



**OAKLAND COMMUNITY COLLEGE®**

**2012-13 PROPOSED  
GENERAL FUND BUDGET**

**Presented to the Board of Trustees  
May 15, 2012**

**Dr. Timothy Meyer, Chancellor**

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**OAKLAND COMMUNITY COLLEGE  
2012-13 GENERAL FUND BUDGET**

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# OAKLAND COMMUNITY COLLEGE 2012-13 GENERAL FUND BUDGET

## NARRATIVE

The 2012-13 General Fund Budget totals \$155,381,641. This is 2.9% greater than the 2011-12 approved budget. Estimated revenue and expenditures are balanced.

### Enrollment Projection

Student credit hour (SCH) enrollment for 2012-13 is projected for budgeting purposes at 612,239 SCHs representing no change over the actual credit hours for Summer II and Fall 2011, Winter 2012, and the estimated credit hours for Summer I 2012.

The line graph on page 11 illustrates the change in SCH enrollment over a 10-year period.

### Revenue Forecast

The College forecasts general fund revenue of \$155,381,641. 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 \$37,957,199 in 2012-13 and the voted 0.8 mill (reduced by Headlee to 0.7811) is expected to generate \$36,909,071.

These estimates are based on an expected taxable property base of \$49.3 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 college will receive \$19,934,800 in state appropriations for 2012-13. This represents a reduction a 2.5% increase over the state appropriation amount for 2011-12.

**Tuition and Fees:** Tuition rates will increase for 2012-13. In-district tuition rates will increase by 7%, out-of-district and out-of-state rates will increase by 11%. The tuition rates will be as shown below.

In-district	\$ 71.40 per SCH (\$4.70 increase)
Out-of-district	\$125.32 per SCH (\$12.42 increase)
Out-of-state	\$175.82 per SCH (\$17.42 increase)

Tuition and fees are expected to generate \$54,770,421.

**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 2012-13 is budgeted at \$5,760,150, a \$86,770 decrease from the 2011-12 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 \$155,381,641. 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:** \$80,814,995 is budgeted based on current and projected bargaining unit contracts and expected staffing levels.

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 \$40,051,088 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 (MPSERS) or the Optional Retirement Program (ORP). The ORP rate remains unchanged from last year at 11%. The MPSERS rate is 24.46% for the fiscal year 2011-12, but is budgeted to increase to 27.37%, effective October 1, 2012 through September, 2013.
- Fringe benefit costs reflect 12% increases in health care costs and a 4% increase 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 \$2,135,000 for 2012-13. This represents a reduction of \$1,116,000 from the 2011-12 budget.

**Utilities:** Purchased utilities — heating fuels, electricity, water and sewer usage — are budgeted at \$5,424,248 which is 3.0% more than the 2011-12 budget.

**Staff Development:** A budget of \$150,000 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 \$22,280,479. 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.
- 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:** \$2,171,533 is allocated from the current budget for Facility and Maintenance projects. All planned major projects will be reviewed to determine if they must be delayed or eliminated.

**Equipment and Furniture:** Funding for equipment and furniture includes three categories:

**Computers:** \$1,500,000. 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:** \$600,000. This budget is intended for replacements and upgrades of non-capitalized (under \$5,000) equipment and furniture other than computers.

**Carpet Replacement:** \$254,298. This amount is based on a multi-year replacement schedule compiled by each Campus Facility Manager.

**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 2012-13, but if revenues increase during the fiscal year, funds will be devoted to this purpose.

