COLLEGE OF DUPAGE
FY2015 Budget Summary

May 22, 2014

Prepared by:
Thomas J. Glaser, Senior Vice President Administration & Treasurer
Lynn M. Sapyta, AVP Financial Affairs/Controller
David P. Virgilio, Budget Manager
FY2015 Budget Calendar

Jan/Feb
- User Training Conducted by Budget Manager
  1/27 & 1/28/2014
- Capital Requests Due
  1/31/2014
- Position Budget Requests Due
  2/28/2014
- Prepare top-down budget projections
  2/28/2014

March
- Budget update for users complete - 2/28/2014
- Finance Department begin review of department budgets
  3/3/2014

April
- Discussions with budget officers to finalize budgets
  3/17/14 - 4/25/14
- First draft of Budget Book narratives due
  4/23/2014
- Final draft of Budget Book Schedules Due
  4/30/2014

May
- Resolution to set public hearing for proposed budget
  5/22/2014
- Presentation of proposed FY2015 Budget to Board of Trustees
  5/22/2014
- Notice of public hearing of proposed FY2015 Budget published and made available for public inspection
  5/22/2014

June
- Public hearing of the proposed FY2015 Budget
  6/26/2014
- Adoption of the Budget
  6/26/2014
State of Illinois Outlook

• The State’s FY2014 General Fund is projected to end the year with a $3.0 billion deficit, unpaid bills amounting to $4.9 billion, and unfunded pension liabilities in excess of $100 billion.

• Pension reform is stalled as it is currently being litigated with high likelihood of reaching the state Supreme Court for resolution.

• Legislature is currently debating whether or not the “temporary” tax increase will expire at the end of 2014 or will be made permanent. Senate President Cullerton has indicated the loss of these revenues would cause tuition to increase significantly.

• Considering two versions of FY2015 Budget:
  • “Not Recommended” version represents austere, across the board reductions in year-over-year spending levels.
  • “Recommended” version avoids the fiscal cliff by extending the income tax rates scheduled to sunset in 2015.
    • Individual Income Tax from 5% to 3.75%
    • Corporate Income Tax from 7% to 5.25%
State of Illinois Outlook

• The State continues to not fund Veteran’s grants including Illinois Veteran’s Grant (IVG), Illinois National Guard Grant (ING) and the MIA/POW Grant.

  • For the 2014 academic year, the College has billed the State $870,468 but has received no payment from the State.
  • The College budgeted $845,190 for these grants in FY2015.

• Through April, 2014, the College has received eight of its twelve scheduled Base Operating Grant payments from the State. Eight payments have been budgeted for FY2015.

• Revenues from the State constitute only 5% of total C.O.D. revenues in the FY2015 Operating Funds budget.
State of Illinois Outlook

- Moody’s outlook on the State of Illinois:

  “Illinois' negative outlook reflects our expectation that the state's financial position could deteriorate further if the state's 2011 tax rate increases are allowed to expire without offsetting steps next year. Pension reforms passed in December could improve the state's credit standing, by reducing accrued liabilities, but they may be rejected after legal challenges from employees and retirees.”

  [www.moodys.com](http://www.moodys.com), April 21, 2014

- State of Illinois, City of Chicago, and Chicago Board of Education bond ratings continue to be downgraded by ratings agencies
  - City of Chicago lowered to A3 from Aa3 by Moody’s
  - State of Illinois currently rated A3 by Moody’s, the **lowest-rated state in the nation**
FY2015 Budget Assumptions

Property Tax Revenue:
• Property Tax Extension Limitation Law (PTELL) limits property tax increases to the lesser of 5.0% or prior year levy increased by Consumer Price Index (CPI) plus new construction. CPI for the 2013 levy (collected in FY2014 and FY2015) is 1.5%.
• District 502 Equalized Assessed Valuation (EAV) decreased 4.6% from prior year. The District EAV has declined $10,905,224,927, or 29% since 2009.

