

**FY2017 - FY2019
Projection Estimate**

March 8, 2018

	FY2017 Actual Funds I & IX	3.8.18 Estimate FY2018 Funds I & IX	3.8.18 Planning Projection FY2019 Funds I & IX	Notes
	4.3% CR decrease	6.5% CR decrease	2.5% CR decrease	Enrollment change impact: \$300K per %Δ
REVENUE				
Intergovernmental				January 2018 funding formula update. FY19 allocation estimate 8.05%
State Funding	27,230,149	24,461,600	22,942,500	
Property Taxes	18,746,752	19,500,000	20,085,000	
	45,976,901	43,961,600	43,027,500	
Tuition & Fees				Includes FY19 HEPI
Tuition	23,730,078	23,409,500	23,393,900	
Student Fees	7,680,451	9,097,700	9,004,700	
Other Fees & Charges	1,294,086	960,200	960,200	
	32,704,615	33,467,400	33,358,800	
Other Revenue Sources				Standard schedule
Administrative Recovery	1,985,148	1,965,000	1,965,000	
Gifts & Donations	1,217,067	1,552,800	1,552,800	
Other Revenue	1,278,414	1,157,900	1,157,900	
Sale of Goods & Services	2,937,669	2,606,300	2,606,300	
	7,418,298	7,282,000	7,282,000	
Operating Transfers In				FY18 includes 1x fund balance transfers
Transfers In	1,594,317	2,114,700	1,777,500	
	1,594,317	2,114,700	1,777,500	
	87,694,131	86,825,700	85,445,800	
EXPENDITURES				
Personnel				Based on current position list and new faculty positions, 3.5% swirl FY18, FY19, no FY19 increases
Personnel - Contracted	35,843,936	35,063,300	35,632,100	
Personnel - P/T	12,195,828	12,183,500	11,883,500	
OPE	26,068,774	27,542,800	27,795,500	Maintain current rates with use of \$860K PERS reserve
	74,108,538	74,789,600	75,311,100	
Other Expenditures				1% inflationary increase FY19 Restore capital outlay allocation FY19
Materials & Services	12,167,990	11,821,400	11,939,700	
Capital Outlay	819,085	660,000	935,000	
Goods for Resale	720,020	709,000	720,000	
	13,707,095	13,190,400	13,594,700	
Operating Transfers Out				Standard transfer schedule
Transfers Out	3,301,264	2,209,200	2,444,500	
Transfers Out - Fin. Aid.	-	-	-	
	3,301,264	2,209,200	2,444,500	
	91,116,897	90,189,200	91,350,300	
Revenue Over/Under Expenditures * (Change in Fund Balance)	(3,422,766)	(3,363,500)	(5,904,500)	

*Does not include PERS reserve draw down

Beginning PERS Reserve Balance	5,535,938	5,535,938	4,675,938
Ending PERS Reserve Balance	5,535,938	4,675,938	3,815,938

FY 2019 Budget Development Subcommittee Consensus Budget Balancing Items

Updated April 25, 2018. See * for updated line items.

Planning Projection, March 8, 2018

(\$ 5,904,500)

UPDATES, ADDITIONS & CORRECTIONS

Tuition – HEPI Update/Correction

\$ 430,000

The 2017 Higher Education Price Index (HEPI) was released after the Board of Education applied the HEPI index to 2018-2019 tuition rates. The 2018-2019 tuition rates were established using the 2016 HEPI of 1.8%, resulting in a \$2 per credit increase to resident tuition. The 2017 HEPI, released in December 2017, is 3.7%. Applying the most current HEPI to the 2017-2018 tuition rates would result in an increase of \$4 per credit for the 2018-2019 academic year. BDS recommends the board make this update/correction, which would establish the resident tuition rate at \$113.50 per credit and non-resident rate at \$270.00 per credit. International and non-credit rates would not change.

