

# Ventura County Community College District

## Chancellor Forum: Statewide and Local Priorities and Challenges

December 2017

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Chancellor



# Forum Topics

- ▶ Our Focus
- ▶ Statewide Trends and Priorities
- ▶ Legislation Impacting Community Colleges
- ▶ Balancing Revenue and Expense
- ▶ Benefits and Fiscal Impacts
- ▶ Goal
- ▶ Open Discussion and Questions

# Our Focus

- ▶ Students are our central focus
- ▶ We provide hope for our students

Help

Open the

Potential of

Every student



- ▶ Each of us help our students meet their goals and are integral to their success

# Year to Date FTES

Total Year to Date FTES = 14,035 (+44)

Location	Summer 2016	Summer 2017	Fall 2016	Fall 2017
Moorpark	823	888 (+66)	5,208	5,293 (+85)
Oxnard	461	364 (-96)	2,323	2,337 (+14)
Ventura	682	624 (-58)	4,494	4,528 (+34)
VCCCD Total	1,966	1,877 (-89)	12,025	12,158 (+132)

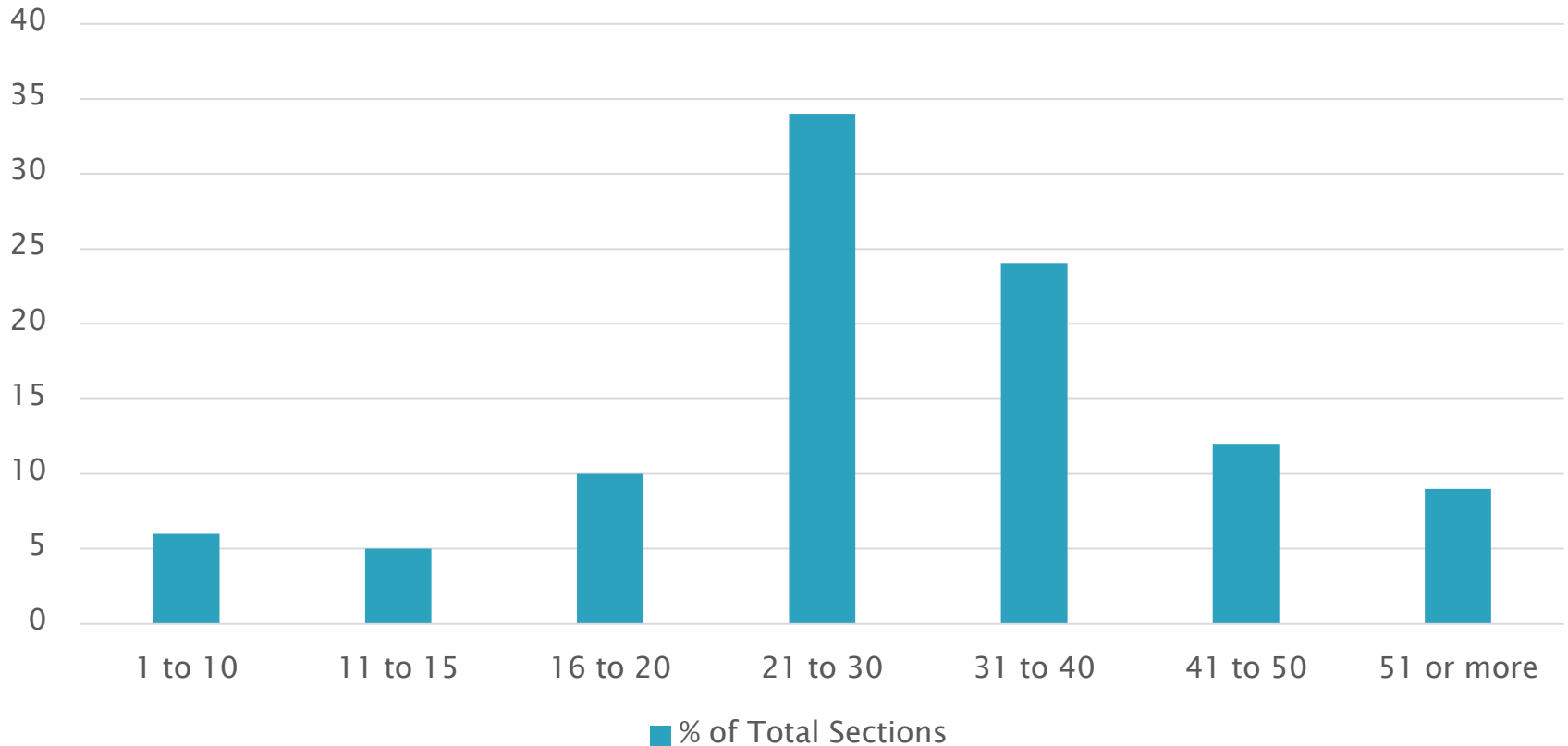
0.3% year to date FTES growth

Note: Totals above are rounded

District budget is based upon 26,100 FTES

# Fall 2017 Enrollment

## Distribution of Total VCCCD Sections by Class Size



3,485 active sections  
Average enrollment = 30.9  
Census fill rate = 82.3%

# The Statewide Picture...

- ▶ CCCCCO Vision and Goals

- Ambitious student success and equity goals
- Guided Pathways
- Funding for AB19 – CA College Promise
- Multiple Measures
- Funding Reform
- Block Grants for Categorical Programs



- ▶ <http://californiacommunitycolleges.cccco.edu/Portals/0/Reports/vision-for-success.pdf>

# The Statewide Picture...

- ▶ Money Considerations
  - Restricted Funds versus Base Increase
  - Prop 98 Encroachment
  - AB 19 Funding
- ▶ Diverse Interests for Dollars
  - DACA, Veterans, Refugees, Foster Youth
  - Title IX, Food, Homelessness
- ▶ Workforce and Career Education
  - Regionalization and Work-Based Learning
  - Marketing
  - Job Readiness and Placement



# California Public Education Funding



System	Funding Amount
K-12	\$12,057
CCC	\$7,984
CSU	\$14,914
UC	\$26,162

Community colleges receive the lowest per student funding



# Additional Funding...

limited COLA and restricted dollars