Tuition and Fees Revenue:
• Given the uncertainty of the economic recovery, and recent enrollment growth, enrollment is projected to remain flat with the 2013-14 academic year actual enrollment.
• With the uncertainty of future State funding, and to ensure a major portion of our revenues keep pace with inflation, the C.O.D. Board of Trustees approved a $4.00 per credit hour, or 2.9%, increase in tuition and fees in February 2014. Effective with the Fall 2014 semester, tuition and fees will be $144.00 per credit hour.
FY2015 Budget Assumptions

Construction Funding:
• The allocation of the $9.00 Construction Fee to the Operations and Maintenance (02) Fund and Operations and Maintenance Restricted (03) Fund will remain at FY2014 level - $4.80 or 53% and $4.20 or 47%, respectively.

• In FY2015, the Construction Fund will utilize the remaining bond proceeds from the referendum to pay for construction and renovation expenditures.

• The funding from the past voter approved referendums has allowed the College to transform the appearance of the buildings and grounds on the campus resulting in enhanced “curb appeal” of the College. The College has completed or has underway more than $550 million in campus improvements involving more than one million square-feet of enhanced educational space. At the completion of the projects funded by the 2010 voter-approved referendum, all buildings on campus will have been either fully renovated or built since 2009.
FY2015 Budget Assumptions

Labor Expense:

• Annual salary increases are budgeted at an average increase of 4.15% for all employee groups, consistent with the completed labor agreements.

• Health insurance premium rates are projected to increase 14%.

• The FY2015 budget includes two new managerial positions (Manager of Clinical Learning, and a Transportation, Logistics, and Manufacturing Specialist) and 24 new full- or part-time classified positions, including a second Internal Auditor and two new Financial Aid Compliance Specialists.
FY2015 Budget Assumptions

Other Operating Expenditures:
• The College projects FY2015 to be the last year benefits are paid on any outstanding Early Retirement Benefits balances. These benefits were eliminated as part of the negotiations of prior labor contracts and agreements.

• Utilities projected to decrease 1.3% in FY2015 as the College went out to bid for Electricity and Natural Gas and was able to obtain a significantly lower-than-market rate for Electricity, at $.0339 cents/KwHr versus a market range of $.043 to $.047 cents per KwHr. In FY2014, the College saved over $224,000 in Natural Gas costs.

• The FY2015 budget includes $884,736 funding for scholarships for Presidential Scholars – 92 returning students and 100 new students each receiving up to $4,608.

• Foundation is expected to provide $533,000 to students for scholarships and awards, $125,000 Resource For Excellence and over $1 million programmatic support of the MAC, WDCB, Library, etc.
Operating Funds
Revenue Budget FY2015 and FY2014
(Page 180)

**FY2015 - $181,991,110**

- Student Tuition & Fees: $84,603,454 (46%)
- Local Property Taxes: $83,504,045 (46%)
- State Government: $9,077,832 (5%)
- Other: $4,805,779 (3%)

**FY2014 - $171,797,029**

- Student Tuition & Fees: $80,903,467 (47%)
- Local Property Taxes: $82,314,765 (48%)
- State Government: $5,021,878 (3%)
- Other: $3,556,979 (2%)

College of DuPage Financial Affairs Office
Examples of Functions:

**Instruction**: All direct costs of teaching (faculty salary, supplies)

**Academic Support**: Includes support services, i.e., library, tutoring, reading and writing centers, etc…

**Student Services**: Financial aid, admissions, records, health, placement, testing, counseling, and student activities

**Public Service**: Noncredit classes & other activities such as workshops, seminars, etc…, performing arts

**Operations & Maintenance**: Activities necessary to keep the physical facilities open and ready for use; i.e., custodial, grounds maintenance, utilities, police, etc…

**General Administration**: Executive-level activities which benefit the entire institution; i.e., business services, financial affairs, human resources, etc…

**General Institutional**: Construction, debt service, other items benefiting the institution like research & development, marketing, I.T.