# OAKLAND COMMUNITY COLLEGE 2012-13 GENERAL FUND BUDGET

## Estimated Revenue

Property Taxes		\$ 74,866,270
<p style="margin-left: 40px;">Taxes levied on estimated Taxable Value of \$49,274,584,049  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		19,934,800
Tuition and Fees		54,770,421
<p style="margin-left: 40px;">Tuition - 612,239 Student Credit Hours will generate General  Fund revenue</p>		
	49,703,103	
<p style="margin-left: 40px;">84.30% in-district at \$71.40 per SCH.  13.04% out-of-district at \$125.32 per SCH.  2.66% out-of-state at \$175.82 per SCH.</p>		
<p style="margin-left: 40px;">Fees -</p>		
Registration Fees	\$ 1,860,000	
Lab and Course Fees	2,300,000	
Technology Fees	738,000	
Transcript Fees	80,200	
Graduation Fees	63,118	
Other Fees	26,000	
	5,067,318	
Net Tuition and Fees		\$ 54,770,421
Income from Investments		5,760,150
Miscellaneous Revenue		50,000
Total Estimated Revenue		\$ 155,381,641

# OAKLAND COMMUNITY COLLEGE 2012-13 GENERAL FUND BUDGET

## Expenditure Budget By Category

	Amount	Percent of Total Budget	Percent of Operating Budget
<b>Personnel Costs:</b>			
Employee Salaries and Wages	\$ 80,814,995	52.01%	53.56%
FICA, Retirement and Fringe Benefits	40,051,088	25.78%	26.55%
Subtotal College Employee Costs	\$ 120,866,083	77.79%	80.11%
Contracted Temporary Personnel	2,135,000	1.37%	1.42%
Total Personnel Costs	\$ 123,001,083	79.16%	81.53%
<b>Non-Personnel Costs:</b>			
Retirement Contribution Reserve	\$ -	0.00%	0.00%
Utilities	5,424,248	3.49%	3.60%
Staff Development and Initiatives	150,000	0.10%	0.10%
Operating Expenses	22,280,479	14.34%	14.77%
Total Non-Personnel Costs	\$ 27,854,727	17.93%	18.47%
Operating Budget	\$ 150,855,810	97.09%	100.00%
<b>Non-Operating Costs:</b>			
Facility and Maintenance Projects	\$ 2,171,533	1.40%	
Technology Projects	0	0.00%	
Equipment - Computer Replacement Program	1,500,000	0.96%	
Carpet Replacement	254,298	0.16%	
Equipment - Other Furniture and Equipment	600,000	0.39%	
Equipment - Depreciation Expense	0	0.00%	
Total Non-Operating Costs	\$ 4,525,831	2.91%	
Total Expenditures and Transfers	\$ 155,381,641	100.00%	
Contribution to Fund Balance	0	0.00%	
<b>Total Budget</b>	<b>\$ 155,381,641</b>	<b>100.00%</b>	

\* 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  
2012-13 GENERAL FUND BUDGET**

**Budget Summary**

<u>Revenue:</u>	<u>Amount</u>	<u>Percent of Total Budget</u>	
Property Taxes	\$ 74,866,270	48.18%	
State Appropriation	19,934,800	12.83%	
Tuition and Fees	54,770,421	35.25%	
Income from Investments	5,760,150	3.71%	
Miscellaneous Revenue	50,000	0.03%	
Total Revenue	<u>\$ 155,381,641</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	\$ 123,001,083	79.16%	81.54%
Non-Personnel Costs	27,854,727	17.93%	18.46%
Operating Budget*	\$ 150,855,810	97.09%	<u>100.00%</u>
Non-Operating Costs	4,525,831	2.91%	
Total Expenditures and Transfers	\$ 155,381,641	100.00%	
Contribution to Fund Balance	0	0.00%	
Total Budget	<u>\$ 155,381,641</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 as equipment replacement

**OAKLAND COMMUNITY COLLEGE  
2012-13 GENERAL FUND BUDGET  
Two Year Budget Comparison  
By Revenue Category**

	<b>2012-13 Budget</b>	<b>2011-12 Budget</b>	<b>2012-13 Budget Increase/(Decrease) from 2011-12 Budget</b>	
Property Taxes	74,866,270	74,214,189	\$652,081	0.9%
State Appropriations	19,934,800	19,455,900	\$478,900	2.5%
Tuition & Fees	54,770,421	51,497,663	\$3,272,758	6.4%
Investment Income	5,760,150	5,846,920	(\$86,770)	-1.5%
Miscellaneous Revenue	50,000	50,000	\$0	0.0%
<b>Total Revenue</b>	<b>\$155,381,641</b>	<b>\$151,064,672</b>	<b>\$4,316,969</b>	<b>2.9%</b>