- ▶ Statutory COLA increased 22% last 10 years
  - CCCs received 6% (1.56% in 2017–18)
  - Loss of 1 billion in purchasing power system-wide
- ▶ Funding to CCCs has increased the last three budget cycles (\$552M in base adjustments)
  - Significant levels of new dollars tied to growth, categorical or restricted programs, and one-time expenses



# COLA

- ▶ The current statutory index assumes a level of funding to support community colleges:
  - salaries
  - health benefits
  - price increases
- ▶ The COLA distributions have not kept pace with actual compensation expenditures nor has it kept pace with the skyrocketing costs of health care premiums.

[http://extranet.cccco.edu/Portals/1/CFFP/Fiscal/Budget%20News/COLA\\_Table.pdf](http://extranet.cccco.edu/Portals/1/CFFP/Fiscal/Budget%20News/COLA_Table.pdf)

1% COLA from the state equaled \$1.3M to the VCCCD for 2017-18

## History of COLA (2010-11 through 2015-16)

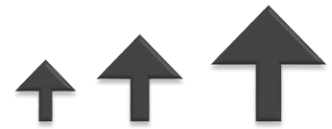
Year	Statutory COLA	California Community Colleges COLA	Salary Settlements	AFT Cost	SEIU Cost	Non-Represented Cost	Total Cost	Equivalent District 1%	
								On Schedule	Off Schedule
2010-11	-0.39%	0.00%	AFT - none; SEIU/Confidential/Administrator/Supervisors - increase in health cap	-	\$664,000	\$183,600	\$847,600	0.81%	0%
2011-12	2.24%	0.00%	AFT - none; SEIU - none	-	-	-	-	-	-
2012-13	3.24%	0.00%	AFT - none; SEIU - none	-	-	-	-	-	-
2013-14	1.57%	1.57%	AFT - 2.5% FT schedule, 3.5% PT schedule; SEIU/Confidential - 1% on schedule, \$1000 off schedule, increase in health cap (equal to 2.25%) Administrator/Supervisors - 1.5% on schedule, increase in health cap	\$2,052,000	\$1,112,000	\$259,000	\$3,423,000	2.81%	0.46%
2014-15	0.85%	0.85%	AFT - 1.22% FT schedule, 2.44% PT schedule; SEIU/Confidential - 1.7% on schedule, 2% off schedule, 1.5% on schedule (effective 7/1/15, district met growth target); Administrator/Supervisor - 1.7% on schedule, increase in health cap	\$1,102,000	\$1,204,000	\$247,600	\$2,553,600	1.97%	0.41%
2015-16	1.02%	1.02%	AFT - 3.02% FT & PT schedules; SEIU/Confidential/Administrator/Supervisors - 3.02% on schedule, increase in health cap	\$2,272,500	\$1,062,000	\$440,300	\$3,774,800	3.44%	0.0%

