Ventura County Community College District

Districtwide College Forums Budget Update

November 14 & 15, 2011
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?
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

General Fund Revenue is distributed through our Board approved Allocation Model (narrative available at http://www.vcccd.edu/departments/budget/budget_documents.shtml)
FY 12 VCCCD Budget Recap

District Revenue Shortfall $ 7.5m
Expenditure Increases $ 4.3m

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.
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 $3 million
   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

<table>
<thead>
<tr>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12 Adoption Budget*</th>
<th>FY13 (projected)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$141 M</td>
<td>$136 M</td>
<td>$138 M</td>
<td>$130 M*</td>
<td>$122 M</td>
</tr>
</tbody>
</table>

- 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.
### Declining Funded Cap (FTES)

<table>
<thead>
<tr>
<th></th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12 (budgeted)*</th>
<th>FY13 (projected)*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>26,847</td>
<td>25,841</td>
<td>26,496</td>
<td>24,853</td>
<td>23,101</td>
</tr>
</tbody>
</table>

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

### Unfunded FTES

<table>
<thead>
<tr>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13 (projected)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,501</td>
<td>3,377</td>
<td>1,170</td>
<td>1,600</td>
<td>3,360</td>
</tr>
</tbody>
</table>

### Increasing Delay in Cash Receipts

<table>
<thead>
<tr>
<th></th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12**</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$540 M</td>
<td>$703 M</td>
<td>$832 M</td>
<td>$961 M</td>
</tr>
</tbody>
</table>

- 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/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
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

Total: $11,000,000