

2011–2012 Budget Update

January 10, 2011

Overview

- ▶ Timeline changes
- ▶ Assumptions
- ▶ 2011–2012 Budget
- ▶ Key future issues

Timeline Changes

- ▶ Planning process and budget development moved from March to December
- ▶ Process summary
 - Divisional requests combined with collegewide budgets (e.g., personnel, utilities) to create an “all in” expense budget
 - Revenues projected for *current year* and then adjusted for assumptions to create a revenue budget
 - This budget resulted in a \$1,000,000 deficit, \$700,000 is “structural” and \$300,000 is “new”
 - Cabinet currently has made (or is making) adjustments to reflect a \$ 250,000 deficit

Timeline Changes

▶ Pros

- Better fit for program planning
- More time to work on “details” of the plan
- More time to adjust to changes

▶ Cons

- More “spongy”
- Unknowns will linger for a couple of months
- In a Biennial budget year, the rules may change

Assumptions

- ▶ Current law does not change
- ▶ Revenue side
 - No changes to levy authority
 - No changes to WTCS Board's tuition authority
 - No changes to state's General Purpose Revenue policy (equalization aid and grants)
- ▶ Expense side
 - No changes to public sector employment rules (e.g., WRS contribution, moving to state health plan)
 - No changes in authority to borrow for equipment/facilities

Assumptions

▶ Revenue side

- Tax levy adjustment = 2.8%
- Tuition adjustment = 4.5%
 - Enrollment projections suggest overall revenue from tuition will be flat as FTE declines
- State equalization aid is projected to slightly decline
- Grants are assumed to be status quo

Assumptions

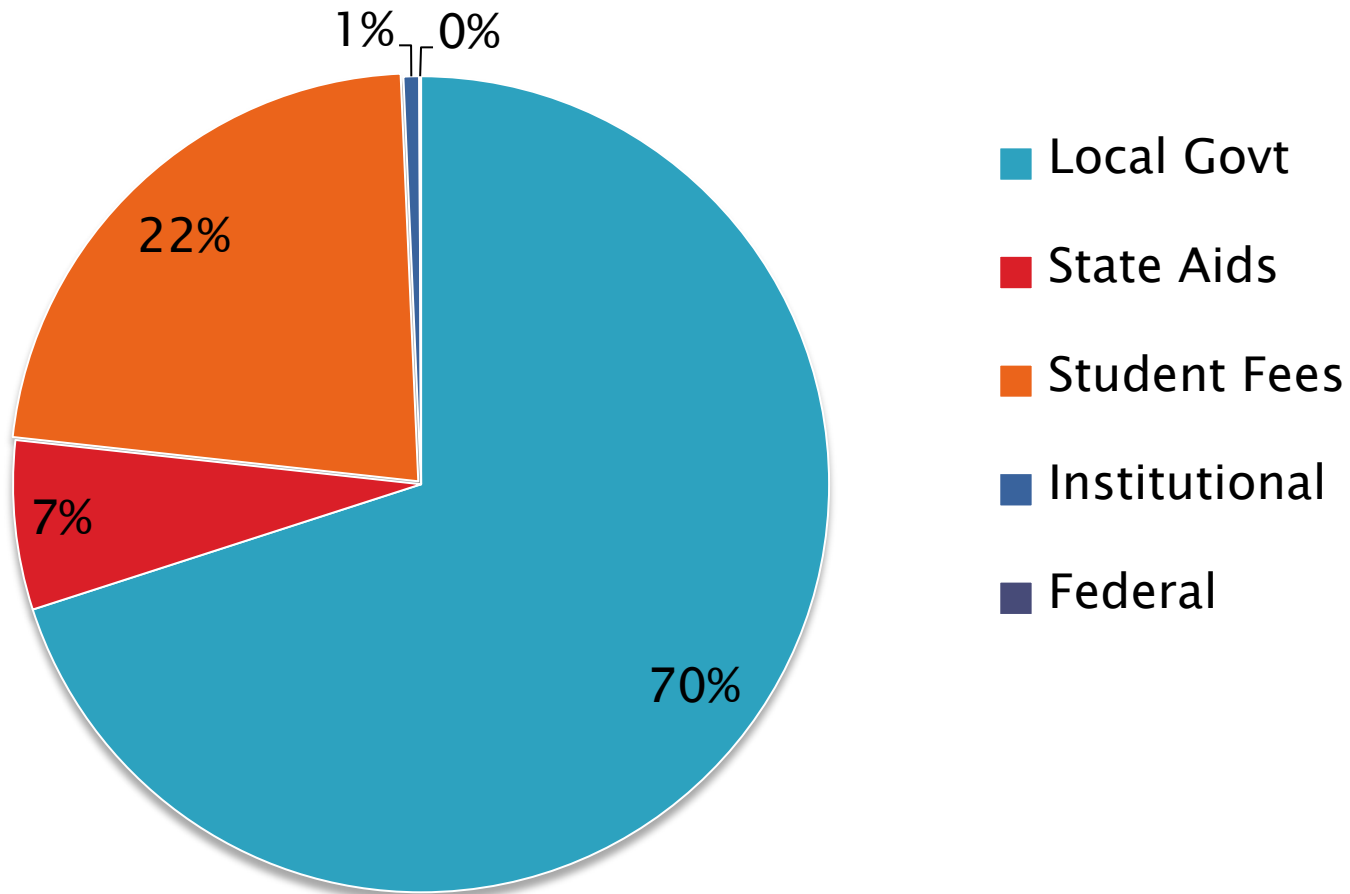
- ▶ Expense side
 - 2% increase to Divisional Budgets
 - Historical increases for wages and benefits
 - Projected actual expenses for college operating expenses such as
 - Insurance
 - Utilities
 - Uncollectible student fees
 - Bank fees
 - Etc.
 - Contracts