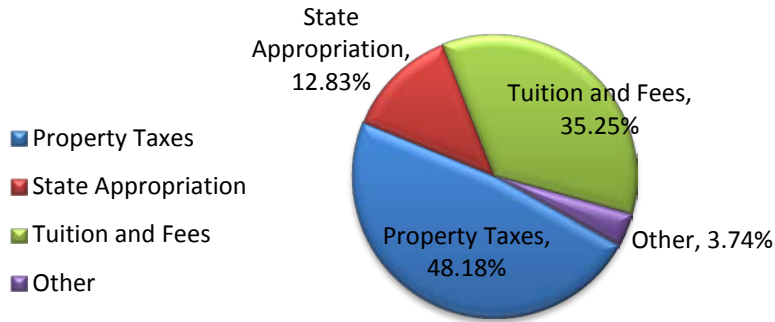
**OAKLAND COMMUNITY COLLEGE  
2012-13 GENERAL FUND BUDGET  
Two Year Budget Comparison  
By Expenditure Category**

	<b>2012-13 Budget</b>	<b>2011-12 Budget</b>	<b>2012-13 Budget Increase (Decrease) from 2011-12 Budget</b>	
Employee Salaries & Wages	\$80,814,995	\$80,133,153	\$681,842	0.9%
Fringe Benefits	40,051,088	38,134,079	1,917,009	5.0%
<b>Subtotal College Employee Costs</b>	<b>120,866,083</b>	<b>118,267,232</b>	<b>2,598,851</b>	<b>2.2%</b>
Contracted Temporary Personnel	2,135,000	3,251,000	(1,116,000)	-34.3%
<b>Total Personnel Costs</b>	<b>\$123,001,083</b>	<b>\$121,518,232</b>	<b>\$1,482,851</b>	<b>1.2%</b>
Retirement Contribution Reserve	\$0	\$0	0	0.0%
Utilities	\$5,424,248	\$5,264,084	160,164	3.0%
Staff Development and New Initiatives	150,000	210,000	(60,000)	-28.6%
Operating Expenses	22,280,479	20,737,290	1,543,189	7.4%
<b>Subtotal Non-Personnel Costs</b>	<b>\$27,854,727</b>	<b>\$26,211,374</b>	<b>\$1,643,353</b>	<b>6.3%</b>
<b>Operating Budget</b>	<b>\$150,855,810</b>	<b>\$147,729,606</b>	<b>\$3,126,204</b>	<b>2.1%</b>
Facility and Maintenance Projects	\$2,171,533	\$235,066	\$1,936,467	823.8%
Technology Projects	0	1,000,000	(1,000,000)	-100.0%
Equipment-Computer Replacement Program	1,500,000	1,500,000	0	0.0%
Carpet Replacement	254,298	0	254,298	0.0%
Equipment-Other Furniture and Equipment	600,000	600,000	0	0.0%
Depreciation Expense	0	0	0	0.0%
<b>Subtotal Non-Operating Costs</b>	<b>\$4,525,831</b>	<b>\$3,335,066</b>	<b>\$1,190,765</b>	<b>35.7%</b>
<b>Total Expenditures and Transfers</b>	<b>\$155,381,641</b>	<b>\$151,064,672</b>	<b>\$4,316,969</b>	<b>2.9%</b>
Contribution to Fund Balance	0	0	0	0.0%
<b>Total Budget</b>	<b>\$155,381,641</b>	<b>\$151,064,672</b>	<b>\$4,316,969</b>	<b>2.9%</b>

