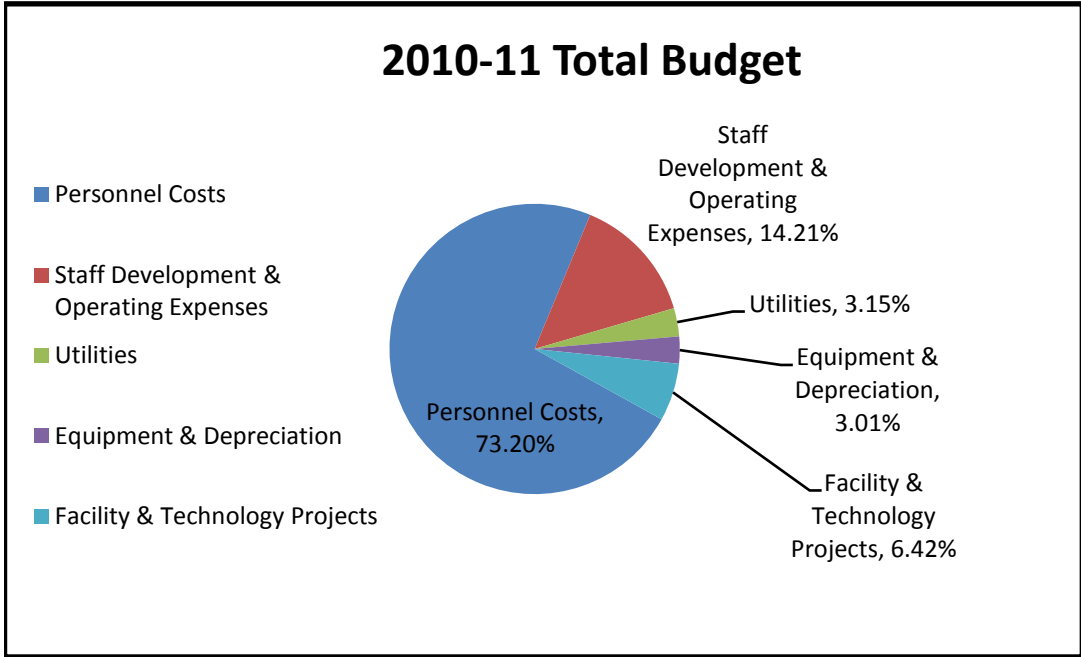
2010-11 Total Estimated Revenue



2009-10 Total Estimated Revenue

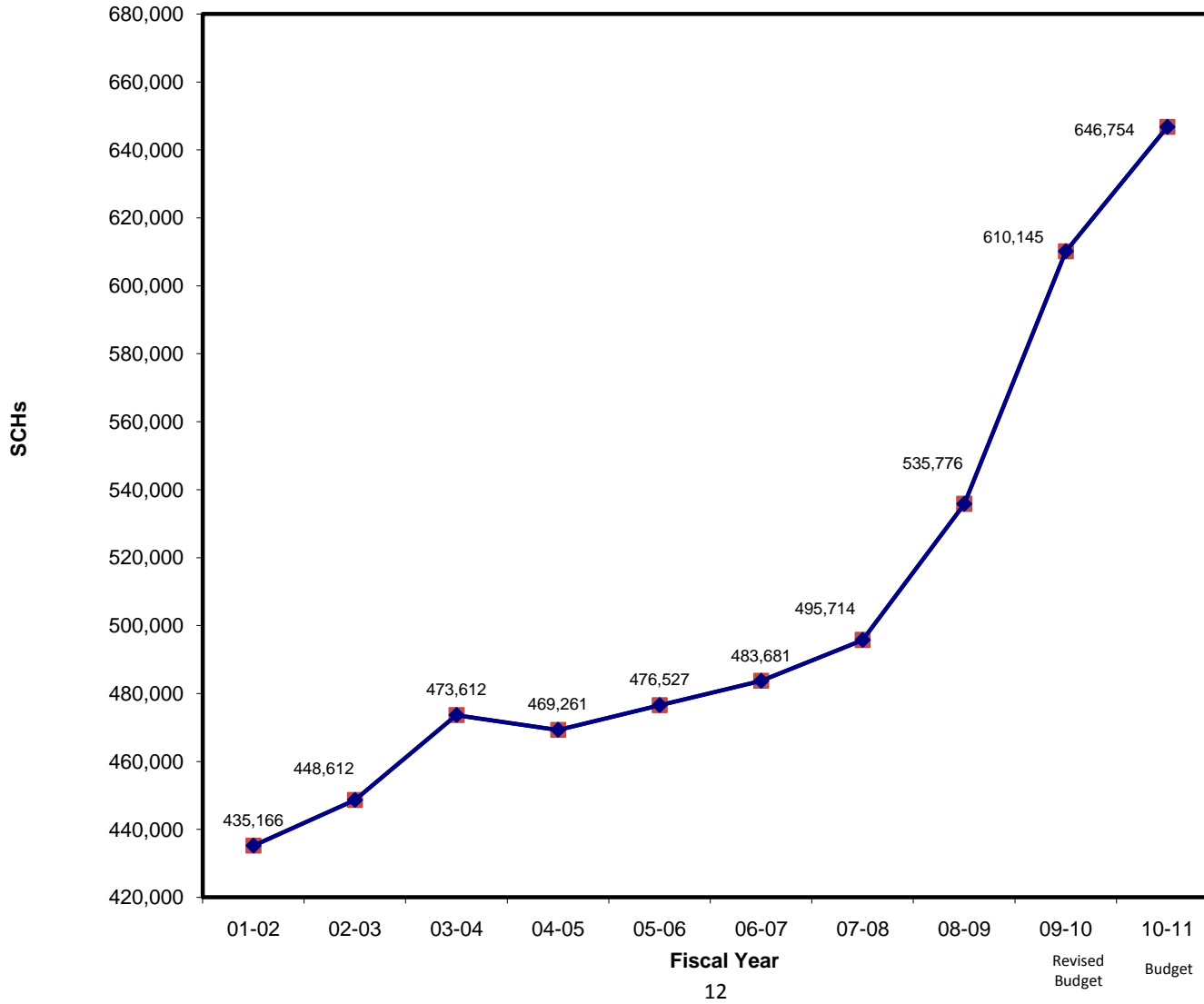


**OAKLAND COMMUNITY COLLEGE
2010-11 GENERAL FUND BUDGET
Where Our Budget is Spent**



OAKLAND COMMUNITY COLLEGE
2010-11 GENERAL FUND BUDGET

Student Credit Hour Enrollment



OAKLAND COMMUNITY COLLEGE 2010-11 GENERAL FUND BUDGET

Debt Retirement Fund Budget

	<u>General Obligation Bonds 2003</u>	<u>Revenue Bonds 1971</u>	<u>Total Debt Retirement Fund</u>
Requirements:			
Interest Payments			
November 1, 2010	\$284,090.00		\$284,090.00
December 1, 2010		16,920.00	16,920.00
May 1, 2011	251,450.00		251,450.00
June 1, 2011		5,400.00	5,400.00
	<u>\$535,540.00</u>	<u>\$22,320.00</u>	<u>\$557,860.00</u>
Principal Payments			
May 1, 2011	930,000.00		930,000.00
June 1, 2011		75,000.00	75,000.00
	<u>\$930,000.00</u>	<u>\$75,000.00</u>	<u>\$1,005,000.00</u>
Total Requirements	<u><u>\$1,465,540.00</u></u>	<u><u>\$97,320.00</u></u>	<u><u>\$1,562,860.00</u></u>
Funding Sources			
General Fund			
Debt Retirement Fund	\$1,465,540.00	\$97,320.00	\$1,562,860.00
Total Funding	<u><u>\$1,465,540.00</u></u>	<u><u>\$97,320.00</u></u>	<u><u>\$1,562,860.00</u></u>

