

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT



EXECUTIVE SUMMARY 2006-2007 ADOPTION BUDGET SEPTEMBER 12, 2006

BUDGET HIGHLIGHTS

- The Adoption Budget includes the implementation of SB 361 (the new state funding formula for community colleges) that is expected to be signed by the Governor this month. SB 361 provides the district with a base allocation of \$9.5 million and \$4,367 per credit FTES and \$2,676 per non-credit FTES. These amounts include the re-direction of equalization toward the implementation of SB 361 and COLA .
- Due to the decline of 1275 FTES in 2005-06 this budget reflects a loss of \$4.3 million in base revenue; and an overall increase from actual revenue received in 2005-06 of \$3.2 million.
- The budget includes a 2% general salary increase for all employees and an increase in health benefit costs of 25.2% for faculty (an effective increase over the prior year of 21.3%) and 6.6% for all other employees. The contractual and approved salary and benefit increases included in budgeted expenditures total \$4.6 million.
- In accordance with the November 2004 Board action, the budget includes the second-year implementation of our 3-year pre-funding plan to meet the requirements of GASB 45 as it applies to our Retiree Health Liability.
- In order to ensure financial stability, the Board established reserves to weather state-wide budget shortfalls, fluctuations in enrollment, and unanticipated increases in costs, without imposing mid-year cuts, while maintaining a state-required minimum prudent reserve of 5%. In March, 2006, the Board approved the budget assumptions for FY07, segregating reserves into four distinct general fund reserves: (1) Designated Reserve - State-required minimum 5% (in accordance with State Chancellor's Office Accounting Advisory FS 05-05), (2) Designated Reserve – Budget carryover (which is budgeted for one-time expenses in FY07), (3) Designated Reserve – Revenue shortfall contingency (to protect against statewide property tax and enrollment fee shortfall, as well as district enrollment decline) and (4) Unrestricted Reserve – Unallocated (the portion of the ending balance as of 6/30/06 which is greater than the amount required for the first three reserves).
- The final state budget also includes a significant appropriation of one-time funds for instructional equipment and library materials, scheduled maintenance, and local priorities. These funds are **not** included in the adoption budget, but will be brought forward to the Board as a separate allocation process in October and November.

2006-2007 ADOPTION BUDGET GENERAL FUND - UNRESTRICTED BALANCED BUDGET OVERVIEW

RESERVE FOR BUDGET CARRYOVER (05-06)	1,273,841
BUDGETED REVENUES	122,784,945
TOTAL FUNDS AVAILABLE	<u>124,058,786</u>
BUDGETED EXPENDITURES	124,058,786
TOTAL BUDGETED EXPENDITURES	<u>124,058,786</u>