**3.44 %**

**8.22 % + .87 %**

Salary settlements during this period exceeded COLA by 5.7%

# CalSTRS, CalPERS Contributions



## 2013-2021

CalSTRS: 8.25% to 19.1%

CalPERS: 11.442% to 20.4%  
(27.3% by 2024)

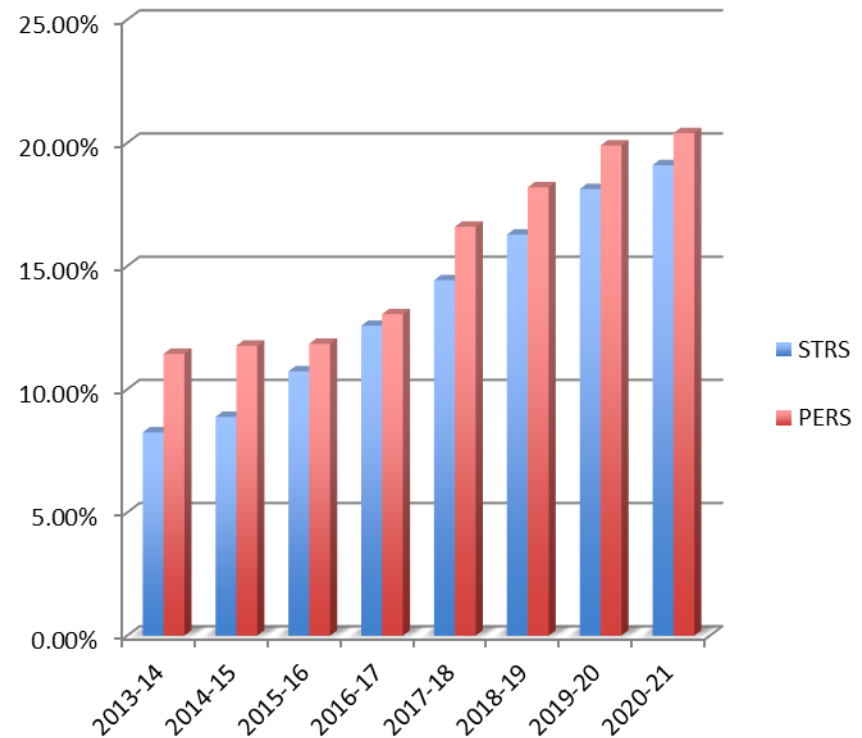
## CCC System

### Total Employer Contributions:

Increase \$317M in last 5 years

Increase \$902M by 2024

<u>2013-14</u>	<u>2022-2023</u>
VCCCD: \$7.2M	\$19.7M
Increase of \$12.5M	



The VCCCD does not have identified recurring revenue to cover the PERS/STRS increases

# Legislative Initiatives

STUDENT SUCCESS  
**SCORECARD**  
•••••

- ▶ 2004, AB1417, Accountability Reporting for Community Colleges (ARCC)
- ▶ 2010, SB 1440, Associate Degrees for Transfer
- ▶ 2012, SB1456, Student Success Act (SSSP, SEP)
- ▶ 2013, AB 86 Adult Education Block Grant
- ▶ 2014, Budget Act/Ed Code, Framework of Indicators
- ▶ 2016/17, Budget Act Strong Workforce
- ▶ 2016, AB 1741 CA College Promise Innovation
- ▶ 2017, SB 85 Guided Pathways
- ▶ 2017, AB 19, California Promise, AB 705 Multiple Measures



