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COMMUNITY COLLEGE DISTRICT NO. 508  
JULY 9, 2015**

# **FY 2016 BUDGET OVERVIEW**

**July 9, 2015**

# CCC to reform its price structure

- **Long-planned strategic modification of price structure to go into effect in FY2016**
- **Budget eliminates fees to end disincentives to some programs and give students more financial predictability**
  - **CCC currently has 151 different fees that disproportionately hit high-demand industry programs**
    - *e.g. Surgical tech \$650 in fees; manufacturing \$265; IT network tech \$300*
  - **Students often underestimate the cost of their enrollment until bills are due because fees were “hidden”**
  - **Because fees vary from class to class, students don’t ever know the cost of their future semesters**
    - *Now, students will know their price will be the same no matter what they take*
- **Drives students to take more classes/complete faster**
  - Current financial aid, tuition & fees incent pace that guarantees students won’t graduate on time
  - New price structure makes taking 15+ hours the “better deal”; creates pace for graduating in two years
  - Incentivizes all other students to register for more credit hours

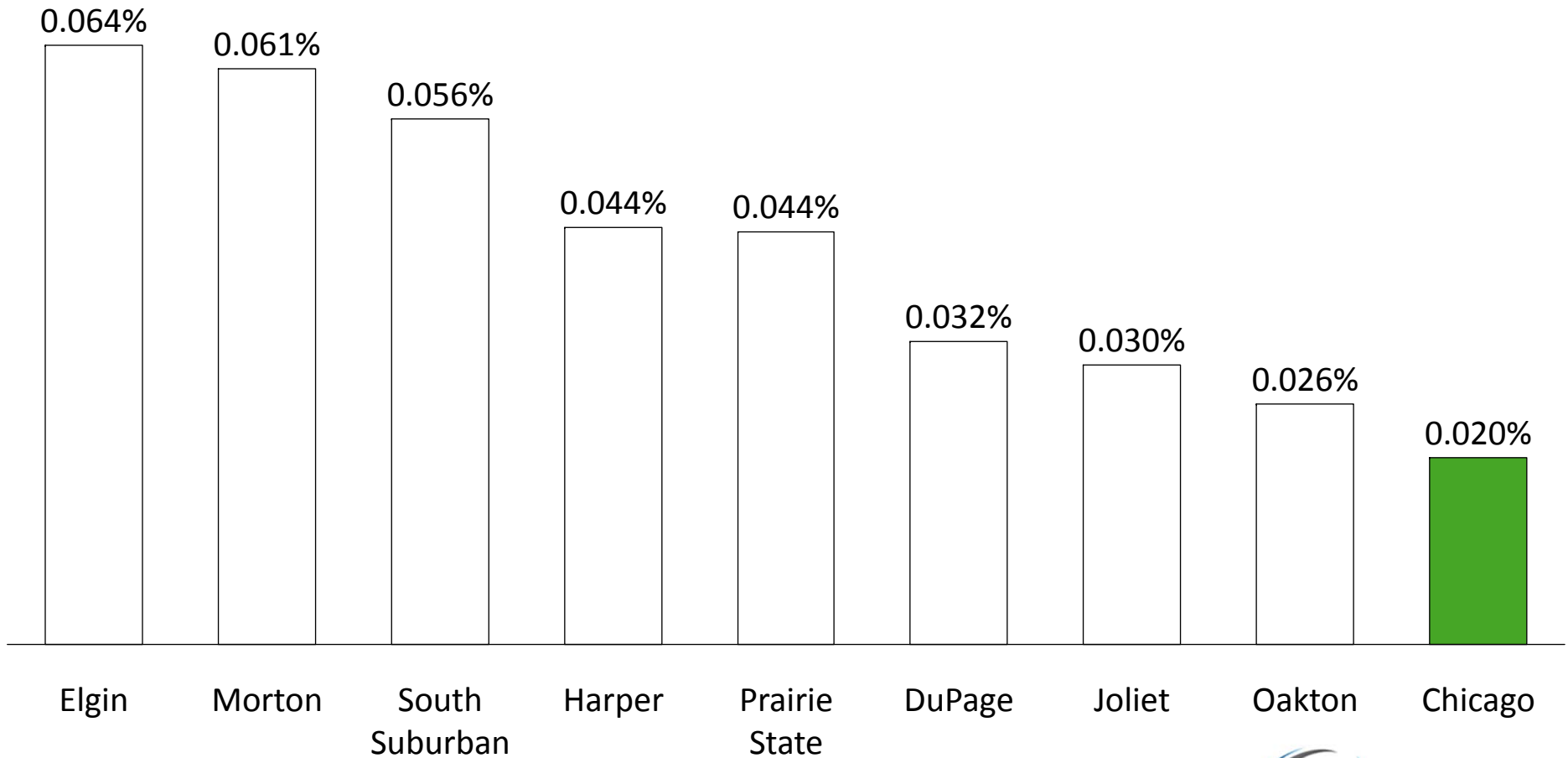
## FY 2016 Budget Overview

- **City Colleges' proposed overall \$696 million budget is balanced with no increase in property taxes, and 4% lower than prior year**
  - **Unrestricted operating expenditures are budgeted at \$308 million, a .5% decrease from prior year, reflecting strategic reductions**
    - City Colleges is again designating \$4.0M to its Resource Allocation Fund, which will allow for the expansion or creation of initiatives with the greatest potential to impact five-year plan goals
  - **The proposed FY2016 budget projects unrestricted operating resources of \$314 million, up 1% from \$309.4 million in FY2015**
- **CCC has held the line on taxes and tuition under Reinvention, while revenue has decreased and the Chicago CPI has risen 4.5%**
- **CCC is the only community college in Illinois not to have increased tuition and/or fees since 2011 (CCC's last increase in 2011 stemmed from 2008 Board vote prior to Reinvention)**
- **CCC has significantly increased key student metrics under Reinvention while managing higher costs and declining revenue**

