

VENTURA COUNTY
COMMUNITY COLLEGE DISTRICT

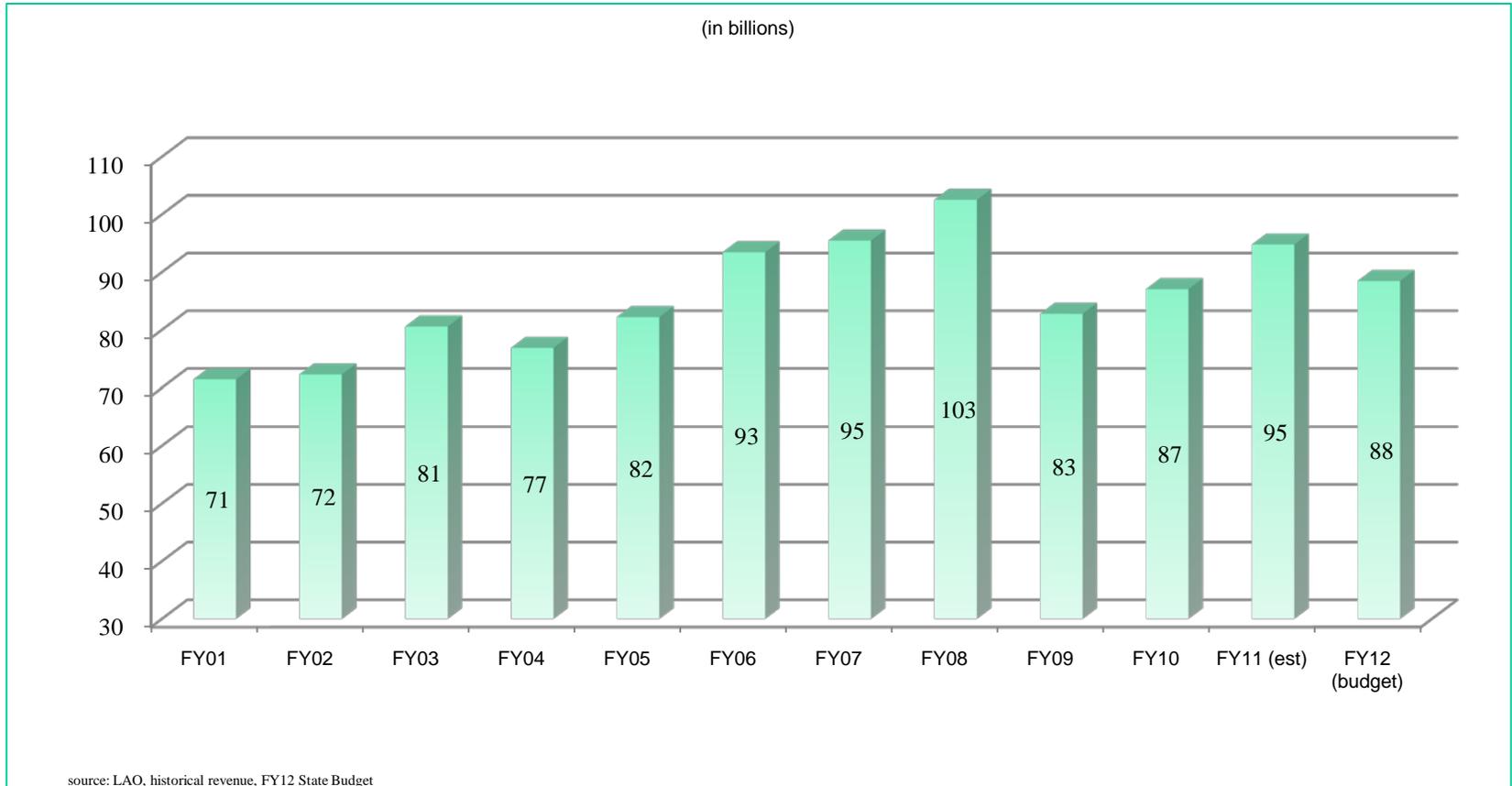


EXECUTIVE SUMMARY
2011-2012 ADOPTION BUDGET
SEPTEMBER 13, 2011

STATE BUDGET CRISIS

- Legislature approved FY12 budget with a simple majority vote.
- Addressed a \$26.6 billion budget deficit through major program reductions, borrowing and transfers, and assumption of \$4 billion in unidentified revenue
- Includes Mid-Year Revenue triggers
 - In December, the Department of Finance has the authority to reduce appropriations if revenues are not keeping pace with the budget assumptions.

STATE GENERAL FUND REVENUE



In FY12 General Fund spending at lowest level since 1972 when measured as a share of the state's economy.

