

# Ventura County Community College District

## Budget Update



February 14, 2012

# FY13 VCCCD Budget Calendar

February 2012	Seek Board Guidance (Study Session)
March	Board Approval of Budget Assumptions
April	Classified Board Actions
May	Additional State Budget Information
June	Approve Tentative Budget
July–September	State Approved Budget
November 6	Tax Initiative Results
November 7	Reductions if Tax Initiative Fail
December – February 2013	Possible Statewide Deficit/P1

# VCCCD Current Year Budget Update

## Estimated 1<sup>st</sup> Principal Apportionment (P1)

Enrollment Fee Shortfall	\$105,000,000
Property Tax Shortfall	\$42,000,000
General Deficit	<u>\$18,000,000</u>
Total	\$165,000,000

Estimated VCCCD impact (one-time) \$3,200,000

# FY12 VCCCD Reserves

State Required Minimum – 5%	\$6,916,541
Revenue Shortfall Contingency	\$5,000,000
Unallocated	<u>\$13,265,050</u>
Total as of 06/30/2011	\$25,181,591
FY12 Adoption and Midyear Trigger	(\$2,938,133)
Use of Reserves–Unbudgeted Expenses	(\$352,000)
Use of Reserves– Estimated P1 Adjustment	(\$3,200,000)
Projected Reserves as of 02/29/2012	\$18,691,458

# FY13 VCCCD Budget

## Assuming full passage of tax increases

Revenue is flat (no increase, no decrease)

FY12 deficit (Adopt Budget & December Triggers) **\$ 3 million**

(FY12 budgeted expenditures exceed current budgeted revenue)

Estimated Increased costs (inflationary) **\$ 3 million**

**Total FY13 shortfall \$6 million**

## Assuming failure to pass tax initiatives

Mid-Year Trigger cuts (November 2012) **\$6.2 million**

**Total Potential FY13 shortfall \$12.2 million**

# VCCCD FY13 Budget Development

	<u>Non Passage</u>	<u>Passage</u>
Shortfall	\$12,200,000	\$6,000,000
If we budget assuming passage, and it doesn't occur:		\$6,200,000 use of reserves

Projected Reserves as of 02/29/2012	\$18.7 million
Assumed use of reserves for entire FY13 trigger	<u>(\$ 6.2 million)</u>
Total Reserves as of 06/30/2013	\$12.5million

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## FY14 Potential Shortfall

FY13 Shortfall	\$6.2 million
Increased costs (inflationary)	<u>\$ 3 - 4 million</u>
Total FY14 Shortfall	\$9.2 - \$10.2 million

**What do we need to consider in budget development?**

# District FTES

## ▶ Declining Funded Cap (FTES)

As of 07/01/12

FY09	FY10	FY11	FY12 (budgeted)*	FY13 (projected passage)*	FY13 (triggers)
26,847	25,841	26,496	24,477	24,477	23,116

**\*FY12 includes 6.2% workload reduction plus trigger cuts; FY13 projects 5.56% workload reduction based on revenue reduction of \$6.2 million if triggers are pulled.**

## ▶ Unfunded FTES

FY09	FY10	FY11	FY12 (projected)	FY13 (projected passage)**	FY13 (triggers)
2,501	3,377	1,170	1,733	1,733	2,853

**\*\*without class schedule reductions.**



# VCCCD FY13 Budget Assumption

- What assumption of a budget shortfall will be used for budget development?
  - \$6 million, \$12.2 million, or somewhere in between?
- What unfunded FTES target?
  - 500, 1700, or somewhere in between?

# FY13 Preliminary Budget Plans

	\$6m	\$8m	\$10m
Instruction (1,200 FTES)	\$3,730,000	\$3,730,000	\$3,730,000
Classified			
• Tied to Instruction	\$455,000	\$455,000	\$455,000
• Restructure	\$1,471,000	\$1,471,000	\$1,471,000
• Financial	<u>\$504,000</u>	<u>\$641,000</u>	<u>\$1,293,000</u>
Total Classified	\$2,431,000	\$2,568,000	\$3,050,000
Mgmt/Supv/Conf	\$217,000	\$242,000	\$198,000
Operating/Other Exp	(\$195,000)	\$1,568,000	\$3,086,000
Total	<u>\$6,183,000</u>	<u>\$8,108,000</u>	<u>\$10,064,000</u>

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# Budget Risks

- ▶ Failure of Tax Initiative to make it to ballot and then to pass (Tax measure is a political uncertainty and costly).
- ▶ If passed, tax measure may not yield full \$6.9 billion (LAO suggests perhaps only \$4.8 billion).
- ▶ Planning will be difficult. Additional Workload reduction of 5.56% will not be decided until November.
- ▶ Potential student fee shortage with more BOG waivers. (P1)
- ▶ Potential property tax shortfall, particularly in light of RDA projections. (P1)

# Budget Risks

We will need to decide what to risk in reserves and what shortfall to budget... this will be included in the FY13 Budget Assumptions.

# Auxiliary Services

# VCCCD Bookstore Operations

- **Historical Sales**

FY08	FY09	FY10	FY11	FY12 (proj)	FY13 Estimated
11,465,630	11,133,960	9,854,663	8,488,119	8,173,000	7,536,000

*change*

-2.9%

-11.5%

-13.9%

-3.7%

-7.8%

- **Due to:**

Technology/competition

Shift in new/used book sales mix

Declining enrollment

**Result: Needed Operational Changes & Staffing**

# VCCCD Cafeteria/CRM Operations

- **Operating Income (loss) of Cafeteria**

FY08	FY09	FY10	FY11	FY12 (proj)
(291,332)	(226,347)	4,693	(21,987)	(14,308)

- **Due to:**

Competition/Salary Structure

**Result: Needed Significant Operational Changes**