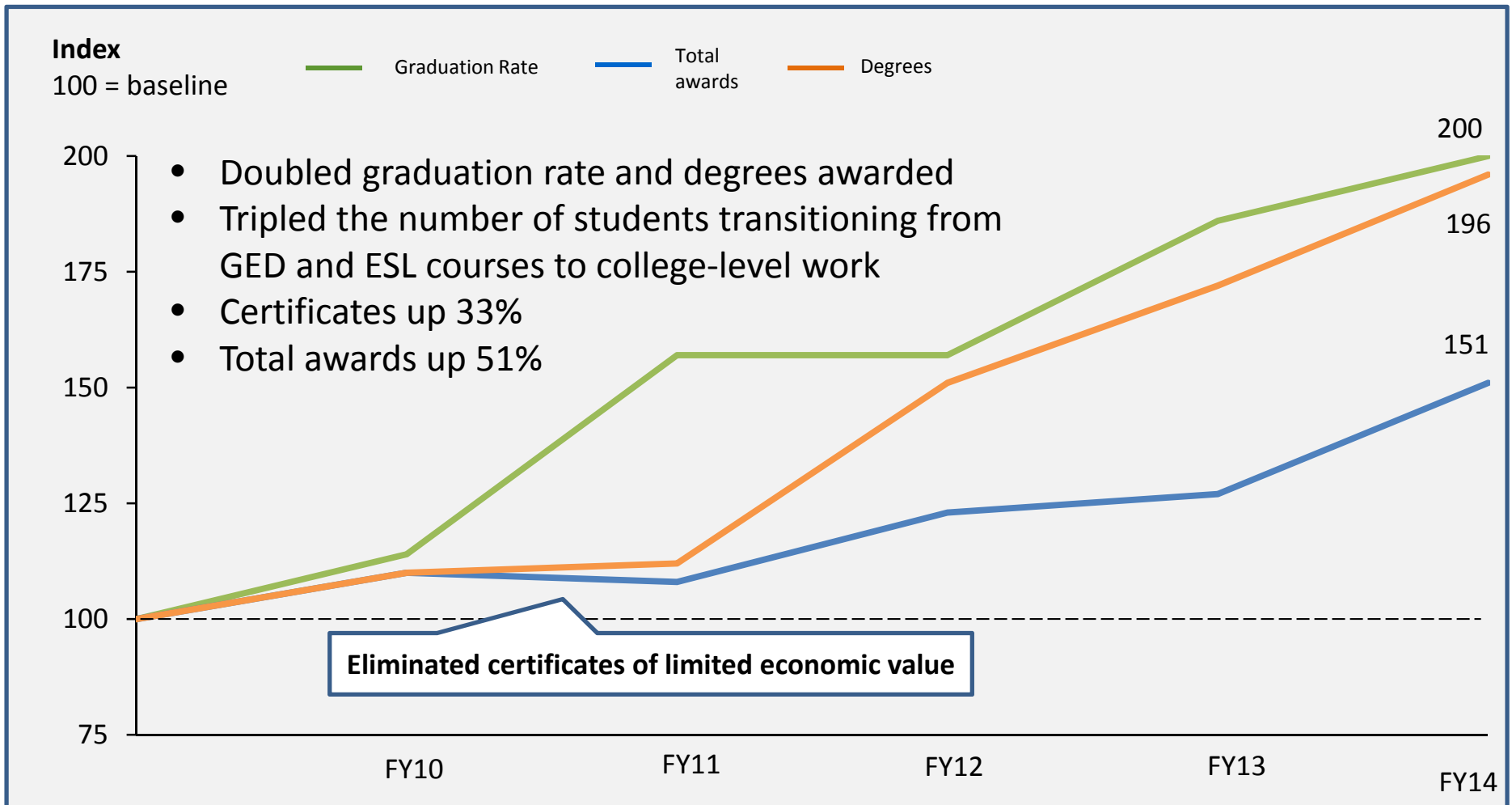
# CCC has held the line on taxes since 2009 and will continue to do so

CCC's property tax rate is the lowest among Community Colleges whose boundaries include some part of Cook County