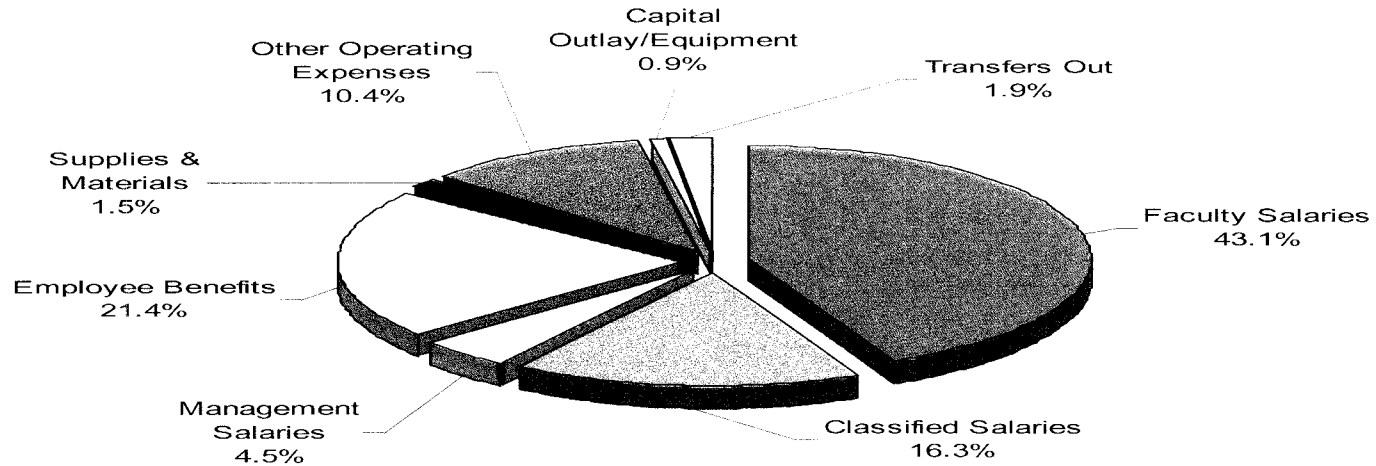
2006-07 ADOPTION BUDGET GENERAL FUND – UNRESTRICTED BUDGET COMPARISON

	2006-07		2005-06		Change from Prior Year	Percent of Change
	Adoption Budget	Percent of Budget	Actual Expenses	Percent of Budget		
Faculty Salaries	53,450,952	43.1%	49,684,233	42.6%	3,766,719	51.1%
Classified Salaries	20,189,349	16.3%	18,269,317	15.7%	1,920,032	26.0%
Management Salaries	5,532,482	4.5%	4,910,159	4.2%	622,323	8.4%
Employee Benefits	26,606,273	21.4%	23,762,475	20.4%	2,843,798	38.6%
Supplies & Materials	1,858,299	1.5%	1,232,820	1.1%	625,479	8.5%
Other Operating Expenses	12,934,411	10.4%	10,384,445	8.9%	2,549,966	34.6%
Capital Outlay/Equipment	1,165,102	0.9%	1,209,179	1.0%	(44,077)	-0.6%
Transfers In/Out	2,321,918	1.9%	7,230,644	6.2%	(4,908,726)	-66.6%
	<u>124,058,786</u>	<u>100.0%</u>	<u>116,683,272</u>	<u>100.0%</u>	<u>7,375,514</u>	<u>100.0%</u>
					6.32%	

2006-07 ADOPTION BUDGET GENERAL FUND - UNRESTRICTED COMPARISON BY SITE

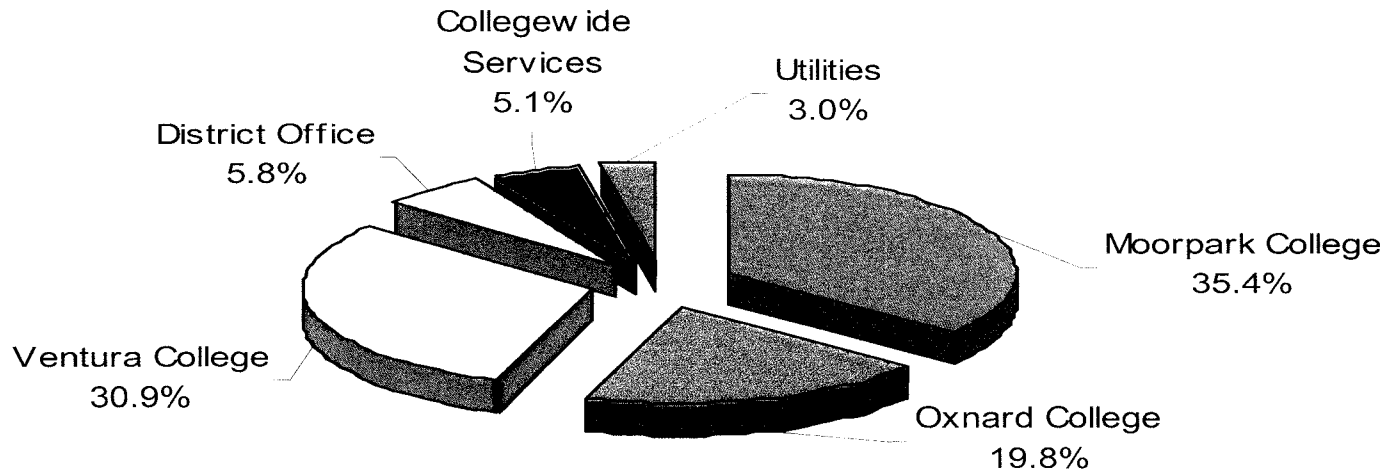
	2006-07 Adoption Budget	2005-06 Actual Expense	2006-07 Tentative Budget
Moorpark College	43,957,920	41,147,783	44,215,158
Oxnard College	24,607,624	23,186,859	24,835,123
Ventura College	38,329,613	36,072,517	38,652,036
District Administrative Ctr	7,182,600	6,735,047	7,166,358
Collegewide Services	6,298,615	5,940,447	6,081,806
Utilities	<u>3,682,414</u>	<u>3,600,619</u>	<u>3,682,414</u>
Total Expenses	124,058,786	116,683,272	124,632,895

