



OAKLAND
COMMUNITY
COLLEGE®

2008-09 GENERAL FUND BUDGET

**Approved by the Board of Trustees
May 19, 2008**

Dr. Timothy Meyer, Chancellor

**Clarence Brantley, Vice-Chancellor Administrative Services
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**OAKLAND COMMUNITY COLLEGE
2008-09 GENERAL FUND BUDGET**

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OAKLAND COMMUNITY COLLEGE 2008-09 GENERAL FUND BUDGET

NARRATIVE

The 2008-09 General Fund Budget totals \$161,765,902. This is a 4.1% increase over the 2007-08 approved budget. Estimated revenue and expenditures are balanced.

Enrollment Projection

Student credit hour (SCH) enrollment for 2008-09 is projected for budgeting purposes at 505,718 SCHs representing a 2.0% increase over the actual credit hours for Summer II and Fall 2007, and the estimated credit hours for Winter and Summer I 2008.

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 \$161,765,902. 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 \$50,215,365 in 2008-09 and the voted 0.8 mill (reduced by Headlee to 0.7811) is expected to generate \$48,201,135.

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 2008-09 state appropriation has not yet been determined by the legislature. The State of Michigan continues to experience a downturn in the economy, and the College has seen five reductions in its state appropriation in prior fiscal years. Based on initial estimates from the House and Senate fiscal committees for Higher Education funding, the College has budgeted an increase in state funding for 2008-09. The estimate used in this budget is an appropriation of \$20,134,000, a 2.2% increase over the State Appropriation amount for 2007-08.

Tuition and Fees: Tuition rates are projected to increase by 2.8% in the Fall 2008 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 2007 was 2.8% as released by the Bureau of Labor Statistics in January 2008.

In-district	\$ 60.10 per SCH (\$1.60 increase)
Out-of-district	\$ 101.70 per SCH (\$2.90 increase)
Out-of-state	\$142.70 per SCH (\$3.85 increase)

Tuition and fees are expected to generate \$38,165,402.

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 2008-09 is budgeted at \$5,000,000.

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 \$161,765,902. As in past years, cost-containment measures are necessary in order to balance the budget. These measures include reductions in 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: \$74,656,016 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. The College has shifted the expenditure for all non-permanent hourly part-time employees to a temporary services contractor. The cost was moved from salaries to contracted temporary personnel.

FICA, Retirement, and Fringe Benefits: This budget amount of \$28,833,255 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 as determined by the IRS.
- 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 for the fiscal year 2007-08 is 16.72%. Based on information from the State of Michigan, the retirement rate beginning October 1, 2008 is projected to be 16.54%.
- 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 increased \$2,444,000 from the 2007-08 level to \$4,590,000. This increase is a result of the non-permanent hourly part-time employee budget being moved to this line item.

Retirement Contribution Reserve: This line item is to help offset any future larger than expected increases in the MPSERS retirement rate. The budget of \$500,000 is the same as 2007-08.

Utilities: Purchased utilities — heating fuels, electricity, and water and sewer usage— are budgeted at \$5,200,000 which is 10.5% more than the 2007-08 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.

Staff Development and New Initiatives: A budget of \$597,248 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 2008-09.

Operating Expenses: Operating expenses are budgeted at \$23,501,449. 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.
- Operating budgets are established for new programs and activities and prior years' new initiatives that have received continuing program status. In 2008-09, continued funding is planned for several student-centered activities: student orientation, student life, student assessment, and international study opportunities.
- 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: \$16,494,364 is budgeted based on a multi-year plan for replacement and renovation needs.

Technology Projects: \$1,812,000 is budgeted for technology projects.

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: \$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: \$2,060,750. 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: \$0. The College is not budgeting for any additions to rolling stock.

Carpet Replacement: \$333,379. 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 2008-09, but if revenues increase during the fiscal year, funds will be devoted to this purpose.