Tax rate, percent



## Despite State cuts, value of CCC education has increased, with significant increases in student outcomes

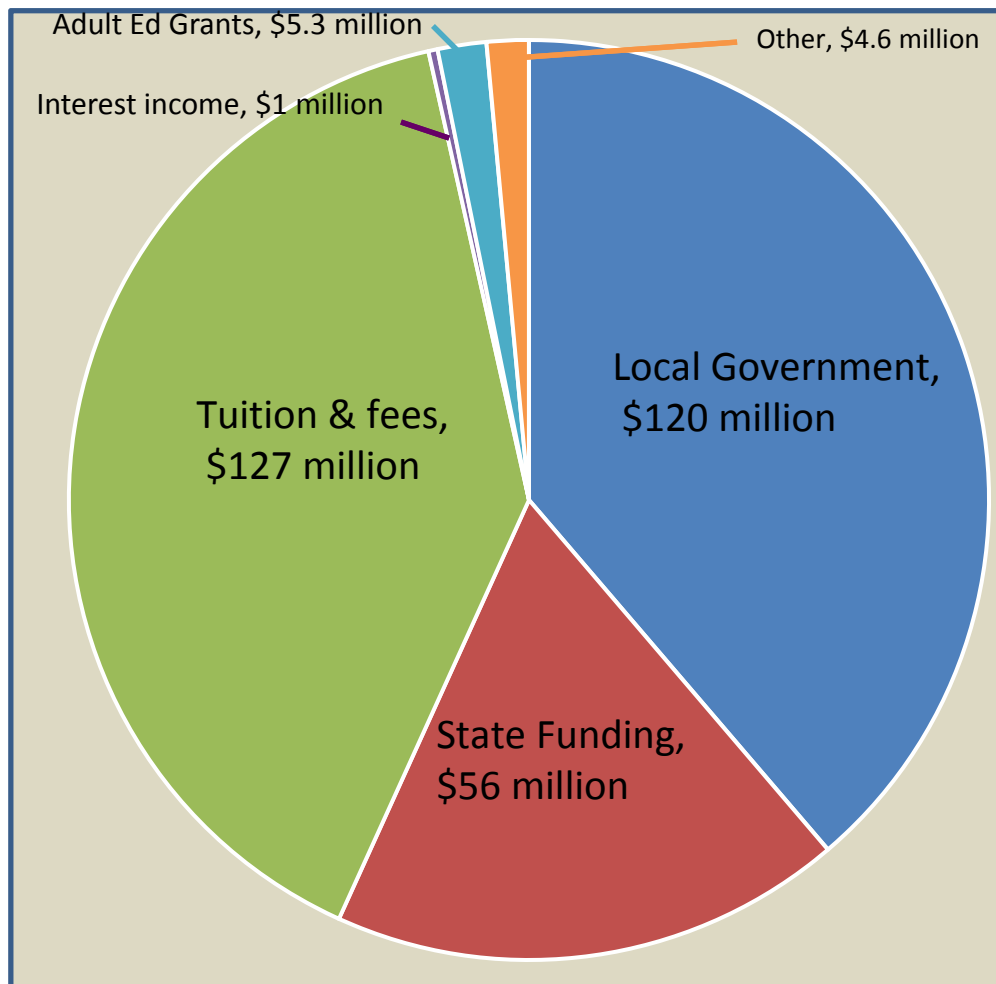


## FY 2016 Budget Overview

- **CCC has lost \$13 million in State funding (17%) since FY2011**
- **City Colleges is facing further State funding cuts of \$2 million+ in FY2016**
  - Internal savings (\$66 million) under Reinvention helped offset cuts and helped fuel Reinvention
  - Savings opportunities are diminishing on the heels of efficiency gains
- **Enrollment has softened – and, with it, tuition revenue – as unemployment has dropped sharply (31% from Fall 2013 to Fall 2014)**
- **To offset decreased revenue, City Colleges will implement a new enrollment incentive pricing plan to encourage timely completion and raise \$12 million additional in tuition over the FY2015 budget – an increase of \$200 per semester for FT (12+ hrs), \$225 for PT (5-11 hrs), and \$250 for students taking one-course**

## The proposed FY2016 budget projects operating fund resources of \$313.7M, a 1% increase from prior year levels

### FY2016 Resource Projection (\$313.7 million)

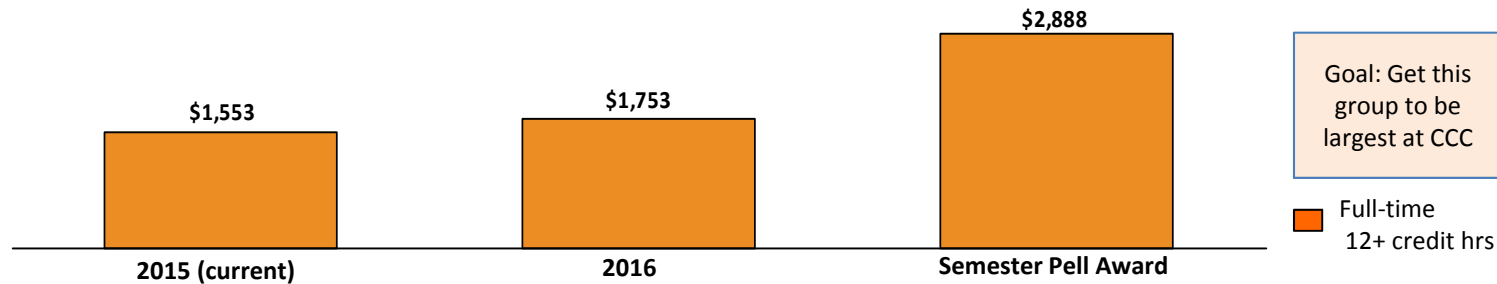


### Funding Sources

- **Tuition and fees** for FY2016 are budgeted to increase to offset reductions in state funding and inflationary pressures. The new enrollment incentive pricing plan offers students fixed rates for one-course, part-time and full-time enrollment.
- **Local government** sources include tax and grant monies received from taxpayers and government entities within CCC's district boundaries.
- **State government** sources are primarily grants to support operations, programs, and students – CCC's FY2016 funding is expected to be reduced by over \$2 million.
- **Investment revenue** is interest earned on CCC's cash and investments
- **Adult Ed** grants are state and federal funds restricted for use on adult education programs
- **Other Funding Sources** include: building rental; auxiliary activities; Pell administrative fees; and reduction of excess reserve in the tort fund liability account

