

Ventura County Community College District

Districtwide College Forums Budget Update



November 14 & 15, 2011

FY12 State Budget Deficit (current year)

Monthly state revenues are not smooth/stable (roller coaster).

▶ **In January- \$26.6 billion deficit**

- **Solution = expenditure reductions, revenue increases (tax extensions), other**

▶ **In May- \$10.8 billion deficit**

- **Department of Finance identified \$6.6 billion increase in revenue**

▶ **In June – Balanced Budget ?**

- **Assumes an additional \$4 billion increase in revenue**

FY12 California Community College System Budget Recap

- ▶ **Net \$290 million workload reduction (\$7.5 million VCCCD)**
 - (\$400 million reduction less student fee increase of \$110 million)
- ▶ **Mid-year triggers, if revenue is projected to come in below budget**
 - Community colleges will be reduced by an additional \$102 million (\$2.4m VCCCD)

Legal Threats to Budget

▶ In addition to the risk of revenue shortfalls (triggers):

- **California School Boards Association** **\$2.1 billion**
- **California Redevelopment Association** **\$1.7 billion**
- **League of California Cities (vehicle tax)** **\$130 million**
- **Medi-Cal providers opposing Federal waiver** **\$1.3 billion**

▶ **Balanced Budget?**

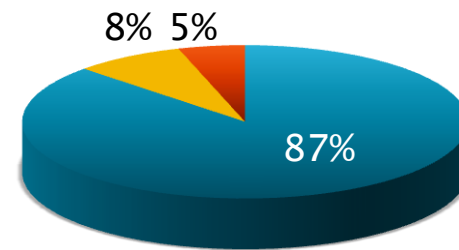
District General Fund Funding

- ▶ **Per FTES (capped by State for each district) (maximum of 24,853 in FY12 for VCCCD)**

- **One credit FTES = \$4,565**
- **One non-credit FTES = \$2,745**

- ▶ **Base Allocation per College for Multi-college districts (based on FTES) (SB 361):**

- **Large \$4.4 million**
- **Medium \$3.9 million**
- **Small \$3.3 million**



■ Funded FTES ■ Base ■ Other

- ▶ **General Fund Revenue is distributed through our Board approved Allocation Model (narrative available at http://www.vccd.edu/departments/budget/budget_documents.shtml)**

FY 12 VCCCD Budget Recap

District Revenue Shortfall	\$ 7.5m
Expenditure Increases	<u>\$ 4.3m</u>
Total budget shortfall	\$11.8m
Less: Protection against shortfall	
FY11 one-time augmentations (prior year)	\$ 4.0m
FY11 growth funds	\$ 3.1m
Required expenditure reductions	\$ 4.1m
(operational cuts, funding shifts, class schedule reductions, staff reductions)	
Use of Reserves	\$600k *

*Does not include anticipated mid-year triggers.

Next Fiscal Year

**Projected FY13 State Structural Deficit
(can and will vary)**

\$8 billion

Assuming a proportionate share to Prop 98 and CCC:

Projected VCCCD share (can and will vary) **\$8.1 million**

**(however, we fully anticipate minimum of \$3million
from current year shortfall and mid-year triggers)**

Plus: estimated annual increase costs

\$3-\$4 million

Total projected FY13 VCCCD shortfall

\$11-\$12 million

Issues–VCCCD

▶ Declining General Fund Revenue

FY09	FY10	FY11	FY12 Adoption Budget*	FY13 (projected)
\$141 M	\$136 M	\$138 M	\$130 M*	\$122M

- ▶ **Increase in personnel related expenditures of approximately \$3-\$4 million per year, aggregated.**

*Does not include mid-year trigger reductions (12/15/11). Final numbers will be unknown until February 2013.

Issues–VCCCD (continued)

▶ Declining Funded Cap (FTES)

FY09	FY10	FY11	FY12 (budgeted)*	FY13 (projected)*
26,847	25,841	26,496	24,853	23,101

*FY12 includes 6.2% workload reduction; FY13 projects 7% workload reduction based on revenue reduction of \$8 million.

▶ Unfunded FTES

FY09	FY10	FY11	FY12	FY13 (projected)
2,501	3,377	1,170	1,600	3,360

▶ Increasing Delay in Cash Receipts

FY09	FY10	FY11	FY12**
\$540 M	\$703 M	\$832 M	\$961 M

- State Budgets are not balanced (State's using FY13 resources to fund FY12 expenditures.)
- We need to ensure available cash while we wait for money from State due to late state budgets and/or deferrals. Reserves are used for this purpose.

** estimated \$19.2 million due VCCCD in FY12 that will not be entirely paid until Oct 2012 (FY13)

Cash Flow

- ▶ Reserves as of 7/1/2011

State Required Minimum - 5%	\$6,916,541
Revenue Shortfall Contingency	\$5,000,000
Unallocated-Committed	\$5,671,556
Unallocated-Uncommitted	\$7,593,494

- ▶ Monthly cash disbursements (payroll, benefits, and vendors) = \$15-20 million
- ▶ Deferrals (\$961 million system wide for FY12) = \$19.2 VCCCD

Compliance

▶ **Compliance/Funding (need to maintain):**

- **State Budget Adoption deadlines (6/30 and 9/15), regardless if State budget is adopted or not**
- **FON (Full-time Faculty Obligation)**
- **50% law (Direct Instructional Cost)**
- **Funded FTES cap (and minimize unfunded FTES)**
- **FTES base apportionment (medium to small size colleges)**
- **Adequate reserves to cover cash requirements and unexpected shortfalls.**

Solutions

Impact to all areas of budget

- ▶ **Program Reductions/Eliminations**
- ▶ **Class Schedule Reductions (FTES)**
- ▶ **Faculty/Classified/Management reductions**
- ▶ **Operational Cuts/Funding Shifts**

Local Reduction Amount

- ▶ **Using the revenue/costs assumptions presented and the FY12 allocation model elements:**

Moorpark	4,381,000
Oxnard	2,065,000
Ventura	3,823,000
DAC	731,000
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	\$ 11,000,000