**OAKLAND COMMUNITY COLLEGE
2008-09 GENERAL FUND BUDGET**

Estimated Revenue

Property Taxes		\$ 98,416,500
	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.	
State Appropriation		20,134,000
Tuition and Fees		38,165,402
	Tuition - 505,718 Student Credit Hours will generate General Fund revenue	
	33,704,841	^b
	84.08% in-district at \$60.10 per SCH. 10.10% out-of-district at \$101.70 per SCH. 5.82% out-of-state at \$142.70 per SCH.	
Fees -	Registration Fees \$ 1,746,100 Lab and Course Fees 1,828,302 Technology Fees 698,440 Transcript Fees 67,498 Graduation Fees 55,914 Other Fees 64,307	4,460,561
		4,460,561
Net Tuition and Fees	\$ 38,165,402	^c
Income from Investments		5,000,000
Miscellaneous Revenue		50,000
Total Estimated Revenue		\$ 161,765,902

**OAKLAND COMMUNITY COLLEGE
2008-09 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	\$ 74,656,016	46.15%	54.03%
FICA, Retirement and Fringe Benefits	28,833,255	17.82%	20.87%
Subtotal College Employee Costs	\$ 103,489,271	63.97%	74.90%
Contracted Temporary Personnel	4,590,000	2.84%	3.32%
Total Personnel Costs	\$ 108,079,271	66.81%	78.22%
<u>Non-Personnel Costs:</u>			
Retirement Contribution Reserve	\$ 500,000	0.31%	0.36%
Utilities	5,200,000	3.21%	3.76%
Debt Service	0	0.00%	0.00%
Staff Development and Initiatives	897,248	0.55%	0.65%
Operating Expenses	23,501,449	14.53%	17.00%
Total Non-Personnel Costs	\$ 30,098,697	18.60%	21.77%
Operating Budget*	\$ 138,177,968	85.41%	99.99%
<u>Non-Operating Costs:</u>			
Facility and Maintenance Projects	\$ 16,494,364	10.20%	
Technology Projects	1,812,000	1.12%	
Equipment - Computer Replacement Program	1,750,000	1.08%	
Carpet Replacement	333,379	0.21%	
Equipment - Other Furniture and Equipment	1,137,441	0.70%	
Equipment - Depreciation Expense	2,060,750	1.27%	
Equipment - Rolling Stock New Additions	0	0.00%	
Total Non-Operating Costs	\$ 23,587,934	14.58%	
Total Expenditures and Transfers	\$ 161,765,902	100.00%	
Contribution to Fund Balance		0.00%	
Total Budget	\$ 161,765,902	100.00%	

OAKLAND COMMUNITY COLLEGE 2008-09 GENERAL FUND BUDGET

Budget Summary

<u>Revenue:</u>	<u>Amount</u>	<u>Percent of Total Budget</u>	
Property Taxes	\$ 98,416,500	60.84%	
State Appropriation	20,134,000	12.45%	
Tuition and Fees	38,165,402	23.59%	
Income from Investments	5,000,000	3.09%	
Miscellaneous Revenue	50,000	0.03%	
Total Revenue	<u>\$ 161,765,902</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	\$ 108,079,271	66.81%	78.22%
Non-Personnel Costs	30,098,697	18.61%	21.78%
Operating Budget*	\$ 138,177,968	85.42%	<u>100.00%</u>
Non-Operating Costs	23,587,934	14.58%	
Total Expenditures and Transfers	\$ 161,765,902	100.00%	
Contribution to Fund Balance	0	0.00%	
Total Budget	<u>\$ 161,765,902</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