# Last Two Legislative Sessions: 46 Bills Signed into Law that Affect CCCs

Concerns: Loss of local control; Legislature (special interests) driving college operations; Using Prop 98 dollars

AB 19: **California College Promise**

AB 705: **multiple measures**

AB 504: **CCCCO** to set **standard metrics** for **student equity**

AB 635: **cross-college online enrollment**

AB 108: add **homeless, LGBT** to **student equity plans**

AB 1567/SB 12: **foster youth** tracking, financial aid

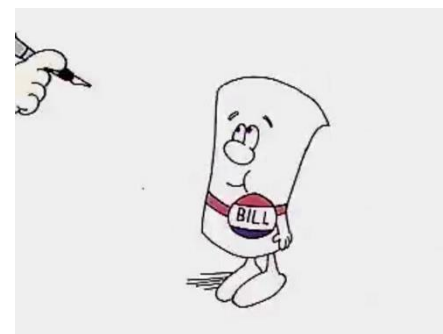
AB 21/SB 54/SB 68: limit **immigration enforcement**, expands **AB540** exemption

AB 526/AB 2364: **dual enrollment** + 2015 AB 288 College & Career Pathways Act

AB1995: **homeless students: access to shower facilities**

SB 1359 **schedule must designate courses using free/low-cost texts (OER)**

AB 1654/2654 – **campus safety & sexual harassment requirements**



# State Focus: Education Ecosystem

These initiatives take effort and resources...we are participating!

- ❖ Regional/State Consortia
- ❖ Adult Education Consortia
- ❖ Promise Pathways
- ❖ K-12 Partnerships (Middle School/Dual & Concurrent Enrollment/Early College/Boot Camps)
- ❖ University Partnerships (ADTs, 3+1, University Centers)
- ❖ Workforce partners/WDBs



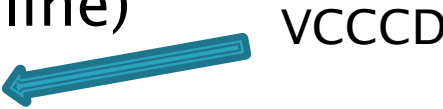






# State Focus: Enrollment

Expenses and Fixed Cost Increases exceed Revenue Increases

- ▶ Enrollment flat or down in 58% of Districts in 2016–17
  - 30 Districts in Growth (Lower Central Valley, Inland Empire, and San Diego)
  - 30 in Stability (decline)
  - 12 in Restoration  VCCCD
  - \$76M in growth dollars unused out of \$114M
- ▶ Flat enrollment results in no revenue growth while fixed costs continue to increase.

# State (Federal) Focus: Accountability, Competition, Change

## Accreditation settled down

New leadership @ ACCJC (Workgroups I & II), settlement w/CCSF  
Federal pressures on accreditors reduced (change a priority)  
Pilots w/ Title IV funds for nontraditional deliverers (EQUIP)  
Scrutiny of 2-year institutions w/graduation rates < 15% (over 4 years)

## Shift from REGULATION to COMPETITION

Performance-based Funding

College Scorecards

Gainful Employment

Project FLOW

## External Orgs with Accountability/Change Agendas

Gates, Lumina, Aspen, National Governors Association, ACT, New America Foundation, Sloan, Carnegie, Campaign for College Opportunity, California Competes, California Forward

Organizations providing resources requiring organizational and process change

# What is Up Next in Sacramento?

## College Affordability

Baccalaureate, transfer

Faculty concerns, PT faculty office hours, pay equity

Workforce \$\$ + more performance demands

*CCCs as THE economic equity/jobs solution*

## ↑ CCCCCO Influence/Oversight

*Criteria for Guided Pathways, CA Promise, Strong Workforce regionalization, FLOW*

## FUNDING FORMULA REVISION

*Outcomes + Stability/Predictability (e.g., 3-year rolling average enrollment formula)*

*Performance Funding is COMING . . .*

# Why was this Information Shared?

- ▶ This defines the framework and environment in which the colleges and district office are working.
- ▶ There are specific requirements that we must meet in order to maintain funding and accreditation.
- ▶ This environment impacts how we all work together to serve our students and communities and be accountable for our outcomes and resource use.