# The more classes a student takes, the less the price increases In any category, CCC stays very price-competitive

## Full-time students (40% of CCC): Increase \$200 per semester

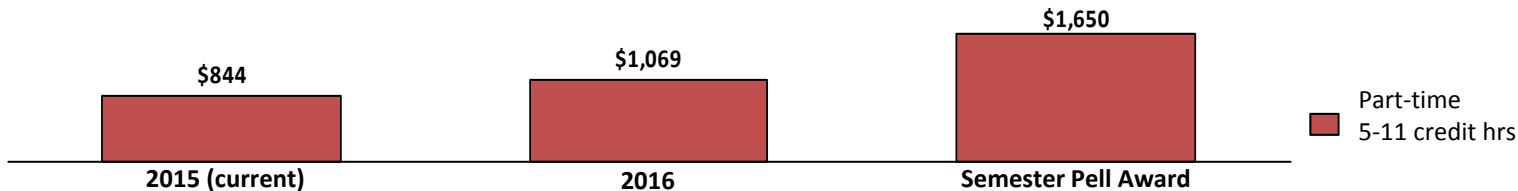


Goal: Get this group to be largest at CCC

Still 55% cheaper than other CCs

On average, full-time CCC students today pay \$1,553 per semester. The new cost will be \$1,753 per semester.

## Part-time students (45% of CCC): Increase \$225 per semester

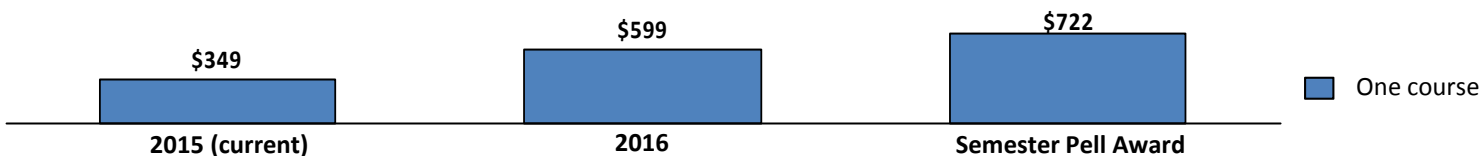


Still 61% cheaper than other CCs

The average part-time price is \$844 today, and will be \$1,069 in the fall semester.

Compared to current prices, the semester cost of taking three classes will be \$41 higher; the cost of taking two classes will be \$384 higher.

## One-course takers (15% of CCC students): Increase \$250 per semester

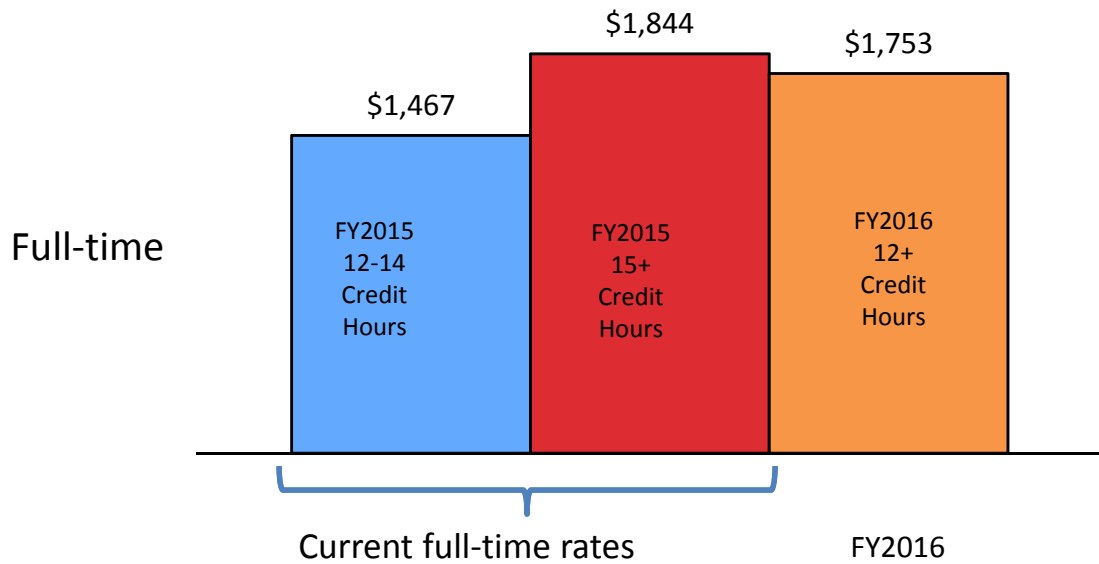


Still 35% cheaper than other CCs

Both the full-time cost of \$1,753 and the part-time cost of \$1,069 per semester are inclusive of tuition and all fees.