**Scholarships, Grants, Waivers**: Grants to students, chargebacks, aid to students in the form of state-mandated or institutional tuition and fee waivers
FY2015 Budget Highlights

Operating Funds:
• Operating Funds budgeted revenues for FY2015 are $181,991,110 compared to $171,797,029 budgeted for FY2014.
  - This represents an increase of $10,194,081, or 5.9%.
  - The two largest increases are $4.1 million in State Government revenues due to a higher number of Base Operating Grant Payments budgeted (eight, compared to four in the prior year), and $3.7 million more in Student Tuition and Fees due to higher credit hour estimates than the FY2014 budget and a higher per credit hour tuition and fee rate.

• Operating Funds budgeted expenditures for FY2015 are $181,284,001 compared to $174,839,308 budgeted for FY2014.
  - This represents an increase of $6,444,693, or 3.7%.
  - Scholarships, Grants, and Waivers increased $2.6 million, or 28.6% over the FY2014 budget, and Contractual Services and Conference and Meetings Expenses increased $1.4 million, or 11.5% and $178,000, or 11.2%, respectively. These categories combine for 51.3% of the total increase.
  - Salaries and Benefits combined account for an increase of $1,687,564, or 1.3%.

• Salaries and Benefits comprise 72% of the Operating Funds expenditure budget.

• Academic Support, Student Services, and Instruction Operating Funds expenditures account for 57.6% of total Operating Funds expenditures, and increased by 2.75% from the FY2014 budget to $104,352,694.
FY2015 Budget Highlights

**Fund Balance:**

- FY2015 Operating Funds budget projects a surplus of **$445,524**.
  - The Education Fund budget projects a surplus of **$1,702,424**.
  - The Operations and Maintenance Fund budget projects a deficit of **($1,256,900)**, which will be funded with prior year’s fund balance.
  - The College has appropriately prepared the proposed FY2015 budget using conservative assumptions. The projected Operating Fund surplus is less than 1% of budgeted FY2015 Operating Fund revenues.

- Ending Operating Funds fund balance is projected at 68.2% of Operating Funds revenues, as compared to 72.0% in FY2014.
## Operating Funds Revenue

### (Page 180)

<table>
<thead>
<tr>
<th></th>
<th>FY2015 Budget</th>
<th>FY2014 Budget</th>
<th>FY2013 Actual</th>
<th>FY2012 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Tuition and Fees</td>
<td>$ 84,603,454</td>
<td>$ 80,903,467</td>
<td>$ 78,068,948</td>
<td>$ 70,373,718</td>
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<td>Local Property Taxes</td>
<td>83,504,045</td>
<td>82,314,705</td>
<td>76,947,743</td>
<td>79,907,411</td>
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<tr>
<td>State Government</td>
<td>9,077,832</td>
<td>5,021,878</td>
<td>16,831,640</td>
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<td>Personal Property Replacement Taxes</td>
<td>1,445,774</td>
<td>1,600,000</td>
<td>1,526,489</td>
<td>1,494,002</td>
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<td>Other Misc Revenues</td>
<td>1,135,000</td>
<td>476,751</td>
<td>491,047</td>
<td>604,172</td>
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<tr>
<td>Interest Income</td>
<td>931,429</td>
<td>501,053</td>
<td>(65,036)</td>
<td>266,171</td>
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<td>Other Local Revenues</td>
<td>773,891</td>
<td>740,000</td>
<td>764,431</td>
<td>673,262</td>
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<td>Sales and Service Fees*</td>
<td>519,685</td>
<td>239,175</td>
<td>192,691</td>
<td>1,021</td>
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<tr>
<td>Federal Government</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>29,219</td>
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<tr>
<td><strong>Total Operating Funds Revenue</strong></td>
<td>$ 181,991,110</td>
<td>$ 171,797,029</td>
<td>$ 174,757,953</td>
<td>$ 162,812,138</td>
</tr>
</tbody>
</table>

* Increase in Sales and Service Fees reflects a re-classification of Campus Events Services, Culinary Arts, and Cosmetology from the Auxiliary Fund.
## Operating Funds Expenditures