2011–2012 Budget

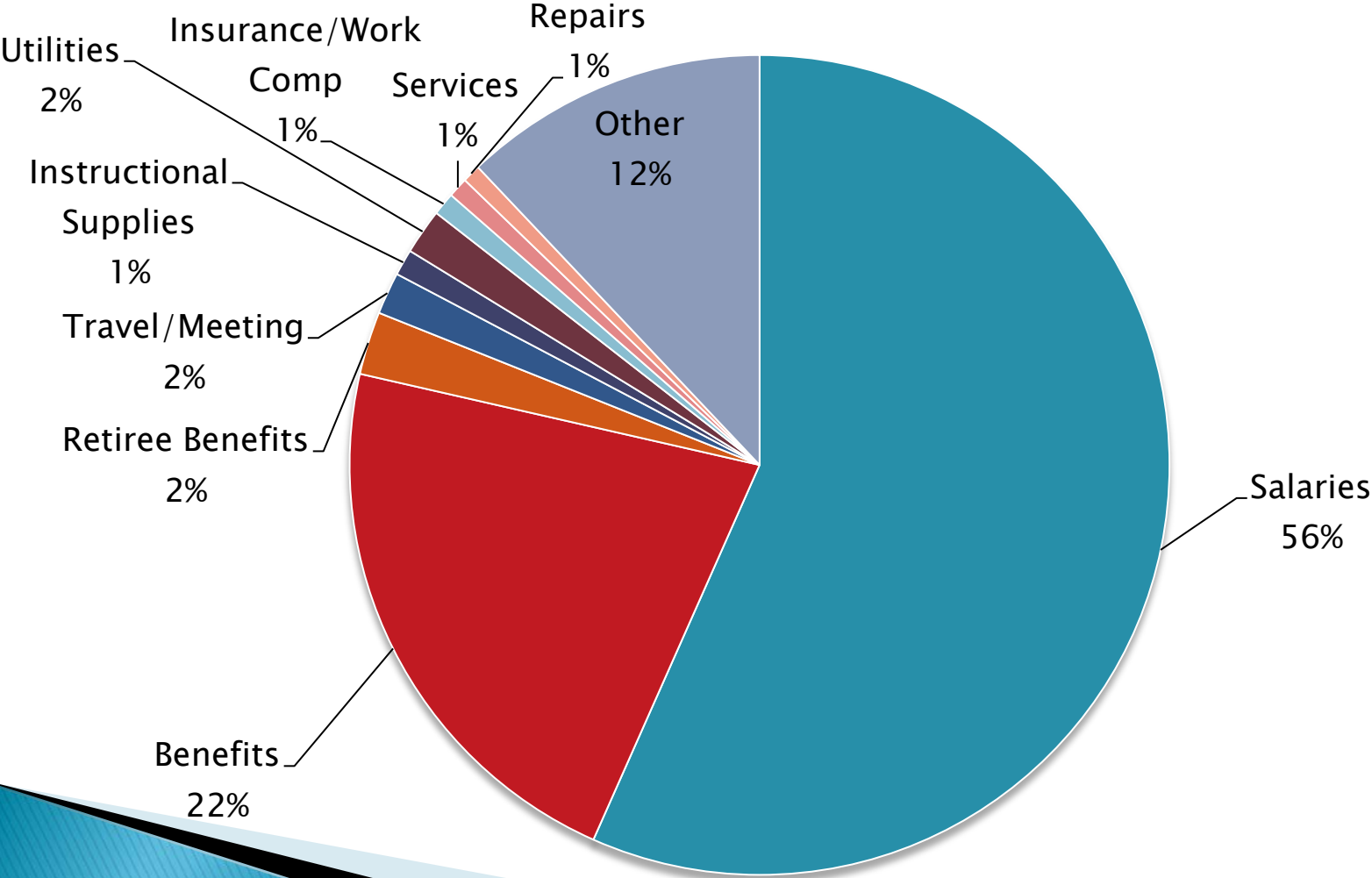
▶ Adjustments

- Moved to 3.25% reduction in Divisional Budgets
 - Budget is increasing overall
- Most new requests have been removed
- Cost shifting strategies to other funds
- Retirement savings incorporated based on historical average

General Fund Revenue by Source



General Fund Expense by Object



Key issues going forward

- ▶ Structural deficit is not sustainable in the long run absent FTE growth
- ▶ Other Post Employment Liability amortization period jumped from 10 to 27 years based on new actuarial study
- ▶ FTE's relationship to unemployment rate
- ▶ FTE's relationship to demographics
- ▶ Growth in taxes won't fuel growth in services

Key issues going forward

- ▶ Importance of strategic decision making
- ▶ Continued excellence in services provided
- ▶ Altered expectations for growth
 - Austerity is the “word of the year”

Thank you!!