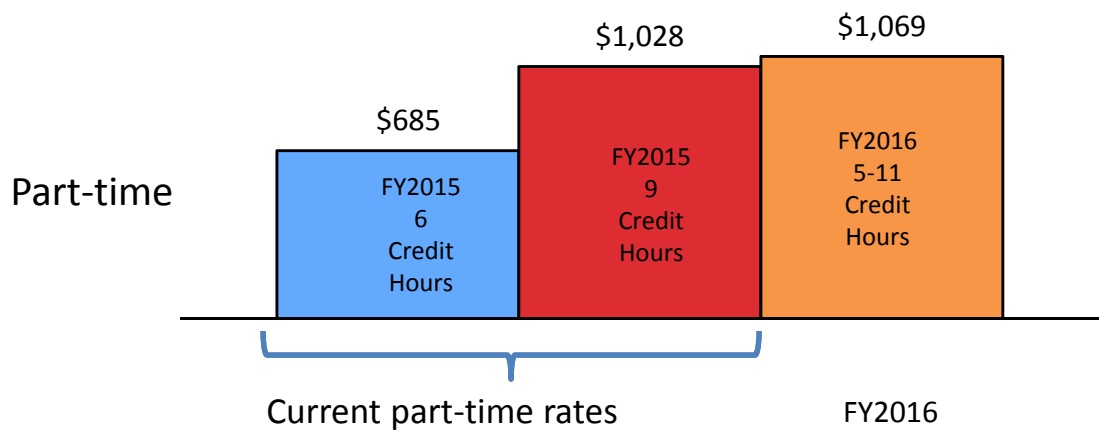


Under the enrollment incentive plan the cost of attendance will decrease for full-time students taking more than 15 credit hours



Full-time

The cost of a 15+ hour load will decrease \$91, compared to an increase of \$286, for a 12-14 hour load, creating an incentive to take more classes and complete more quickly.



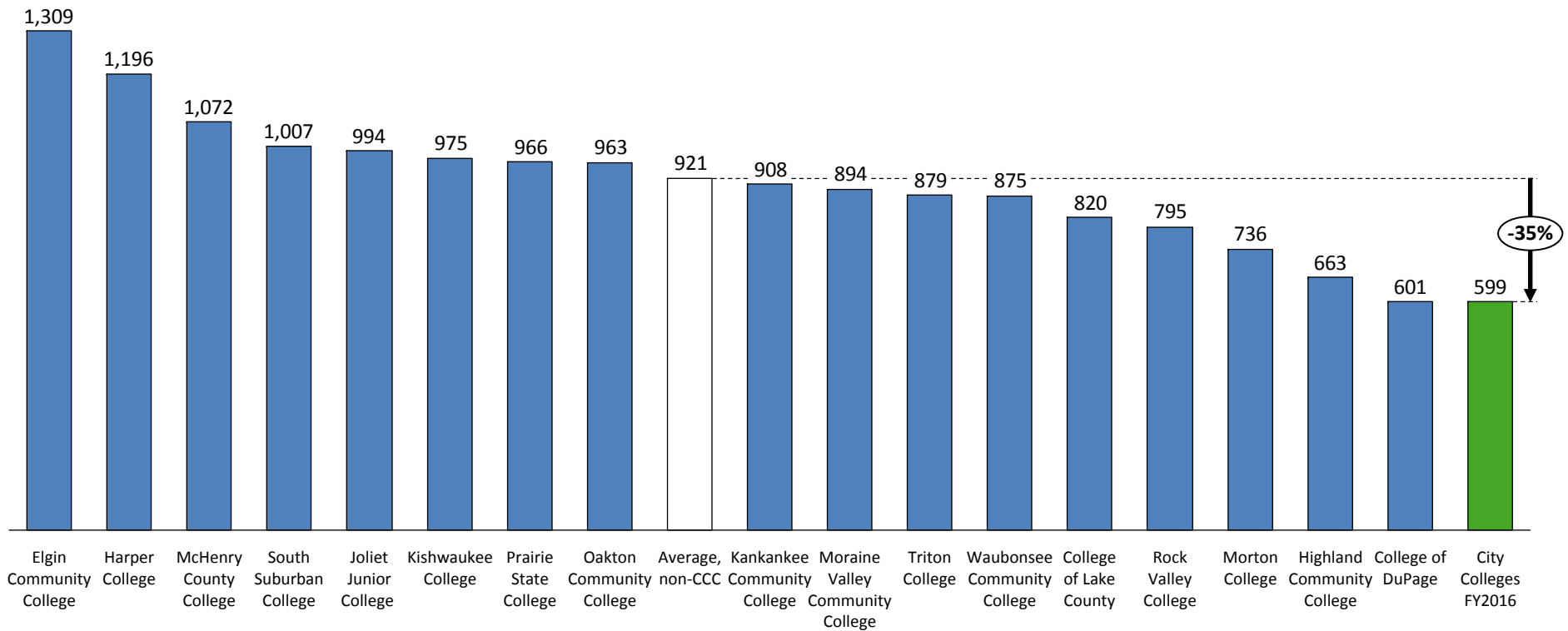
Part-time

The average part-time cost is \$844 today, and will be \$1,069 in the fall.