COMMUNITY COLLEGE SYSTEM BUDGET

2011-12 Budget Act (SB 69) approved

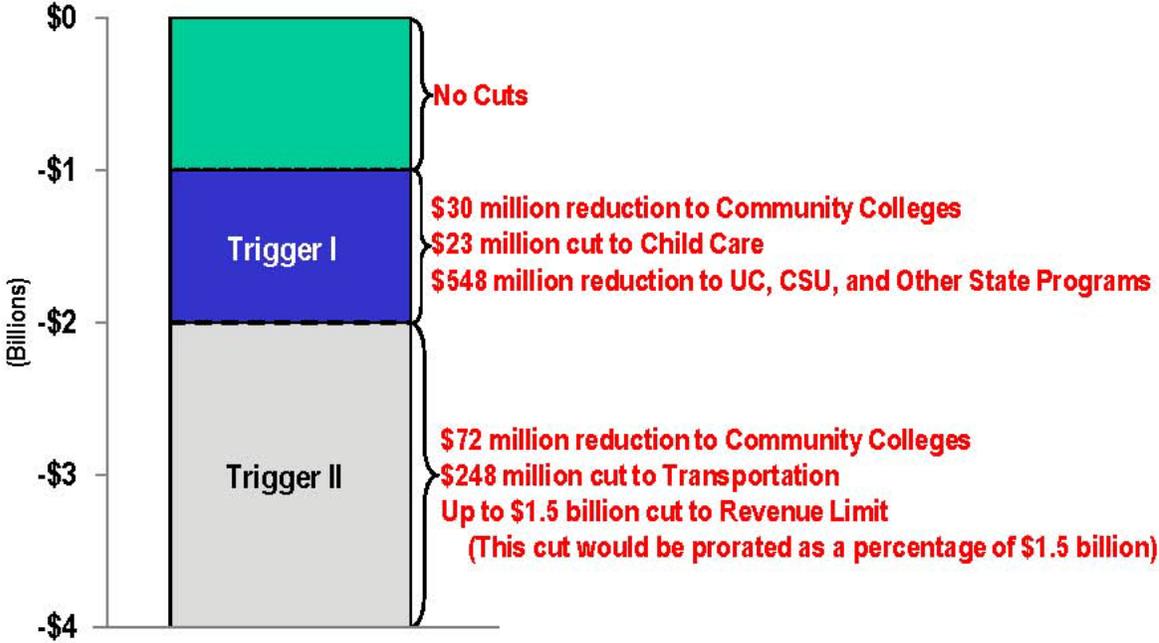
For the Community College System, locks in:

- \$400 million cut to the base, taken as a workload reduction
- \$10 increase in per-unit fees (\$26/unit to \$36/unit), which mitigated the base cut (\$110 million)
- Rejection of the census change proposal
- New inter-year deferral (\$129 million)
- State Structural Deficit of \$25 million – immediately identified in California Community College share of budget.

MID YEAR TRIGGERS

Summary of Potential “Trigger” Cuts if State Revenue Assumptions Are Not Met

©2011 School Services of California, Inc.



TRIGGERS TO COMMUNITY COLLEGE SYSTEM

- Tier I – additional \$10/unit enrollment increase (\$36/unit to \$46/unit) effective spring 2012. However, the California Community Colleges Chancellor's Office has requested a \$30 million reduction in lieu of a fee increase.
- Tier II – additional \$72 million base reduction

Identified Structural Deficit will also result in reduction.

DISTRICT ADOPTION BUDGET CURRENT YEAR

- Reduction in State revenue of \$7.5 million
- Offset by FY11 growth of \$3.1 million (not budgeted until FY12)
- Mitigated by elimination of the FY11 one-time expenditures of approximately \$4 million

DISTRICT ADOPTION BUDGET CURRENT YEAR

- The Adoption Budget was built using \$551,463 of unallocated reserves (to maintain the same level of funding as that included in the Tentative Budget).
- Reserves will be used as approved in the budget assumptions if the district experiences any mid-year trigger cuts.
 - Projected Tier I cuts to VCCCD is \$696,000
 - Projected Tier II cuts to VCCCD is \$1,670,400
 - Initial system structural deficit and any mid-year deficit factors.
- **This use of reserves (one-time funds), both as part of the Adoption Budget and any mid-year reductions, will result in reductions in FY 13.**

DISTRICT ADOPTION BUDGET

- FY12 budgeted revenue is \$10.4 million less than FY09 revenue (and costs continue to increase).
- Includes projected mid-year cuts that will be deferred to FY13 (through the use of reserves this year).
- Built on a goal of sustainability.
- Focuses on funding core functions that support district's mission.

MAJOR RISKS

- Potential lawsuits on State revenue assumptions
 - Redevelopment Agencies \$1.7 billion
 - Medi-Cal \$1.3 billion
 - “Amazon tax” \$200 million
 - Others include the rural homeowners fire fee
- Failure of the legislature to truly balance the budget this year.
- Sluggish growth in the economy.
- FY12 budget solutions impact on future budgets.
- Significant levels of unfunded liabilities in both STRS and PERS, which cannot be ignored for much longer. (Resulting in significant increase in future employer rates.)

WHAT'S NEXT?