Contracted Position Swirl

369,200

The position swirl represents savings realized over planned, budgeted contracted personnel expenses due to reductions in mid-year attrition, recruitment timing, new hire placements and leaves of absence. The budget office and budget development subcommittee review this savings factor annually. Due to the volume of vacancies, separations and reorganizations the factor has been increased from 3.5% of contracted salaries to 4.5% for fiscal year 19.

Faculty Vacancy Budgeting

28,100

The budget office has reset the default faculty vacancy position budget from payroll step 19 to payroll step 17 to more accurately reflect placement guidelines and minimize placement swirl.

Major Maintenance

(1,500,000)

The college's current \$1M major maintenance budget is not sufficient to support minimum safety and infrastructure needs, as discussed at the December 2017 board meeting. The minimum additional investment required for FY19 and subsequent years is \$1.5M.

Personnel Cost Adjustment

(1,830,300)

As in past years, the budget development subcommittee has applied the 10-year average COLA (salary schedule adjustment) and step allocation rates to the current position list to create a placeholder for personnel cost adjustments with the understanding that the Board of Education will establish bargaining parameters for the college and negotiations will occur in bargaining. This calculation applying the 10-year average to the FY19 position list is \$1,830,300

PROGRAM REVISION, REORGANIZATION, & EFFICIENCIES

Academic Progress Standards	\$ 13,100
<i>Administrative support for the academic progress standards program will be provided by the student success division.</i>	
Child and Family Education	76,400
<i>An administrative support position and part of a management position will be moved to self-support through program income.</i>	
Cooperative Education	395,300
<i>Cooperative education will be distributed into departments and divisions to more directly align instruction with local employers and internship opportunities. This will involve reduction of one dean position, one project coordinator position, and reassignment of current faculty. The cooperative education motor fleet will be liquidated; the college's motor pool will be available to support cooperative education travel.</i>	
Culinary Arts & Hospitality Management	152,600
<i>The culinary arts and hospitality management program will be developing an AA degree that will be offered online and face to face. The vacant dean position will be eliminated.</i>	
Drafting	135,000
<i>The drafting program will reduce its full time faculty FTE from two to one, in keeping with program review recommendations and student enrollment levels.</i>	
Energy Management Program	449,900
<i>The Energy Management Program will become fully grant funded on July 1, 2018 through an existing NSF grant. This will involve reassignment of one classified staff member to academic technology and the non-credit training arm of energy management to the extended learning division.</i>	
Foundation*	17,800
<i>The foundation will fund 25% of the events coordinator position.</i>	

Health Clinic	125,000
<i>The health clinic estimates an additional \$125,000 of recurring new revenues generated through increased visits and insurance billing for both students and employees.</i>	
Health, Physical Education and Athletics	309,000
<i>This reorganization involves moving health and physical education instruction to the health professions division, while athletics will move to student affairs. The plan involves converting the faculty athletic director position to a director of fitness, recreation and sports. It also involves reassigning a project coordinator and reorganizing the employee wellness program to minimize the cost to the college.</i>	
KLCC*	122,900
<i>The college will restore \$77,100 of the general fund transfer to KLCC.</i>	

STUDENT ENROLLMENT & RETENTION

Tuition – Enrollment Growth	\$ 1,350,000
<i>At the January 2018 Budget Development Subcommittee Campus Forum, the subcommittee received substantive feedback and ideas for improving enrollment and retention at the college. Committee members have been working with the Office of Academic and Student Affairs to develop actionable plans to impact enrollment in the coming year. The subcommittee originally estimated a 3% enrollment reduction assumption for FY19, while a 2.5% reduction was incorporated in the March planning projection. If enrollment growth plans are successfully executed, the committee estimates net growth of 2% in FY19.</i>	

ECONOMIC DRIVER/COMMUNITY PARTNERSHIPS

Extended Learning	\$ 200,000
<i>The college has invested in the Extended Learning Division infrastructure to increase this important training and economic development driver in the community. As a result, the division is projected to see increased program revenue through customized training and open enrollment</i>	
Rental Revenue	154,000
<i>The college continues to explore partnerships and rental opportunities with academic institutions and community organizations, and has projected additional rental revenues for main campus, Cottage Grove, and the downtown Spilde Center.</i>	

OTHER - REVENUE

Grant Indirect \$ 250,000

College finance is working with grant accountants and staff to maximize indirect charges and revenue for grant activities.