The cost of taking three classes will increase \$41, while the cost of taking two classes will go up \$384, creating the same incentive to take more classes.

# CCC one course price is still competitive in community college marketplace

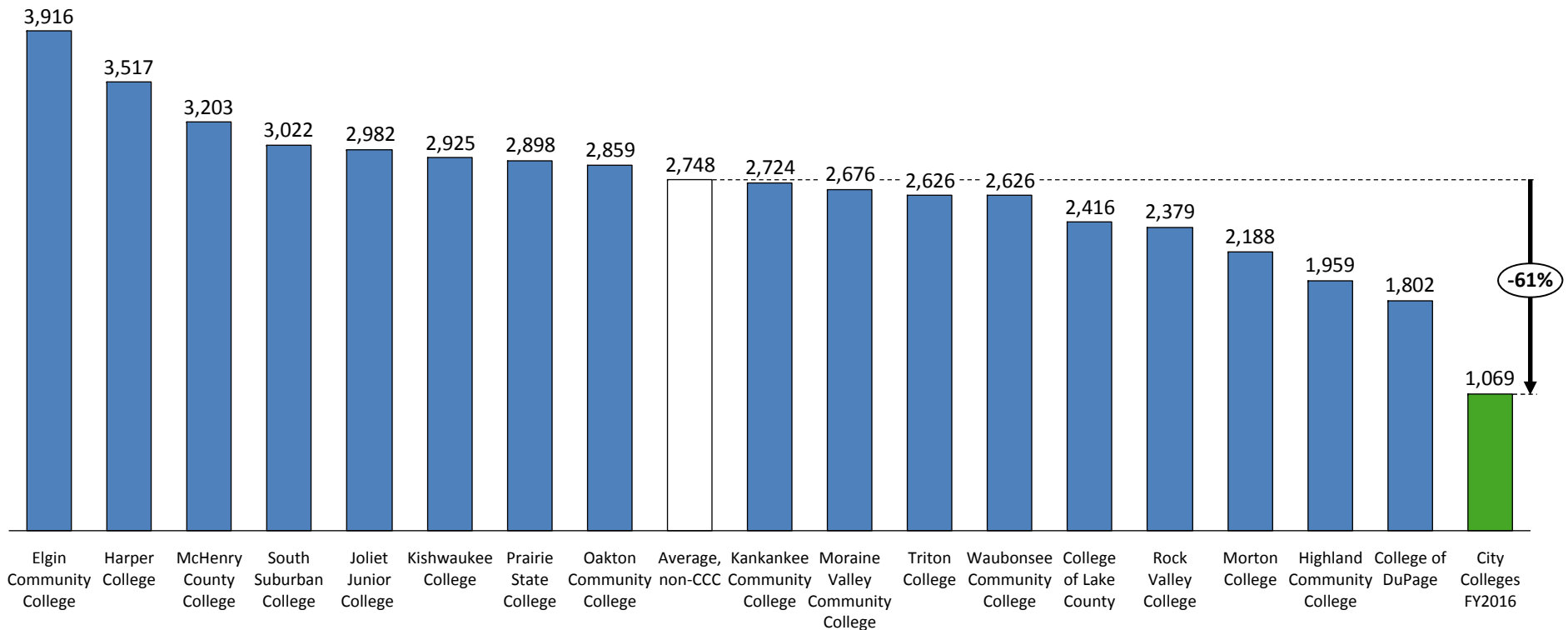
Overview of total cost of attendance for Chicago residents at Community Colleges in metro area  
 Cost per term for one course enrollment at 3 hours