*(Page 181)*

<table>
<thead>
<tr>
<th></th>
<th>FY2015 Budget</th>
<th>FY2014 Budget</th>
<th>FY2013 Actual</th>
<th>FY2012 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$107,486,644</td>
<td>$104,706,805</td>
<td>$96,850,656</td>
<td>$93,745,280</td>
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<td>Fringe Benefits</td>
<td>22,273,156</td>
<td>23,365,431</td>
<td>17,902,389</td>
<td>19,355,194</td>
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<tr>
<td>Contractual Services</td>
<td>13,425,316</td>
<td>12,041,657</td>
<td>7,598,046</td>
<td>5,949,416</td>
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<tr>
<td>Scholarships, Grants, Waivers</td>
<td>11,645,176</td>
<td>9,054,400</td>
<td>9,346,575</td>
<td>7,398,633</td>
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<td>Materials and Supplies</td>
<td>8,100,413</td>
<td>7,387,326</td>
<td>5,756,243</td>
<td>5,882,401</td>
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<td>Utilities</td>
<td>5,184,326</td>
<td>5,251,904</td>
<td>4,492,150</td>
<td>4,729,031</td>
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<tr>
<td>Capital Outlay</td>
<td>4,309,063</td>
<td>4,009,091</td>
<td>4,765,920</td>
<td>4,888,871</td>
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<tr>
<td>Fixed Charges</td>
<td>2,205,640</td>
<td>2,219,985</td>
<td>2,185,491</td>
<td>2,486,128</td>
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<tr>
<td>Conference and Meetings</td>
<td>1,761,483</td>
<td>1,583,939</td>
<td>847,064</td>
<td>435,246</td>
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<tr>
<td>Other Misc Expenses</td>
<td>1,392,784</td>
<td>1,718,770</td>
<td>747,129</td>
<td>1,460,045</td>
</tr>
<tr>
<td>Contingency</td>
<td>3,500,000</td>
<td>3,500,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Operating Funds Expenditures</strong></td>
<td><strong>$181,284,001</strong></td>
<td><strong>$174,839,308</strong></td>
<td><strong>$150,491,663</strong></td>
<td><strong>$146,330,245</strong></td>
</tr>
</tbody>
</table>
Operating Funds Revenues as a Percent of Total

- Student Tuition and Fees
- Local Property Taxes
- State Government

<table>
<thead>
<tr>
<th></th>
<th>FY2015 Budget</th>
<th>FY2014 Budget</th>
<th>FY2013 Actual</th>
<th>FY2012 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Tuition and Fees</td>
<td>46.5%</td>
<td>47.1%</td>
<td>44.7%</td>
<td>43.2%</td>
</tr>
<tr>
<td>Local Property Taxes</td>
<td>45.9%</td>
<td>47.9%</td>
<td>44.0%</td>
<td>49.1%</td>
</tr>
<tr>
<td>State Government</td>
<td>5.0%</td>
<td>2.9%</td>
<td>9.6%</td>
<td>5.8%</td>
</tr>
</tbody>
</table>

College of DuPage Financial Affairs Office
Operating Funds Expenditures as a Percent of Total

- **Salaries and Benefits**
- **Contractual Services**
- **Scholarships, Grants, Waivers**
- **All Other**

<table>
<thead>
<tr>
<th></th>
<th>FY2015 Budget</th>
<th>FY2014 Budget</th>
<th>FY2013 Actual</th>
<th>FY2012 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Salaries and Benefits</strong></td>
<td>71.6%</td>
<td>73.2%</td>
<td>76.3%</td>
<td>77.2%</td>
</tr>
<tr>
<td><strong>Contractual Services</strong></td>
<td>7.4%</td>
<td>6.9%</td>
<td>5.0%</td>
<td>4.1%</td>
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<tr>
<td><strong>Scholarships, Grants, Waivers</strong></td>
<td>14.6%</td>
<td>5.2%</td>
<td>6.2%</td>
<td>5.1%</td>
</tr>
<tr>
<td><strong>All Other</strong></td>
<td>6.4%</td>
<td>14.7%</td>
<td>12.5%</td>
<td>13.6%</td>
</tr>
</tbody>
</table>