# 2018–19 CCC System Budget Request

**\$200 M Base Allocation increase**

**\$63M 1% Growth**

**\$138M 2.15% COLA**

**\$75 M FT Faculty hiring**

**\$25M PT Faculty support**

**\$25M Prof. development**

**\$25M CA Promise Framework**

**\$5M EEO**

**TBD Expand Cal Grants**

**TBD Online Education (Project Flow)**

**TBD Adult Ed Data Sharing**

**TBD Integration of Student Support Services (Guided Pathways)**

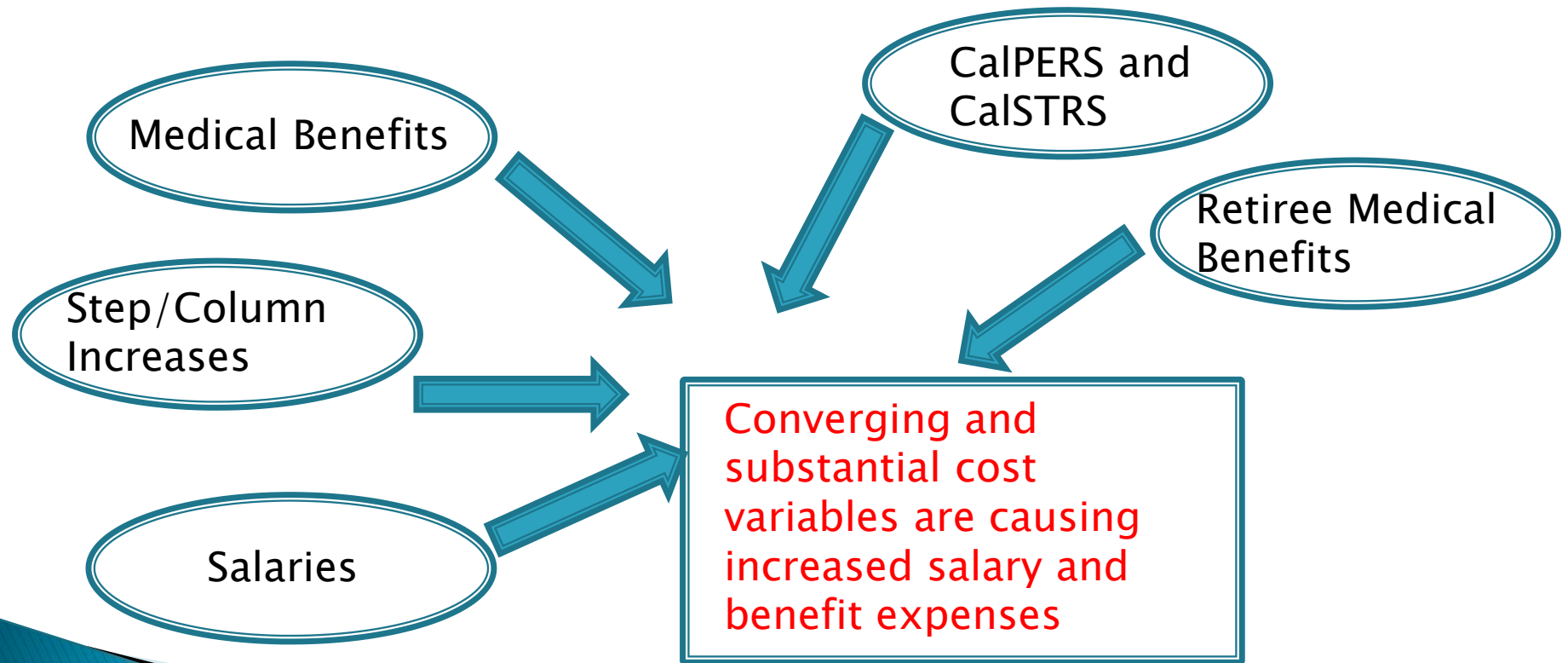
**\$25M Basic Skills Transformation (1-time)**

**Additional**

**Statutory**

# What is Up Next for Us?

- ▶ Ensure that we are able to pay for increasing recurring fixed costs with recurring revenues.