Note: UIC price for one course is \$3,156

# CCC part-time price is still competitive in community college marketplace

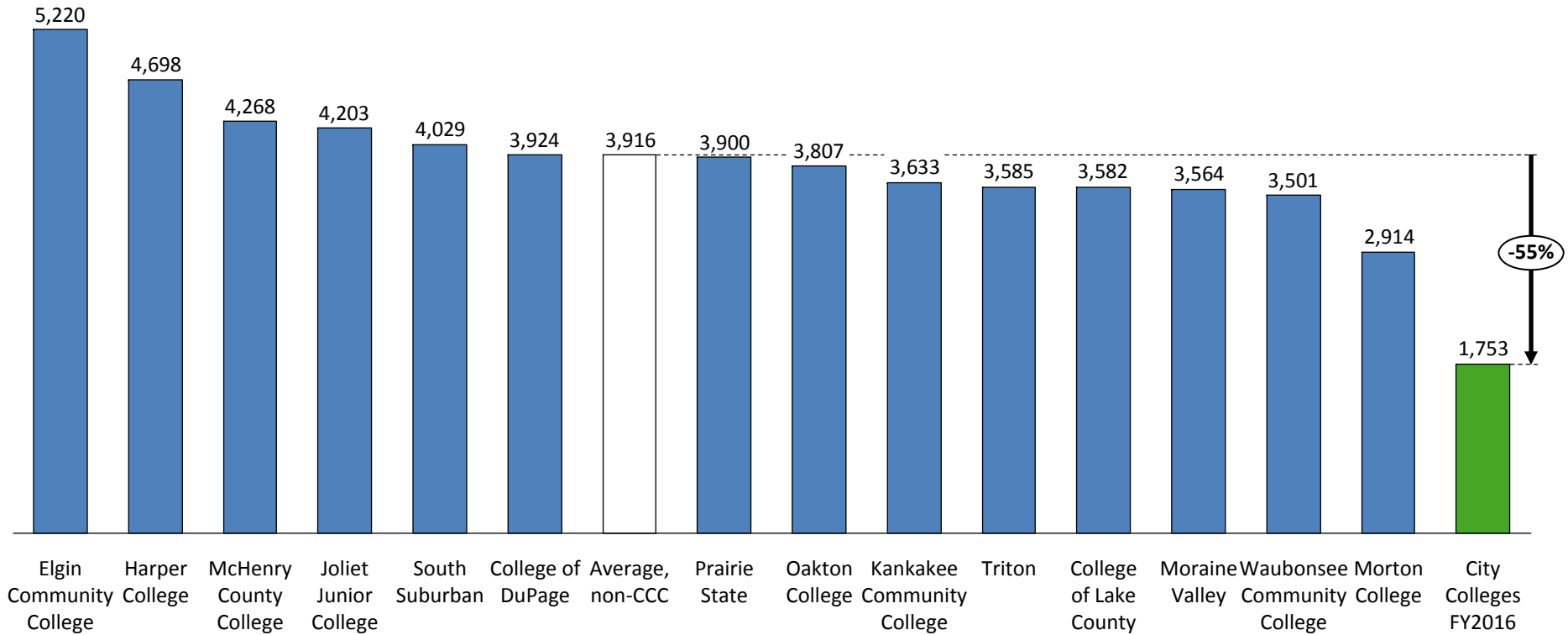
Overview of total cost of attendance for Chicago residents at Community Colleges in metro area  
 Cost per term for part-time enrollment at 9 hours



Note: UIC price for part-time is \$5,216

# CCC full-time price is still competitive in community college marketplace

Overview of total cost of attendance for Chicago residents at Community Colleges in metro area  
 Cost per term for full-time enrollment at 12 hours



Note: UIC price for full-time is \$7,294

# The proposed FY2016 overall budget is \$696M

\$ in millions

## FY2016 Proposed Budget

Fund	Resources	Expenditures	Net Resources
Operating Unrestricted	\$ 313.7	\$ 308.0	\$ 5.7
Auxiliary/Enterprise	11.2	14.4	(3.2)
Debt Service	14.4	16.9	(2.5)
Restricted (Grants)	183.5	183.5	0.0
Capital Projects	172.8	172.8	0.0
<b>All Funds</b>	<b>\$ 695.6</b>	<b>\$ 695.6</b>	<b>\$ 0.0</b>

## FY2015 Budget

Fund	Resources	Expenditures	Net Resources
Operating Unrestricted	\$ 309.4	\$ 309.4	\$ 0.0
Auxiliary/Enterprise	14.5	14.5	0.0
Debt Service	12.9	12.9	0.0
Restricted (Grants)	200.2	200.2	0.0
Capital Projects	186.1	186.1	0.0
<b>All Funds</b>	<b>\$ 723.1</b>	<b>\$ 723.1</b>	<b>\$ 0.0</b>

## Budget Highlights

FY2016 all funds budget of \$696 million reflects a 4% decrease from prior year (\$723 million) largely due to capital and restricted fund decreases

- **Operating Unrestricted Fund** decrease of .5% reflects strategic reductions in response to revenue pressures from lower state funding and decreased enrollment
- **Auxiliary/Enterprise Fund** revenues are expected to be lower than prior year budget, and spending flat due to reductions in existing programs being offset by ramp up of the Professional and Personal Development Program
- **Debt Service Fund** increase is due to the first debt service principal payment of \$4M in FY2016
- **Restricted (Grants) Fund** decrease is due to reductions in a combination of federal, state, and local grants received and a \$10M reduction in student financial aid due to decreased enrollment compared to prior year budget
- **Capital Fund** decrease reflects the mid-year completion of construction of the new Malcolm X College and the Transportation, Distribution, and Logistics Center at Olive-Harvey College

## FY2016 Unrestricted Operating Expenditures are budgeted to decrease by .5%

Unrestricted Operating Funds	FY2015 Budget	FY2016 Budget	\$ Change	% Change
Expenditures				
Salaries	\$213.7	\$215.3	\$1.6	0.7%
Employee benefits	33.2	32.1	(1.1)	-3.3%
Contractual services	21.3	19.3	(2.0)	-9.4%
Resource Allocation Fund	4.0	4.0	-	0.0%
Materials and supplies	16.3	15.6	(0.7)	-4.3%
Travel and conference	1.3	1.3	-	0.0%
Fixed charges	3.3	3.4	0.1	3.0%
Utilities	7.9	8.3	0.4	5.1%
Waivers and scholarships	5.2	6.0	0.8	15.4%
Bad debt expense	1.7	1.7	-	0.0%
Other expenditures	1.5	1.0	(0.5)	-33.3%
<b>Total Operating</b>	<b>\$ 309.4</b>	<b>\$ 308.0</b>	<b>\$ (1.4)</b>	<b>-0.5%</b>