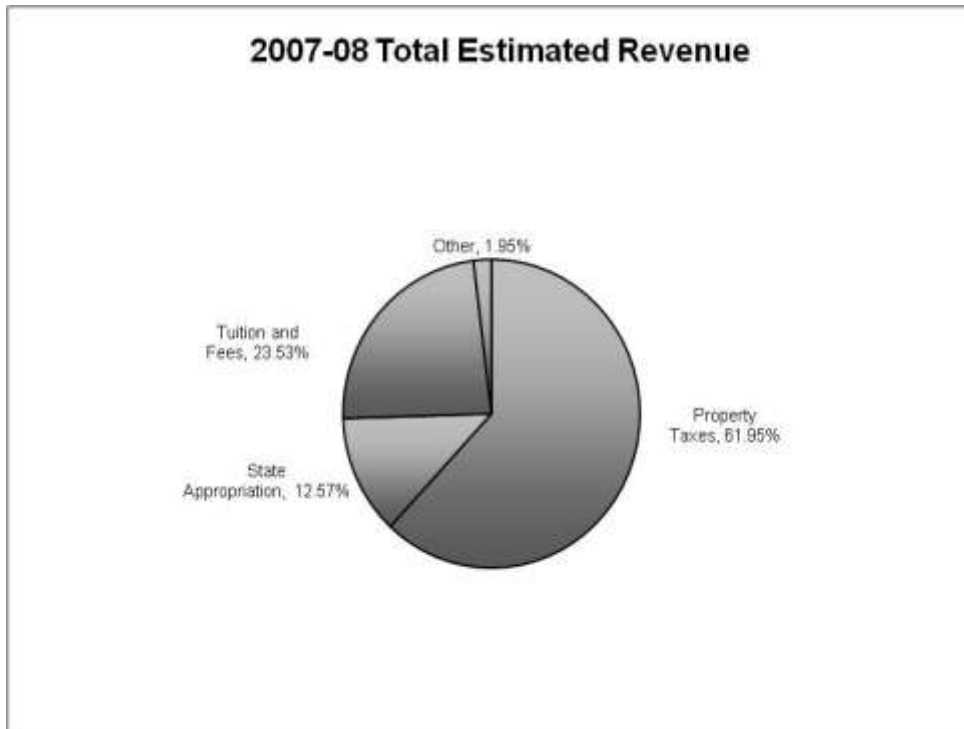
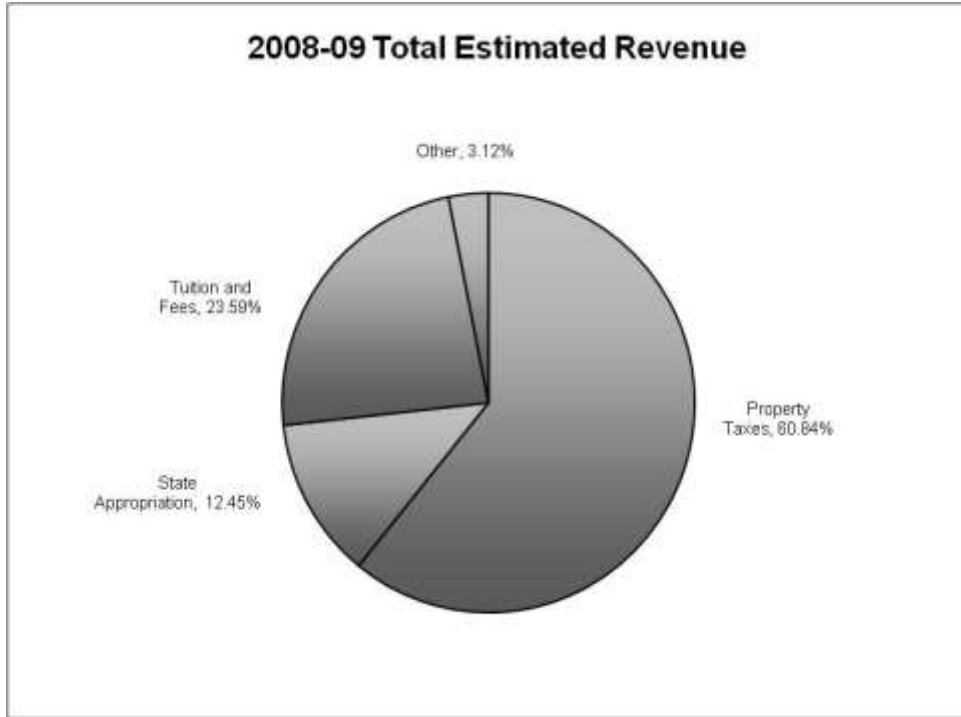
**OAKLAND COMMUNITY COLLEGE
2008-09 GENERAL FUND BUDGET**