# Competitive Salaries

- ▶ Salaries for all employee groups in the VCCCD are below the 50<sup>th</sup> percentile.
- ▶ We are not in a position to change that quickly due to mandated CalPERS/CalSTRS increases, retiree medical benefits, and increasing medical benefits in a two-tiered system.
- ▶ No recurring dollars are set aside to cover the mandated increases in recurring expenses.

# Total Compensation Increase Example:

Two Year Change for Faculty Beginning at Step 4, Class II (BA + 45 units with MA)

	2015-16	2016-17		2017-18		2 -Year Change	
Item	Step 4	Step 5	%	Step 6	%		%
Base Salary	\$60,939	\$63,376	4.0%	\$65,810	3.8%	\$4,871	7.7%
Step Increase		\$2,437		\$2,434			
Average Medical	\$20,137	\$22,030	9.4%	\$22,210	0.8%	\$2,072	10.3%
CalSTRS	\$6,539	\$7,972	22%	\$9,496	19%	\$2,957	45%
Total Comp	\$87,615	\$93,378	6.6%	\$97,516	4.4%	\$9,901	11.3%
COLA received from state			0%		1.56%		1.56%

Total compensation increase exceeds COLA received from the state for the two year period. Total compensation increase of 5.7% excluding the step increase to salary.

Annual retiree Health Benefits of \$14.7M for FY18 projected to steadily increase to \$18M in 2032.

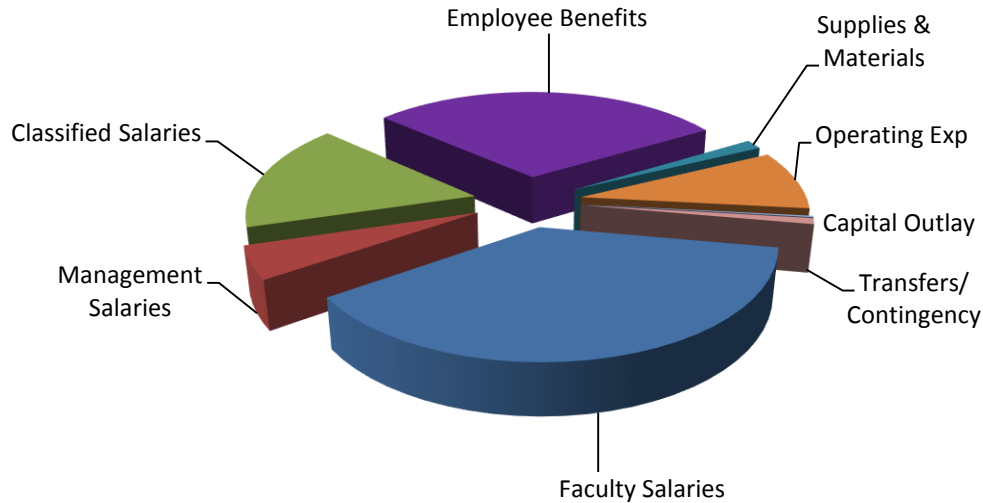


# Budget Challenges

## Retiree Health Benefit Fund Annual Expenditures — Historical View

	FY18 Budget	FY17 YTD	FY16 YTD	FY15 YTD	FY14 YTD	FY13 YTD	FY12 YTD	FY11 YTD	FY10 YTD
Classified	4,861,077.88	4,620,888.33	4,312,712.82	3,739,462.97	3,725,190.85	3,373,989.63	2,951,266.67	2,684,395.66	2,353,325.65
Confidential	404,110.16	375,749.80	358,171.41	332,967.15	351,908.31	308,834.62	266,039.01	240,398.07	200,271.36
Faculty	7,429,749.03	7,247,887.36	6,190,353.04	6,001,060.39	5,321,878.10	5,098,859.60	4,188,227.37	3,639,113.22	3,584,716.02
Management	1,322,542.35	1,300,471.19	1,125,884.19	1,000,877.64	989,823.84	875,850.56	816,439.27	786,949.68	705,952.52
Supervisors	677,435.58	649,827.33	585,644.92	530,472.26	521,879.01	447,335.00	415,641.85	392,191.18	329,403.94
<b>Total Expenditures</b>	<b>14,694,915.00</b>	<b>14,194,824.01</b>	<b>12,572,766.38</b>	<b>11,604,840.41</b>	<b>10,910,680.11</b>	<b>10,104,869.41</b>	<b>8,637,614.17</b>	<b>7,743,047.81</b>	<b>7,173,669.49</b>

