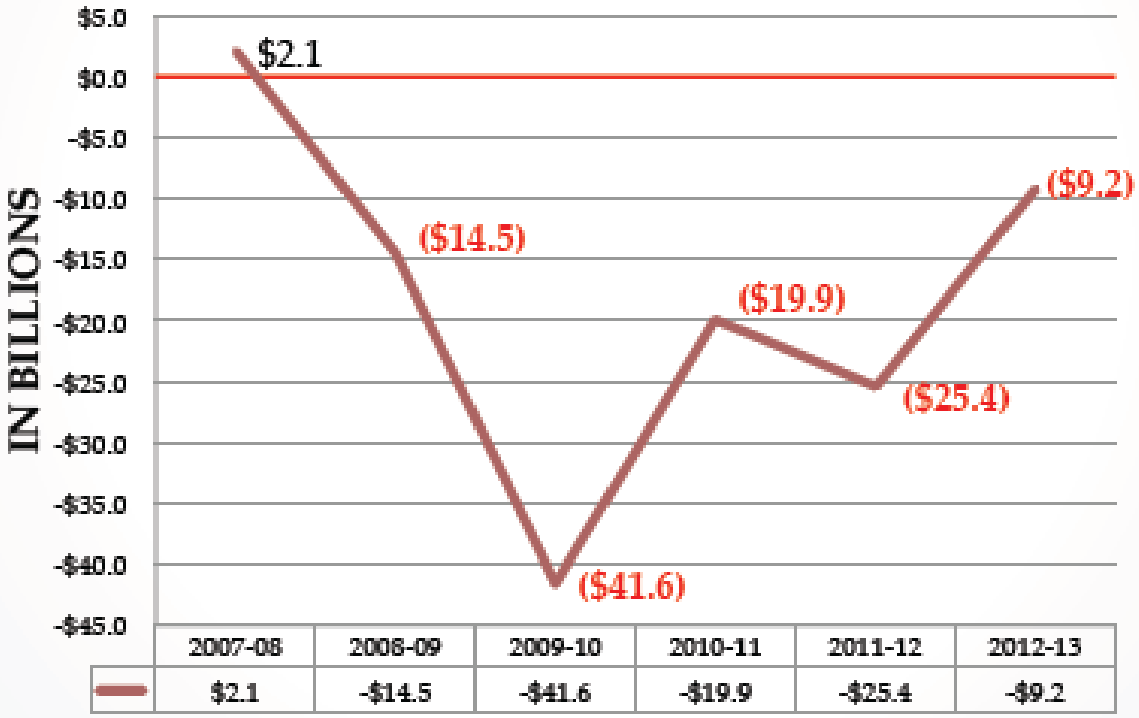
# Ventura County Community College District