**Two Year Budget Comparison
By Expenditure Category**

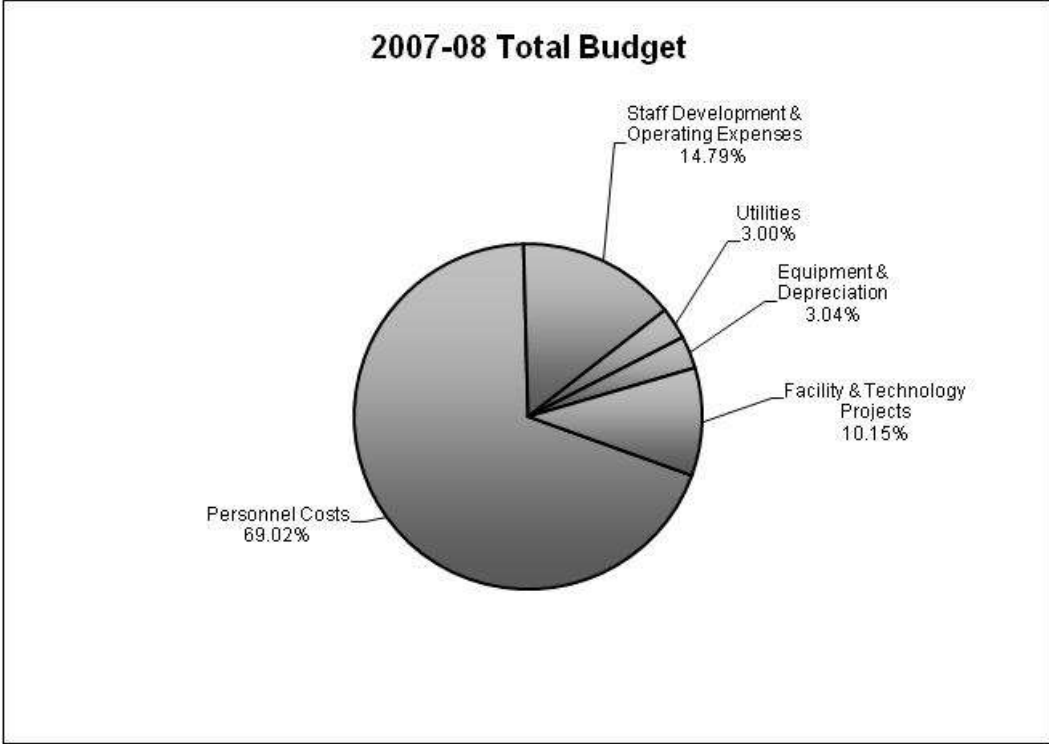
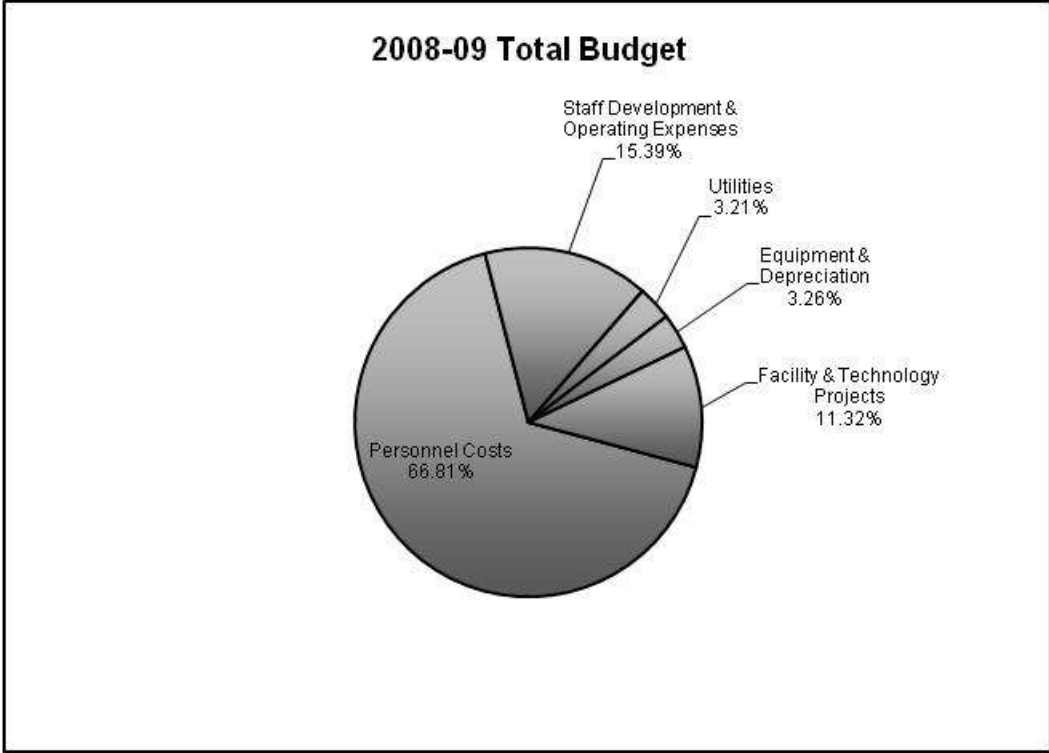
	<u>2008-09 Budget</u>	<u>2007-08 Budget</u>	<u>2008-09 Budget Increase (Decrease) from 2007-08 Budget</u>	
Employee Salaries & Wages	\$ 74,656,016	\$75,219,462	\$ (563,446)	a -0.8%
Fringe Benefits	28,833,255	29,651,610	\$ (818,355)	b -2.8%
Subtotal College Employee Costs	103,489,271	104,871,072	\$ (1,381,801)	-1.3%
Contracted Temporary Personnel	4,590,000	2,146,000	\$ 2,444,000	c 53.2%
Total Personnel Costs	\$108,079,271	\$107,017,072	\$ 1,062,199	1.0%
Retirement Contribution Reserve	\$ 500,000	\$500,000	\$ -	
Utilities	\$5,200,000	\$4,655,087	\$ 544,913	d 10.5%
Debt Service	0	0	\$ -	
Staff Development and New Initiatives	897,248	904,268	\$ (7,020)	e -0.8%
Operating Expenses	23,501,449	21,536,243	\$ 1,965,206	8.4%
Subtotal Non-Personnel Costs	\$30,098,697	\$27,595,598	\$ 2,503,099	8.3%
Operating Budget	\$138,177,968	\$134,612,670	\$ 3,565,298	2.6%
Facility and Maintenance Projects	\$ 16,494,364	\$14,025,831	\$ 2,468,533	15.0%
Technology Projects	1,812,000	1,712,000	\$ 100,000	5.5%
Equipment-Computer Replacement Program	1,750,000	1,350,000	\$ 400,000	22.9%
Carpet Replacement	333,379	150,058	\$ 183,321	f
Equipment-Other Furniture and Equipment	1,137,441	1,137,441	\$ -	0.0%
Depreciation Expense	2,060,750	1,950,000	\$ 110,750	5.4%
Rolling Stock New Additions	0	120,000	\$ (120,000)	#DIV/0!
Subtotal Non-Operating Costs	\$23,587,934	\$20,445,330	\$ 3,142,604	13.3%
Total Expenditures and Transfers	\$161,765,902	\$155,058,000	\$ 6,707,902	4.1%
Contribution to Fund Balance	0	0	0	--
Total Budget	\$161,765,902	\$155,058,000	\$ 6,707,902	4.1%