BY EXPENDITURE CATEGORY



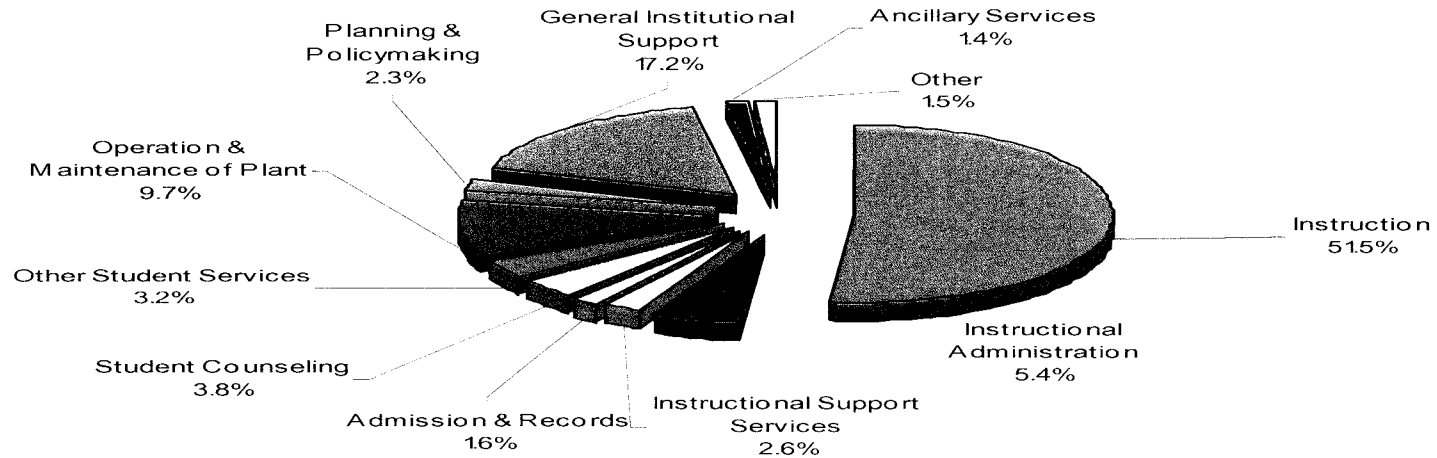
Faculty Salaries	53,450,952	43.1%
Classified Salaries	20,189,349	16.3%
Management Salaries	5,532,482	4.5%
Employee Benefits	26,606,273	21.4%
Supplies & Materials	1,858,299	1.5%
Other Operating Expenses	12,934,411	10.4%
Capital Outlay/Equipment	1,165,102	0.9%
Transfers Out	2,321,918	1.9%
Total	124,058,786	100.0%

BY LOCATION



Moorpark College	43,957,920	35.4%
Oxnard College	24,607,624	19.8%
Ventura College	38,329,613	30.9%
District Office	7,182,600	5.8%
Collegewide Services	6,298,615	5.1%
Utilities	3,682,414	3.0%
Total	124,058,786	100.0%

BY PROGRAM



Instruction	63,940,873	51.5%
Instructional Administration	6,638,816	5.4%
Instructional Support Services	3,177,688	2.6%
Admission & Records	1,955,865	1.6%
Student Counseling	4,698,941	3.8%
Other Student Services	3,965,928	3.2%
Operation & Maintenance of Plant	12,019,116	9.7%
Planning & Policymaking	2,894,814	2.3%
General Institutional Support	21,311,146	17.2%
Ancillary Services	1,681,181	1.4%
Other	1,774,418	1.4%
Total	124,058,786	100.0%

2006-07 ADOPTION BUDGET BUDGET SUMMARY BY FUND

	2006-07 Adoption Budget	Percent of Total
General Fund - Unrestricted	132,826,481	60.8%
General Fund - Designated	5,630,641	2.6%
General Fund - Restricted	19,462,010	8.9%
Health Service Fund	1,771,799	0.8%
Parking Services Fund	3,132,871	1.4%
Child Development Fund	1,388,537	0.6%
Bookstore Fund	13,827,675	6.3%
Cafeteria Fund	1,600,834	0.7%
Internal Services Fund	12,516,548	5.7%
Financial Aid Fund	11,854,700	5.4%
Capital Projects Fund *	14,371,175	6.6%
Total All Funds	218,383,271	100.0%

* Does not include Measure S funds

BUDGET CHALLENGES/OPPORTUNITIES

- Enrollment continues to be our biggest challenge. Over the past two years, the District's base revenue has been reduced by \$5.7 million, compounding. Many enrollment management strategies have been implemented and, for budget purposes, we are assuming stable enrollment for FY07, i.e. enrollment will be the same as the prior year. The district no longer budgets growth or restoration prior to earning that revenue.
- The District has the opportunity to generate additional revenue by restoring FTES lost in the prior two years, as well as growing to the CAP allowed. At this time, that would consist of 290 FTES from FY05, 1275 FTES from FY06, and 422 in potential growth for FY07. For each credit FTES generated above our base of 24,163, the district would generate \$4,367 that would be available for expenditure in FY08. Although the district does not anticipate being able to earn all the restoration/growth FTES, we are developing plans at this time to earn what is possible.
- Student enrollment fees will decrease for the spring semester to \$20/unit. We expect that we will be able to increase enrollment due to that fee reduction. This fee decrease will be a budgetary problem in FY08, as the state will require an additional \$40 million to backfill the full-year implementation of the reduction in revenue.
- Maintaining a balanced budget with the availability of one-time funds is a challenge. One-time funds should only be used for one-time expenditures to maintain a balanced budget. The availability of these one-time funds will allow the colleges to improve areas within the classroom and campus by acquiring additional instructional equipment, library materials, undertaking scheduled maintenance, and meeting many other local needs. The majority of these funds are not included in the adoption budget and will be brought to the Board for budget approval in October/November.
- Four budget years ago the District set aside the 1997 budget distribution process, and has been allocating resources based on an expenditure model since that time. Suspension of the allocation model (which included a significant portion of funding based on FTES) has had some unplanned results due to the disproportionate movement in FTES over the last three years. The District must adopt an allocation model this year for implementation in FY08 that addresses District priorities and the diversity of our colleges while maintaining the ability to generate maximum revenue from the State.