College of DuPage Financial Affairs Office
### FY2015 Total Budget At-a-Glance

**Page 92**

<table>
<thead>
<tr>
<th></th>
<th>Education Fund</th>
<th>O&amp;M Fund</th>
<th>Total Operating Funds</th>
<th>Auxiliary Fund</th>
<th>All Other Funds</th>
<th>Total College</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$167,352,287</td>
<td>$14,638,823</td>
<td>$181,991,110</td>
<td>$13,296,020</td>
<td>$116,492,452</td>
<td>$311,779,582</td>
</tr>
<tr>
<td>Expenditures</td>
<td>161,619,173</td>
<td>16,164,828</td>
<td>177,784,001</td>
<td>12,788,746</td>
<td>153,516,709</td>
<td>344,089,456</td>
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<tr>
<td>Contingency</td>
<td>3,000,000</td>
<td>500,000</td>
<td>3,500,000</td>
<td>-</td>
<td>-</td>
<td>3,500,000</td>
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<tr>
<td>Transfers In / (Out)</td>
<td>(1,030,690)</td>
<td>769,105</td>
<td>(261,585)</td>
<td>583,605</td>
<td>845,190</td>
<td>-</td>
</tr>
<tr>
<td>Surplus / (Deficit)</td>
<td>$1,702,424</td>
<td>(1,256,900)</td>
<td>$445,524</td>
<td>(76,331)</td>
<td>(36,179,067)</td>
<td>(35,809,874)</td>
</tr>
</tbody>
</table>

- The estimated beginning fund balance for All Funds for FY2015 is **$194,759,673**. The ending fund balance is projected to be **$158,949,799**. A decrease in fund balance of **$35,809,874** is primarily due to spend-down of remaining bond proceeds in the Construction Fund and debt service expenditures.
All Funds
Revenue Budget FY2015 and FY2014
(Pages 92-93)

<table>
<thead>
<tr>
<th>Source</th>
<th>FY2015</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Tuition &amp; Fees</td>
<td>$100,884,388</td>
<td>$96,058,309</td>
</tr>
<tr>
<td>Sales &amp; Service Fees</td>
<td>$4,900,182</td>
<td>$3,791,719</td>
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<tr>
<td>Federal Government</td>
<td>$32,469,367</td>
<td>$32,043,640</td>
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<tr>
<td>State Government*</td>
<td>$57,800,715</td>
<td>$34,676,655</td>
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<tr>
<td>Local Property Taxes</td>
<td>$108,881,251</td>
<td>$105,712,023</td>
</tr>
<tr>
<td>Other</td>
<td>$6,843,679</td>
<td>$6,168,571</td>
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</tbody>
</table>

*State Government includes budgeted on-behalf funding of SURS pension and healthcare contribution by the State of Illinois of $41.4 million in FY2015 and $23.6 million in FY2014.
All Funds
Expenditure Budget FY2015 and FY2014
(Pages 92-93)

Examples of Functions:

**Instruction:** All direct costs of teaching (faculty salary, supplies)

**Academic Support:** Includes support services, i.e., library, tutoring, reading and writing centers, etc…

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## Five-Year Plan
### Operating Funds