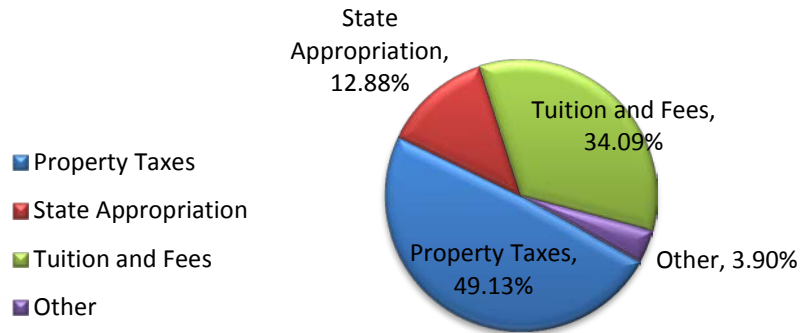
**OAKLAND COMMUNITY COLLEGE  
2012-13 GENERAL FUND BUDGET**

Where Our Revenue Comes From

**2012-13 Total Estimated Revenue**



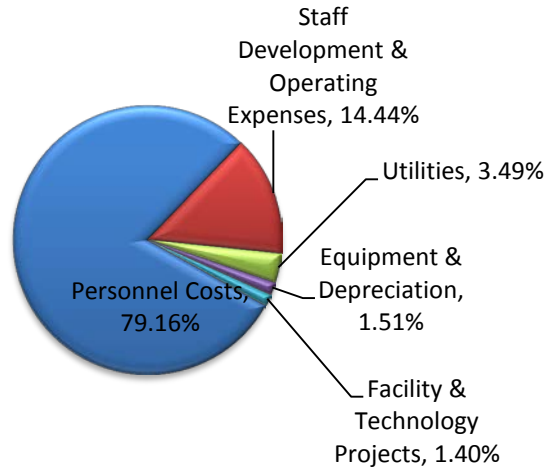
**2011-12 Total Estimated Revenue**



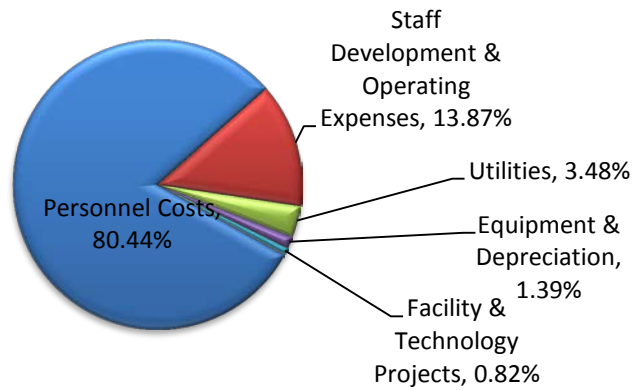
# OAKLAND COMMUNITY COLLEGE 2012-13 GENERAL FUND BUDGET