Plane Sale* 255,300

The Aviation Academy will sell two of its fleet planes that no longer serve the needs of the program, resulting in one-time revenue in FY19.

Fund Balances 1,850,000

As part of annual fund balance review, the college has identified foundation and other funds that will be transferred to the general fund to match with expenses already incurred. This will result in \$450,000 in one-time revenue in FY19.

Additionally, after reviewing the international students program fund balance, college contribution and required reserves, the budget development subcommittee is recommending an increase of \$1.4M from the international student program to FY19 administrative recovery.

OTHER - EXPENSE

Capital Outlay 525,000

The college provides an annual \$700,000 capital outlay allocation for strategic investment in equipment and other capital items that cannot be supported through materials & services budgets or other funding sources. The college withheld all but \$50,000 of the allocation in FY18. The budget development subcommittee recommends funding \$175,000 of the allocation in FY19 to support critical investment needs.

Early Separation Incentives 750,000

Early separation incentives were offered to all three employee groups, with a notification deadline of April 9. 11 faculty, 20 classified staff, and 1 manager participated in the program. The budget development subcommittee, with the college cabinet's approval has established a net savings estimate of \$750,000 for FY19. Savings will be realized by restructuring positions, holding positions open, and placement of new hires.

Funded Vacancies and Reassignment 1,108,600

The budget development subcommittee has identified a savings target of \$1,108,600 to be realized through holding open management, faculty, and classified staff positions, and also reassigning some staff into funded vacancies. College cabinet will be working with departments to review and approve positions to achieve this target.

Internet/Phone Stipend	28,100
<i>The college is going through a process of reviewing and updating cell phone stipend authorizations based upon essential job functions. All employees will need to apply for a new cell phone stipend authorization that will take effect July 1, 2018.</i>	
Part-Time	139,500
<i>Part-time budgets will be reduced for public safety (\$35,000), academic and student affairs special projects (\$69,500), and part-time faculty backfill for release (\$35,000).</i>	
Total Balancing Items	\$ 5,904,000

Budget Development Subcommittee Consensus Budget Balancing Items	
UPDATES, ADDITIONS, & CORRECTIONS	
HEPI Correction	430,000
Contracted Position Swirl	369,200
Faculty Vacancy Budgeting	28,100
Major / Deferred Maintenance	(1,500,000)
Personnel Cost Adjustment \$	(1,830,300)
Subtotal	(2,503,000)
REVISION, REORGANIZATION, EFFICIENCIES	
Academic Progress Standards Restructure	13,100
Child and Family Education Restructure	76,400
Cooperative Education Restructure	395,300
Culinary & Hospitality Restructure	152,600
Drafting Restructure	135,000
Energy Management Program Restructure	449,900
Foundation	123,100
Health Clinic	125,000
Health, PE and Athletics Restructure	309,000
KLCC	122,900
Subtotal	1,902,300
STUDENT ENROLLMENT & RETENTION	
Enrollment Growth Plan	1,350,000
ECONOMIC DRIVER/COMMUNITY PARTNERSHIPS	
Extended Learning	200,000
Rental	154,000
Subtotal	354,000
OTHER - REVENUE	
Grant Indirect	250,000
Plane Sale	150,000
Fund Balances	1,850,000
Subtotal	2,250,000
OTHER - EXPENSE	
Capital Outlay	525,000
Early Separation Incentives	750,000
Funded Vacancies and Reassignment	1,108,600
Internet / Phone Stipends	28,100
Part-Time	139,500
Subtotal	2,551,200
Budget Revision Totals	5,904,500
BALANCE	-