<table>
<thead>
<tr>
<th></th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$181,991,110</td>
<td>$187,181,896</td>
<td>$192,084,782</td>
<td>$197,149,741</td>
<td>$202,740,637</td>
</tr>
<tr>
<td>Expenditures</td>
<td>181,284,001</td>
<td>188,044,587</td>
<td>195,495,257</td>
<td>199,499,220</td>
<td>205,061,737</td>
</tr>
<tr>
<td>Transfers In</td>
<td>769,105</td>
<td>769,105</td>
<td>769,105</td>
<td>769,105</td>
<td>769,105</td>
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<tr>
<td>Transfers Out</td>
<td>1,030,690</td>
<td>1,030,690</td>
<td>1,030,690</td>
<td>1,030,690</td>
<td>1,030,690</td>
</tr>
<tr>
<td><strong>Total Surplus / (Deficit)</strong></td>
<td><strong>$445,524</strong></td>
<td><strong>$(1,124,276)</strong></td>
<td><strong>$(3,672,060)</strong></td>
<td><strong>$(2,611,064)</strong></td>
<td><strong>$(2,582,685)</strong></td>
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</tbody>
</table>

### Assumptions

<table>
<thead>
<tr>
<th>Assumption</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
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<tbody>
<tr>
<td>State of Illinois Base Operating Grant</td>
<td>8 payments</td>
<td>8 payments</td>
<td>8 payments</td>
<td>8 payments</td>
<td>8 payments</td>
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<tr>
<td></td>
<td>$8,143,616</td>
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<td>$8,143,616</td>
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<td>$8,143,616</td>
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<td>Enrollment Change</td>
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<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
<td>1.0%</td>
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<td>In-District Tuition and Fees Rate</td>
<td>$144.00</td>
<td>$148.00</td>
<td>$152.00</td>
<td>$156.00</td>
<td>$160.00</td>
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<td>Annual % Change</td>
<td>2.9%</td>
<td>2.8%</td>
<td>2.7%</td>
<td>2.6%</td>
<td>2.6%</td>
</tr>
</tbody>
</table>
The current five-year Plan for the Operating Funds (Education and Operations and Maintenance Funds) projects deficits in the four years following FY2015 as a result of expenses growing at a higher rate than revenues.

<table>
<thead>
<tr>
<th></th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
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<td>$202,740,637</td>
</tr>
<tr>
<td>% Change</td>
<td>5.9%</td>
<td>2.9%</td>
<td>2.6%</td>
<td>2.6%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Expenditures</td>
<td>181,284,001</td>
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<td>195,495,257</td>
<td>199,499,220</td>
<td>205,061,737</td>
</tr>
<tr>
<td>% Change</td>
<td>3.7%</td>
<td>3.7%</td>
<td>4.0%</td>
<td>2.0%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Transfers In / (Out)</td>
<td>(261,585)</td>
<td>(261,585)</td>
<td>(261,585)</td>
<td>(261,585)</td>
<td>(261,585)</td>
</tr>
<tr>
<td>Total Surplus / (Deficit)</td>
<td>$445,524</td>
<td>$(1,124,276)</td>
<td>$(3,672,060)</td>
<td>$(2,611,064)</td>
<td>$(2,582,685)</td>
</tr>
</tbody>
</table>

Although the College is well positioned for enrollment growth relative to other institutions, enrollment and its impact on tuition revenues remains a concern. The College has conservatively projected enrollment because unemployment remains high and there is still much uncertainty regarding the State’s budget and underfunded pension system. The five-year Plan forecasts enrollment in FY2015 will hold at the same levels of FY2014, and then increase at 0.5% per year in FY2016-2018 and 1% FY2019.
Five-Year Plan

Issues

• The College has a strong funding base with property taxes and student tuition and fees accounting for 92.4 percent of operating revenues in the FY2015 budget. Recent erosion in the valuation of equalized assessed property values in the District, however, will constrain the growth in property tax revenues to primarily the Consumer Price Index adjustment over this five-year Plan.

• Management has only budgeted receipt of 67% of the State’s annual base operating grant payments to the College during this five year time horizon due to the State’s financial issues. The Plan also assumes the State will continue not to fund grants for Veterans’ benefits.

• As a result of the lower property tax growth coupled with the uncertainty of future State funding, Tuition and fees will be the primary revenue driver to offset increases in operating cost. The five-year Plan projects annual increases in tuition and fees of $4.00 per year as the other two revenue sources for the College will remain constrained by the economy.