- a PT Hourly workers moved to temp services, but yearly increase in salaries offsets causing \$600K reduction
b Decrease for moving PT hourly workers out of salaries, and retirement rate of 16.54% used as compared to 19.14% for 2007-08
c PT Hourly budget.
d Increase based on rising costs of utilities
e Staff Development budget is based on Salary & Wages budget
f Increase based on campus worksheet of carpet needs

**OAKLAND COMMUNITY COLLEGE
2008-09 GENERAL FUND BUDGET
Where Our Revenue Comes From**

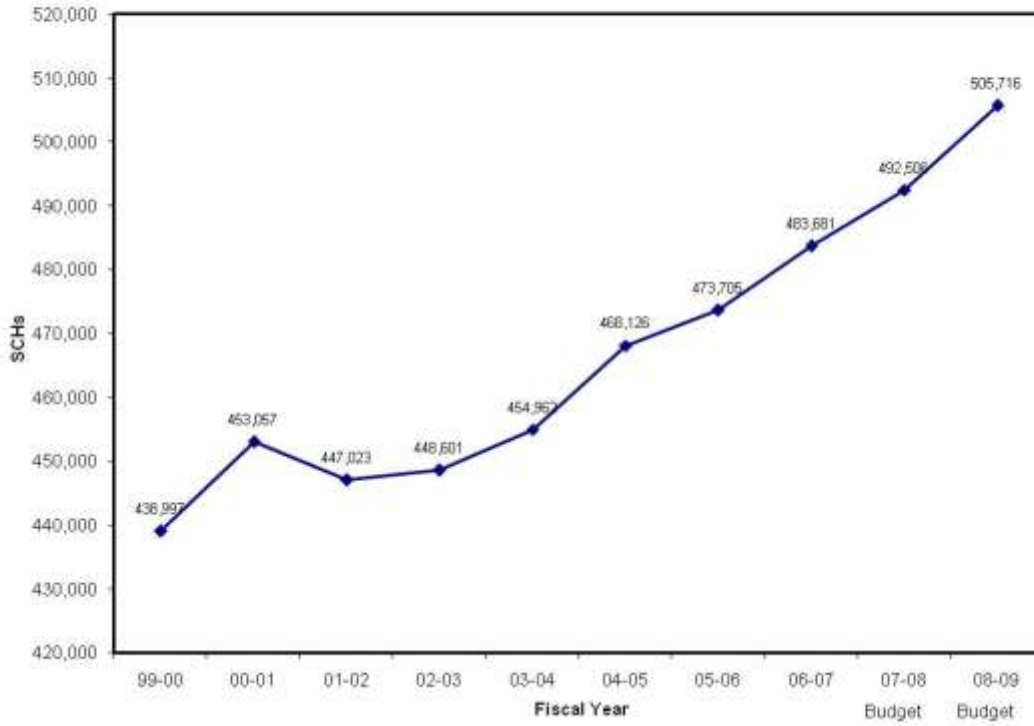


**OAKLAND COMMUNITY COLLEGE
2008-09 GENERAL FUND BUDGET
Where Our Budget is Spent**



OAKLAND COMMUNITY COLLEGE 2008-09 GENERAL FUND BUDGET

Student Credit Hour Enrollment



OAKLAND COMMUNITY COLLEGE 2008-09 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, 2008	\$157,545.00		\$157,545.00
December 1, 2008		13,500.00	13,500.00
March 1, 2009			0.00
May 1, 2009	157,545.00		157,545.00
June 1, 2009		13,500.00	13,500.00
	<u>\$315,090.00</u>	<u>\$27,000.00</u>	<u>\$342,090.00</u>
Principal Payments			
March 1, 2009			\$0.00
May 1, 2009	1,000,000.00		1,000,000.00
June 1, 2009		140,000.00	140,000.00
	<u>\$1,000,000.00</u>	<u>\$140,000.00</u>	<u>\$1,140,000.00</u>
Total Requirements	<u>\$1,315,090.00</u>	<u>\$167,000.00</u>	<u>\$1,482,090.00</u>
Funding Sources			
General Fund			
Debt Retirement Fund	\$1,315,090.00	\$167,000.00	\$1,482,090.00
Total Funding	<u>\$1,315,090.00</u>	<u>\$167,000.00</u>	<u>\$1,482,090.00</u>