# Budget Update

January 22, 2013

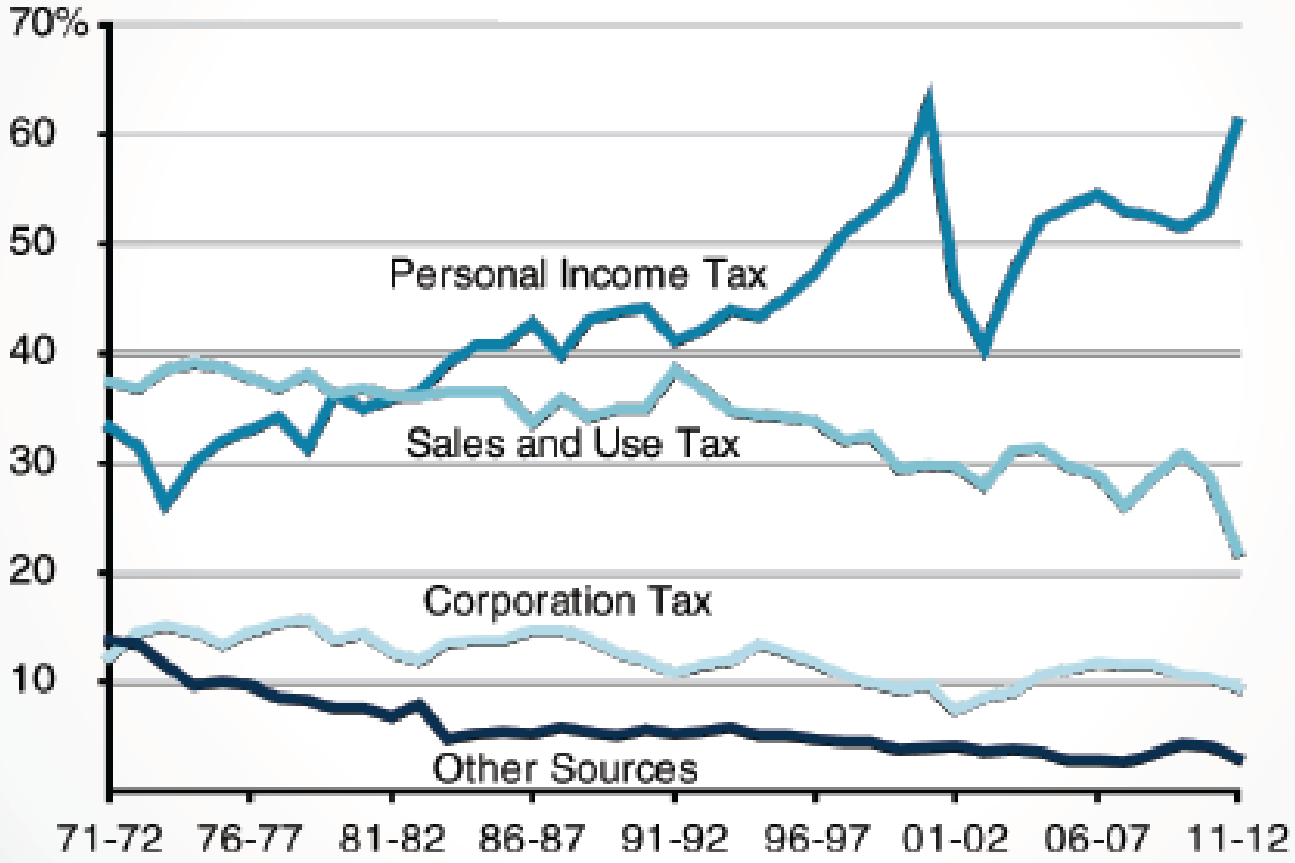
# 2013-14 State Budget

## Structural Shortfall




| | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|---|---|---|---|---|---|---|
| | $2.1 | -$14.5 | -$41.6 | -$19.9 | -$25.4 | -$9.2 |

# Composition of Revenue



# FY14 Governor's Initial Budget Proposal

- **First time in 5 years, cuts are not proposed or threatened**

- **State General Fund Revenue assumes:**
  - Personal Income tax — $61.7 billion (62.7%)
  - Sales and Use tax — $23.3 billion (23.6%)
  - Corporation tax — $9.1 billion (9.3%)
  - Other — $4.4 billion (4.4%)

(Governor's projections are higher than LAO)

# FY14 CCC System Budget-Policy Change

- **More Accountability**
- **Change the census-based apportionment system to one based on completion rates.** Intent is to phase in over several years.
- **90 unit cap for state subsidized instruction.** Units beyond the cap would not be state supported, but available at full cost to the student.
  - In VCCCD, in Fall 2012, 800 FTES were generated by students with greater than 90 units.
- **New FAFSA requirement** -Require all students seeking a BOG Fee Waiver to complete a Free Application for Federal Student Aid (FAFSA).
- **Adult Ed** -Shift of the remaining adult education program, including $300 million, from K-12 schools to community colleges, and an additional $15.7 million from the K-12 apprenticeship program to community college apprenticeship programs.

# FY14 CCC System Budget-Revenue

- First significant funding in 5 years, still $600 million less than in FY08.
- Governor supports more local decision making, LAO not so much.
- **$196.9 million (3.6%) for increased apportionments to the CCC system**
  - CCC Board of Governors to determine allocation type/amt, i.e COLA, restoration, categorical, etc.
  - **$4.5 million to VCCCD, if allocated by FTES.**
- **$49.5 million** (Energy Efficiency – Prop 39) (**restricted)** dollars to be used for energy efficiency projects or for instruction in energy related fields.
  - **$1.1 million to VCCCD**, if allocated by FTES, as Gov recommends. LAO recommends project basis.
- **$315.7 million** for shifting Adult Ed/Apprenticeship from K12 to CCC
  - ? ? To VCCCD

# FY14 CCC System Budget-Revenue

- **$179 million for deferral buy down (cash flow- no revenue to VCCCD)**
  - This reduces the outstanding deferral from $801 to $622 million. Plan to eliminate all deferrals by FY16-17.
- **$133.2 million in increased General Fund (Swap – no revenue to VCCCD)**
  - To reflect reduced property tax (RDA) estimates.
- **$16.9 million** to provide increased access to matriculated students through the use of technology **(no revenue to VCCCD)**
  - "virtual college" -centrally run program to benefit all students/districts that choose to participate.

# FY14 VCCCD General Fund Revenue ($4.5 million) & Associated costs

Possible Scenarios

| **Revenue:** | **$4,500,000** | **$4,500,000** | **$2,500,000** | **$2,000,000** |
|---|---|---|---|---|
| | Growth | COLA | Growth (2%) | COLA (1.6%) |
| **If allocated as:** | 100% | 100% | split | |
| additional FTES | 986 | 0 | 548 | 0 |
| additional FT Faculty | 16 | 0 | 10 | 0 |
| cost | $2.3 million | $0 | $1.4 million | $0 |
| remaining discretionary funds | $2.2 million | $4.5 million | $3.1 million | |

# FY14 VCCCD Restricted Revenue

| Restricted Revenue | |
|---|---|
| Proposed New Energy Efficiency/Prop 39 Revenue (Out of state Corporate Tax revenue) | $1,100,000 |
| If allocated by FTES. Most likely restricted funds for capital project. If by project, $ unknown. | |

# Budget Risks

- Slightly higher funding drives expectations to unrealistic levels (high demand for dollars)
- State revenue has more volatility (as more is based on PIT, top 1% pay 40% of revenue)
- California economic recovery is slow, unemployment just released at 9.8% (2% higher than nation)
- Local revenue shortfalls
- Shift in student population-potential declining enrollment due to policy changes:
  - Course repeatability
  - Academic progress for BOGW
  - Limit of state funded units
  - Limit on financial aid
- Window for avoiding further budget cuts is narrow, solutions for revenue temporary
- Loss of increased revenue in Governor's proposal
  - CCC received higher proportional share of new money, other budget priorities may jeopardize some of this.

# Timeline

- January – Governor's proposed budget released (very beginning of process)
- January  through May- Legislative hearings
- May 14- Governor to release May revise: update revenues, caseload and policy proposals
- June 15- Constitutional deadline for Legislature to send budget to Governor
- Sept/Oct- Trailer Bills (frequently much of CCC language/clarification occurs here)