OAKLAND COMMUNITY COLLEGE 2010-11 GENERAL FUND BUDGET

Ten Year Comparisons - Financial Information Amounts Shown are in Thousands (000s)

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget
REVENUE SOURCES										
Property Taxes	59.0%	59.6%	62.9%	60.6%	61.4%	62.1%	59.9%	59.4%	58.1%	51.1%
State Appropriation	17.3%	15.7%	13.8%	13.9%	13.0%	10.2%	13.0%	12.1%	12.5%	12.1%
Tuition & Fees	21.8%	23.1%	22.5%	23.5%	23.2%	22.6%	22.2%	24.1%	26.5%	33.0%
All Other	1.9%	1.6%	0.8%	2.0%	2.4%	5.0%	5.0%	4.4%	2.8%	3.9%
Total Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
EXPENDITURES *										
	\$121,895	\$130,900	\$130,598	\$139,539	\$144,010	\$152,415	\$163,587	\$164,803	\$160,307	\$161,017
Increase (Decrease)	\$2,837	\$9,005	(\$302)	\$8,941	\$4,471	\$8,405	\$11,172	\$1,216	(\$4,496)	\$710
% Increase (Decrease)	2.4%	7.4%	-0.2%	6.8%	3.2%	5.8%	7.3%	0.7%	-2.7%	0.4%
EXPENDITURES PER FISCAL YEAR EQUATED STUDENT (FYES) **										
	\$8,683	\$9,045	\$8,548	\$9,218	\$9,368	\$9,769	\$10,230	\$9,536	\$8,145	\$7,718
Increase (Decrease)	\$536	\$362	(\$497)	\$670	\$150	\$400	\$462	(\$695)	(\$1,391)	(\$427)
% Increase (Decrease)	6.6%	4.2%	-5.5%	7.8%	1.6%	4.3%	4.7%	-6.8%	-14.6%	-5.2%
BUDGET COMPARISON										
Revenues	\$125,208	\$126,834	\$128,985	\$136,300	\$143,242	\$154,684	\$155,058	\$166,288	\$160,307	\$161,017
Expenditures	\$121,895	\$130,900	\$130,598	\$139,539	\$144,010	\$152,415	\$163,587	\$164,803	\$160,307	\$161,017
Excess (Shortfall) of										
Revenue over (under)										
Expenditures	\$3,313	(\$4,066)	(\$1,613)	(\$3,239)	(\$768)	\$2,269	(\$8,529)	\$1,485	\$0	\$0

* Expenditure totals include transfers.

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

OAKLAND COMMUNITY COLLEGE 2010-11 GENERAL FUND BUDGET

Ten Year Comparisons-Student Information

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Revised Budget	Budget
STUDENT CREDIT HOURS	435,166	448,612	473,612	469,261	476,527	483,681	495,714	535,776	610,145	646,754
Increase (Decrease)	17,287	13,446	25,000	-4,351	7,266	7,154	12,034	40,062	74,369	36,609
% Increase (Decrease)	4.1%	3.1%	5.6%	-0.9%	1.5%	1.5%	2.5%	8.1%	13.9%	6.0%
FISCAL YEAR EQUATED STUDENTS (FYES) **	14,038	14,471	15,278	15,137	15,372	15,603	15,991	17,283	19,682	20,863
Increase (Decrease)	-575	434	806	-140	234	231	388	1,292	2,399	1,181
% Increase (Decrease)	-3.9%	3.1%	5.6%	-0.9%	1.5%	1.5%	2.5%	8.1%	13.9%	6.0%
STUDENT HEADCOUNT	63,608	65,502	67,734	67,007	66,784	67,042	68,038	73,203	81,374	86,257
Increase (Decrease)	1,575	1,894	2,232	-727	-223	258	996	5,165	8,171	4,883
% Increase (Decrease)	2.5%	3.0%	3.4%	-1.1%	-0.3%	0.4%	1.5%	7.6%	11.2%	6.0%

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