**OAKLAND COMMUNITY COLLEGE
2008-09 GENERAL FUND BUDGET**

Ten Year Comparisons - Financial Information

Amounts Shown are in Thousands (000s)

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget
REVENUE SOURCES										
Property Taxes	57.0%	56.9%	59.0%	59.6%	62.9%	60.6%	61.4%	62.1%	61.6%	60.8%
State Appropriation	17.8%	17.6%	17.3%	15.7%	13.8%	13.9%	13.0%	10.2%	12.8%	12.4%
Tuition & Fees	22.1%	22.1%	21.8%	23.1%	22.5%	23.5%	23.2%	22.6%	23.7%	23.6%
All Other	3.1%	3.4%	1.9%	1.6%	0.8%	2.0%	2.4%	5.0%	1.9%	3.1%
Total Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
EXPENDITURES *										
	\$115,413	\$119,058	\$121,895	\$130,900	\$130,598	\$139,539	\$144,010	\$152,415	\$155,058	\$161,766
Increase (Decrease)	\$5,492	\$3,645	\$2,837	\$9,005	(\$302)	\$8,941	\$4,471	\$8,405	\$2,643	\$6,708
% Increase (Decrease)	5.0%	3.2%	2.4%	7.4%	-0.2%	6.8%	3.2%	5.8%	1.7%	4.3%
EXPENDITURES PER FISCAL YEAR EQUATED STUDENT (FYES) **										
	\$8,149	\$8,147	\$8,506	\$9,045	\$8,548	\$9,218	\$9,368	\$9,769	\$9,760	\$9,916
Increase (Decrease)	\$413	(\$2)	\$358	\$540	(\$497)	\$670	\$150	\$400	(\$9)	\$156
% Increase (Decrease)	5.3%	0.0%	4.4%	6.3%	-5.5%	7.8%	1.6%	4.3%	-0.1%	1.6%
BUDGET COMPARISON										
Revenues	\$116,352	\$121,693	\$125,208	\$126,834	\$128,985	\$136,300	\$143,242	\$154,684	\$155,058	\$ 161,766
Expenditures	\$115,413	\$119,058	\$121,895	\$130,900	\$130,598	\$139,539	\$144,010	\$152,415	\$155,058	\$ 161,766
Excess (Shortfall) of Revenue over (under) Expenditures	\$939	\$2,635	\$3,313	(\$4,066)	(\$1,613)	(\$3,239)	(\$768)	\$2,269	\$0	\$0

* Expenditure totals include transfers.

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

**OAKLAND COMMUNITY COLLEGE
2008-09 GENERAL FUND BUDGET**

Ten Year Comparisons - Student Information

	1999-00 Actual	2000-01 Actual	2001-02 Actual	2002-03 Actual	2003-04 Actual	2004-05 Actual	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Budget
STUDENT CREDIT HOURS *	438,997	453,057	444,255	448,612	473,612	469,261	476,527	483,681	492,506	505,718
Increase (Decrease)	-1,329	14,060	-8,802	4,357	25,000	-4,351	7,266	7,154	8,826	13,212
% Increase (Decrease)	-0.3%	3.2%	-1.9%	1.0%	5.6%	-0.9%	1.5%	1.5%	1.8%	2.7%
FISCAL YEAR EQUATED STUDENTS (FYES) **	14,162	14,613	14,331	14,471	15,278	15,137	15,372	15,603	15,887	16,313
Increase (Decrease)	-47	451	-282	141	806	-140	234	231	285	426
% Increase (Decrease)	-0.3%	3.2%	-1.9%	1.0%	5.6%	-0.9%	1.5%	1.5%	1.8%	2.7%
STUDENT HEADCOUNT *	61,801	61,938	67,982	65,502	67,724	67,007	66,784	67,042	68,772	69,844
Increase (Decrease)	-1,172	137	6,044	-2,480	2,222	-717	-223	258	1,730	1,072
% Increase (Decrease)	-1.9%	0.2%	9.8%	-3.6%	3.4%	-1.1%	-0.3%	0.4%	2.6%	1.6%

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

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