• The College will be challenged to achieve sufficient growth in revenues to fund operating expenditures over this five-year period as growth in operating expenses, primarily salary and fringe benefit cost, will outpace growth rates in revenues.

• In FY2016, the allocation of the $9.00 Construction Fee to the Operations and Maintenance (02) Fund and Operations and Maintenance Restricted (03) Fund will change to $7.20 in Fund 02, and $1.80 in Fund 03, as the College transitions its focus to buildings and grounds maintenance rather than new construction and renovation.
Five-Year Plan
Issues

Cadillac Excise Tax

• The new health care reform law includes an excise tax ("Cadillac tax") on high-cost health plans that will go into effect in 2018. The tax will be imposed if, in 2018, the total employee and employer shares of the premium – without dental and vision – exceed $10,200 for an individual plan and $27,500 for a family plan.

• The tax will be levied at a rate of 40% of the amount of the premium that exceeds these thresholds and will be paid by the College, not the employee. The current health care benefits the College provides to employees qualify for the Cadillac excise tax.

• The five-year Plan assumes that the College will change the health plan design by the end of 2017 so that the health care offering will not meet the threshold of the Cadillac excise tax.

• The College projects that if annual health care inflation averages 14% per year and employees continue with the same coverage elected in FY2014, the excise tax College of DuPage would pay in 2018 would be approximately $4.4 million. Performing some sensitivity analysis, if annual health care costs increase 8% annually, the excise tax would be $1.8 million. An independent evaluation by Gallagher projected a $1.4 million tax at an 8% growth.
# Five-Year Plan

## Operating Funds Risks

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Operating Funds Surplus / (Deficit)</td>
<td>$ 445,524</td>
<td>$ (1,124,276)</td>
<td>$ (3,672,060)</td>
<td>$ (2,611,064)</td>
<td>$ (2,582,685)</td>
</tr>
<tr>
<td>Payments by C.O.D. for pension costs previously paid by the State of Illinois</td>
<td>$ (17,000,000)</td>
<td>$ (17,000,000)</td>
<td>$ (17,000,000)</td>
<td>$ (17,000,000)</td>
<td>$ (17,000,000)</td>
</tr>
<tr>
<td>Elimination of Base Operating Grant</td>
<td>$ (8,143,616)</td>
<td>$ (8,143,616)</td>
<td>$ (8,143,616)</td>
<td>$ (8,143,616)</td>
<td>$ (8,143,616)</td>
</tr>
<tr>
<td>Cadillac Excise Tax</td>
<td>$ (340,559)</td>
<td>$ (340,559)</td>
<td>$ (340,559)</td>
<td>$ (340,559)</td>
<td>$ (340,559)</td>
</tr>
<tr>
<td>Enrollment Decrease (0.5%)</td>
<td>$ (25,038,651)</td>
<td>$ (26,608,451)</td>
<td>$ (29,156,235)</td>
<td>$ (32,495,239)</td>
<td>$ (32,466,860)</td>
</tr>
<tr>
<td>New Projected Deficit</td>
<td>$ (845,190)</td>
<td>$ (845,190)</td>
<td>$ (845,190)</td>
<td>$ (845,190)</td>
<td>$ (845,190)</td>
</tr>
<tr>
<td>*State cuts to Veteran's programs already incorporated into budget</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>
Operating Funds Five-Year Projection

- Through careful and deliberate planning for the future, the College is in a strong financial and operating position to carry out its mission and compete in difficult and challenging economic conditions.
FY2015 Budget Summary

Vision
"College of DuPage will be the primary college district residents choose for high quality education."

Mission
“The mission of College of DuPage is to be a center for excellence in teaching, learning, and cultural experiences by providing accessible, affordable, and comprehensive education.”

Values
INTEGRITY: We expect the highest standard of moral character and ethical behavior.
HONESTY: We expect truthfulness and trustworthiness.
RESPECT: We expect openness to difference and to the uniqueness of all individuals.
RESPONSIBILITY: We expect fulfillment of obligations and accountability

Prepared by the Financial Affairs Department