# Financial Overview



## Unrestricted by Object

FACULTY SALARIES  
 MANAGEMENT SALARIES  
 CLASSIFIED SALARIES  
 EMPLOYEE BENEFITS  
 SALARY & BENEFIT SUBTOTAL  
 SUPPLIES & MATERIALS  
 OPERATING EXP  
 CAPITAL OUTLAY  
 TRANSFERS/CONTINGENCY  
 TOTAL EXPENDITURES

	2016-17 ACTUAL EXPENDITURE	2017-18 ADOPTION BUDGET *	PERCENT OF TOTAL
	58,545,064	59,332,887	37.7%
	7,282,657	7,704,080	4.9%
	24,724,121	25,651,494	16.3%
	41,983,433	46,814,778	29.7%
	<u>132,535,275</u>	<u>139,503,239</u>	<u>88.6%</u>
	1,736,749	2,266,472	1.4%
	12,287,210	14,007,270	8.9%
	440,103	335,374	0.2%
	6,449,823	1,381,459	0.9%
	<u>153,449,160</u>	<u>157,493,814</u>	<u>100.0%</u>

\* Includes site carryover funds

# MYP

## Assumptions and Budget Components

### Cost of 1% Salary & Benefits Increase

Bargaining Unit	General Fund (Fund 111)	Other Funds	All Funds
Full-Time Faculty	473,676	51,048	524,724
Adjunct Faculty	241,092	31,307	272,399
Classified	266,070	90,457	356,527
Confidential	13,941	-	13,941
Supervisors	29,875	11,161	41,036
Administrators	106,123	12,407	118,530
<b>Total</b>	<b>\$1,130,777</b>	<b>\$196,380</b>	<b>\$1,327,157</b>

# MYP

## Unrestricted General Fund (111)

### 2017-18 Adoption Budget with SEIU Agreement

		2017-18 Adoption w/SEIU Agrmt	2018-19 Estimate w/SEIU Agrmt	2019-20 Estimate w/SEIU Agrmt
1	Total Revenue	154,631,762	157,481,392	160,663,071
2	Total Expenditures	158,705,215	160,236,255	164,355,435
3	<b>Operating Surplus/(Deficit)</b>	(4,073,453)	(2,754,863)	(3,692,364)
4	<b>Fund Balance</b>			
5	Beginning Fund Balance	23,090,435	19,016,982	16,262,120
6	Ending Fund Balance	19,016,982	16,262,120	12,569,755
7	<b>Reserves</b>			
8	State Minimum 5%	9,281,823	9,281,823	9,281,823
9	Revenue Shortfall Contingency	5,000,000	5,000,000	5,000,000
10	State Teachers' Retirement System (STRS)	1,000,000	1,000,000	1,000,000
11	Energy Efficiency	1,400,000	1,400,000	1,400,000
12	Unallocated	2,335,159	(419,703)	(4,112,068)
13	Total Reserves	19,016,982	16,262,120	12,569,755

# Guiding Principles

- Students First: Prioritize Student Access, Social Justice and Outcomes Attainment
- We will not use One-Time Dollars (reserves) for Recurring Expenses (e.g. salaries)
- Establish equity and fairness in benefits and wages.
- Avoid Layoffs and Salary Reductions that could result from Revenues not Keeping Pace with Costs
- Pursue Growth and Revenue Opportunities
- Maintain an Annual Balanced Budget with Judicious Use of One-time Reserves

# Goal

## Achieve Fiscal Stability Through a Balanced Budget that Aligns Ongoing Expenditures with Ongoing Revenues

- ▶ This is necessary to maintain job positions and provide fair salaries with affordable/quality medical benefits and make mandated contributions to pensions and other expenses... **not just for one year...but for the next 3, 5, and 10 years.**



Questions?