Where Our Budget is Spent

## 2012-13 Total Budget

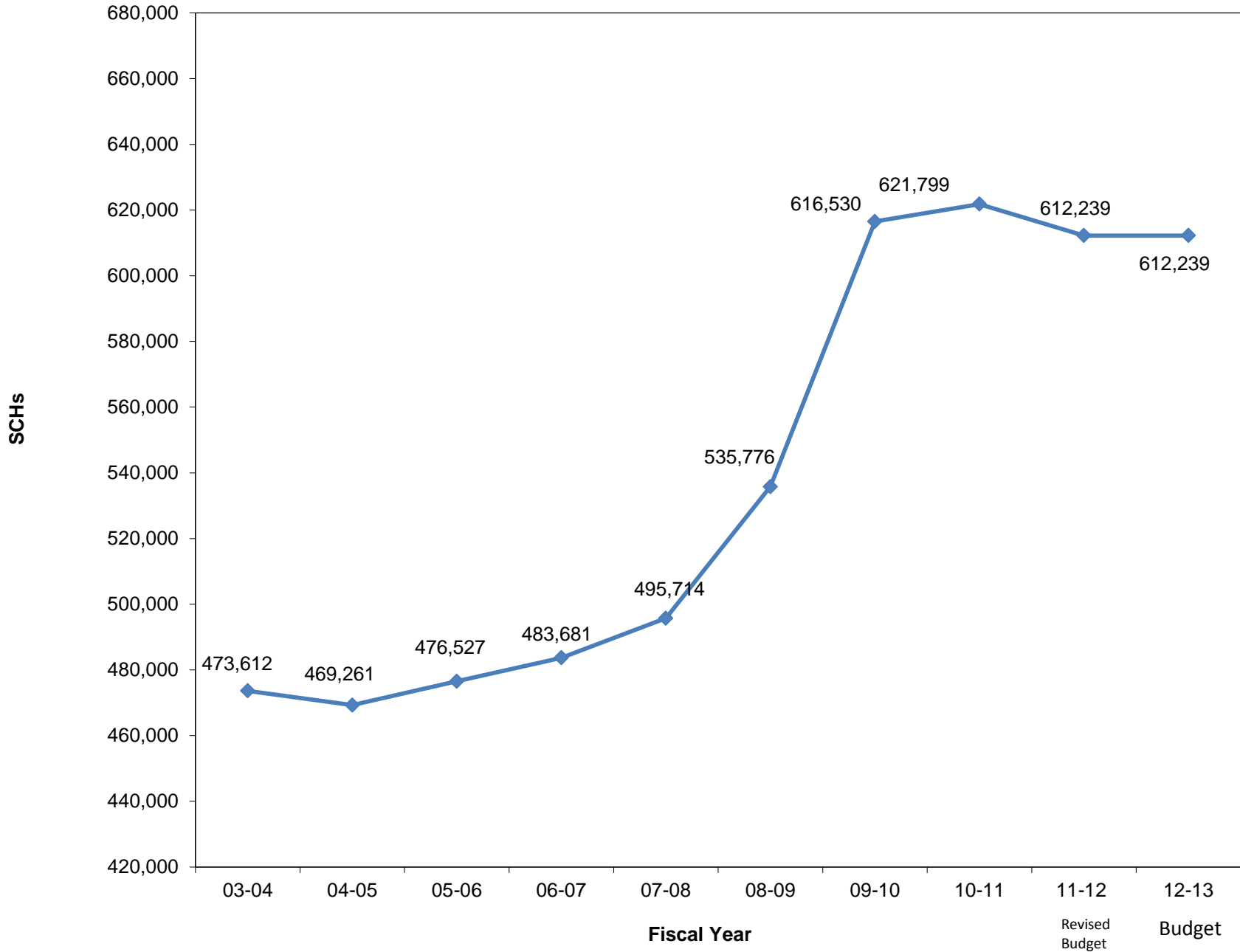


## 2011-12 Total Budget



OAKLAND COMMUNITY COLLEGE  
2012-13 GENERAL FUND BUDGET

# Student Credit Hour Enrollment



# OAKLAND COMMUNITY COLLEGE 2012-13 GENERAL FUND BUDGET

## Debt Retirement Fund Budget

	<u>General Obligation Bonds 2003</u>	<u>Total Debt Retirement Fund</u>
<b>Requirements:</b>		
<b>Interest Payments</b>		
November 1, 2012	\$217,040.00	\$217,040.00
May 1, 2013	192,080.00	192,080.00
	<u>\$409,120.00</u>	<u>\$409,120.00</u>
<b>Principal Payments</b>		
May 1, 2013	670,000.00	670,000.00
	<u>\$670,000.00</u>	<u>\$670,000.00</u>
<b>Total Requirements</b>	<u><u>\$1,079,120.00</u></u>	<u><u>\$1,079,120.00</u></u>
<b>Funding Sources</b>		
General Fund		
Debt Retirement Fund	\$1,079,120.00	\$1,079,120.00
<b>Total Funding</b>	<u><u>\$1,079,120.00</u></u>	<u><u>\$1,079,120.00</u></u>