- **Salaries** reflect negotiated increases from collective **bargaining agreements, market-based compensation adjustments, and cost of living adjustments for non-bargained for employees**, offset by targeted reductions in vacant positions
- **Employee benefits** decrease is principally due to an increase in the employee/retiree share of healthcare cost, which have offset increases in healthcare cost
- **Waivers and scholarships** increase is largely attributable to the new STAR scholarship
- **Contractual services** decrease is attributable to vendor contract negotiations, reductions in graduation expenses, IT cost, and other services
- **Other expenditures** decrease is primarily due to the reclassification of fees to contractual services in FY2016 budget

# The Capital Improvement Plan remains balanced with available funding sources

Sources	Updated Amount (in millions)
<b>State</b>	
Capital Development Board Contribution	\$31.6
<b>Subtotal</b>	<b>\$31.6</b>
<b>Local</b>	
Cash available for capital purposes	\$188.0
Cash generated from operations <sup>1</sup>	\$59.0
City Tax Increment Financing (Wilson Yard TIF)	\$12.0
Bond proceeds	\$250.0
<b>Subtotal</b>	<b>\$509.0</b>
<b>TOTAL CAPITAL RESOURCES</b>	<b>\$540.6</b>

## Capital Plan Updates

- The Capital Plan is based upon a comprehensive condition assessment survey of all existing capital assets and is updated annually.
- During FY2014, City Colleges entered into the five year, \$555.0 million capital planning process.
- During 2015, the second year of the plan, City Colleges budgeted capital investments of \$186 million; \$126 million in new facilities construction and \$60 in academic enhancements and improvements to existing infrastructure and information technology.
- The FY2016 update to the plan has resulted in a reduction of the total five-year capital investment to \$540.6 million, primarily savings achieved from efficiencies gained through the implementation of the College to Careers programs
- In FY2016 City Colleges will allocate \$17 million as a potential match to a request to the State of Illinois for a new \$70 million Daley College Advanced Manufacturing Center.
- The updated capital plan requirements remain balanced with the available funding sources.

<sup>1</sup> During the current budget cycle the update of the five-year capital plan identified savings of \$15.0 million dollars in capital investments. These savings are primarily attributable to the efficiencies resulting from our Colleges to Careers program (i.e. the positive synergies gained from the consolidation of academic programs) as well as savings in the execution of the capital program (i.e. difference from the forecasted costs of completing the projects versus the actual costs of doing the projects) as a result, less demand on operating cash balances.

# Capital Plan Progress

City Colleges of Chicago FY2016 Capital Plan Proposal: Allocated by functional area		
Functional Area	FY2016 budget (\$ in millions)	% of total budget
Equipment <sup>1</sup>	2.1	1.2%
Architectural & Structural <sup>2</sup>	23.6	13.7%
Conveying Systems <sup>3</sup>	1.8	1.0%
Mechanical Systems <sup>4</sup>	7.0	4.1%
Electrical Systems	2.6	1.5%
Environmental & Compliance <sup>5</sup>	0.0	0.0%
Academic Enhancements <sup>6</sup>	16.7	9.7%
Information Technology <sup>7</sup>	20.0	11.6%
Campus Security <sup>8</sup>	6.6	3.8%
<b>Campus Sub -Total</b>	<b>\$ 80.4</b>	<b>46.5%</b>
New Facilities	92.4	53.5%
<b>Total</b>	<b>\$ 172.8</b>	<b>100.0%</b>

<sup>1</sup> Capital equipment, vehicles, and fixtures primarily associated with academic programs

<sup>2</sup> Repair and enhancement to current building structures

<sup>3</sup> Elevators and escalators

<sup>4</sup> HVAC units, controls, ducts, ventilation, and plumbing

<sup>5</sup> Includes material and contamination mitigation measures and efforts

<sup>6</sup> Academic Enhancement includes capital environmental upgrades benefiting academics

<sup>7</sup> IT budget includes the \$3.8 million in budget reductions for FY2015

<sup>8</sup> Security is capital associated with surveillance and access systems

## FY2016 Capital Plan Highlights

The FY2016 Capital Plan of \$172.8M is for \$80.4M in existing infrastructure, IT, and academic enhancements and \$92.4M in new facilities construction for Malcolm X College and Olive-Harvey College.

- Malcolm X College:** Significant progress has been made in the construction of the New Malcolm X College Campus and School of Health Sciences “state of the art” allied health campus during FY2015. The new facility 1,200 space parking garage opened in April, 2015 and the new campus is scheduled to open in January 2016. The new Malcolm X College and School of Health Sciences represents the achievement of a key milestone in City Colleges’ College to Careers initiative. Budgeted capital expenditures for the new campus in FY2016 are \$80M.
- Olive-Harvey College:** Construction of the new Transportation, Distribution, and Logistics Center at Olive-Harvey College is expected to be complete during FY2016. This “state of the art” facility is designed to emulate the technical and professional environments to better prepare students for industry careers, building on the valuable industry knowledge from the District’s College to Career partners. City Colleges will centralize the district-wide operations for Central Stores in the new TDL Center, providing real work experience in the procurement, management and delivery of supplies and materials to the seven campuses and District Office. Budgeted capital expenditures for the new center in FY2016 are \$13M.



## FY2016 Budget Process Next Steps