**OAKLAND COMMUNITY COLLEGE  
2012-13 GENERAL FUND BUDGET**

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

	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Budget</b>
<b>REVENUE SOURCES</b>										
Property Taxes	61.0%	60.6%	61.4%	62.1%	59.9%	59.4%	55.9%	53.2%	49.1%	48.2%
State Appropriation	14.1%	13.9%	13.0%	10.2%	13.0%	12.1%	11.9%	12.9%	12.9%	12.8%
Tuition & Fees	24.1%	23.5%	23.2%	22.6%	22.2%	24.1%	27.3%	32.6%	34.1%	35.3%
All Other	0.8%	2.0%	2.4%	5.0%	5.0%	4.4%	4.9%	1.3%	3.9%	3.7%
Total Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>EXPENDITURES *</b>										
	\$132,808	\$139,539	\$144,010	\$154,388	\$163,613	\$164,303	\$167,550	\$155,873	\$151,065	\$155,382
Increase (Decrease)	\$1,908	\$6,731	\$4,471	\$10,378	\$9,225	\$690	\$3,247	(\$11,677)	(\$4,808)	\$4,317
% Increase (Decrease)	1.5%	5.1%	3.2%	7.2%	6.0%	0.4%	2.0%	-7.0%	-3.1%	2.9%
<b>EXPENDITURES PER FISCAL YEAR EQUATED STUDENT (FYES) **</b>										
	\$8,693	\$9,218	\$9,368	\$9,895	\$10,232	\$9,507	\$8,425	\$7,771	\$7,583	\$7,868
Increase (Decrease)	(\$353)	\$525	\$150	\$527	\$337	(\$725)	(\$1,082)	(\$654)	(\$189)	\$285
% Increase (Decrease)	-3.9%	6.0%	1.6%	5.6%	3.4%	-7.1%	-11.4%	-7.8%	-2.4%	3.8%
<b>BUDGET COMPARISON</b>										
Revenues	\$128,985	\$136,300	\$143,242	\$154,684	\$155,058	\$166,288	\$160,307	\$155,873	\$151,065	\$155,382
Expenditures	\$132,808	\$139,539	\$144,010	\$154,388	\$163,613	\$164,303	\$167,550	\$153,114	\$151,065	\$155,382
Excess (Shortfall) of										
Revenue over (under)										
Expenditures	(\$3,823)	(\$3,239)	(\$768)	\$296	(\$8,555)	\$1,985	(\$7,243)	\$2,759	\$0	\$0

\* Expenditure totals include transfers.

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

**OAKLAND COMMUNITY COLLEGE  
2012-13 GENERAL FUND BUDGET**

**Ten Year Comparisons - Student Information**

	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>		<b>2012-13</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>2011-12</b>	<b>Budget</b>
<b>STUDENT CREDIT HOURS</b>	473,612	469,261	476,527	483,681	495,714	535,776	616,530	621,799	617,604	612,239
Increase (Decrease)	25,000	-4,351	7,266	7,154	12,034	40,062	80,754	5,269	-4,195	-5,365
% Increase (Decrease)	5.6%	-0.9%	1.5%	1.5%	2.5%	8.1%	15.1%	0.9%	-0.7%	-0.9%
<b>FISCAL YEAR EQUATED STUDENTS (FYES) **</b>	15,278	15,137	15,372	15,603	15,991	17,283	19,888	20,058	19,923	19,750
Increase (Decrease)	806	-140	234	231	388	1,292	2,605	170	-135	-173
% Increase (Decrease)	5.6%	-0.9%	1.5%	1.5%	2.5%	8.1%	15.1%	0.9%	-0.7%	-0.9%
<b>STUDENT HEADCOUNT</b>	67,734	67,007	66,784	67,042	68,038	73,203	81,828	84,152	83,012	83,012
Increase (Decrease)	2,232	-727	-223	258	996	5,165	8,625	2,324	-1,140	0
% Increase (Decrease)	3.4%	-1.1%	-0.3%	0.4%	1.5%	7.6%	11.8%	2.8%	-1.4%	0.0%

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