

Ventura County Community College District

Chancellor's Forum

September 2017

Dr. Greg Gillespie
Chancellor



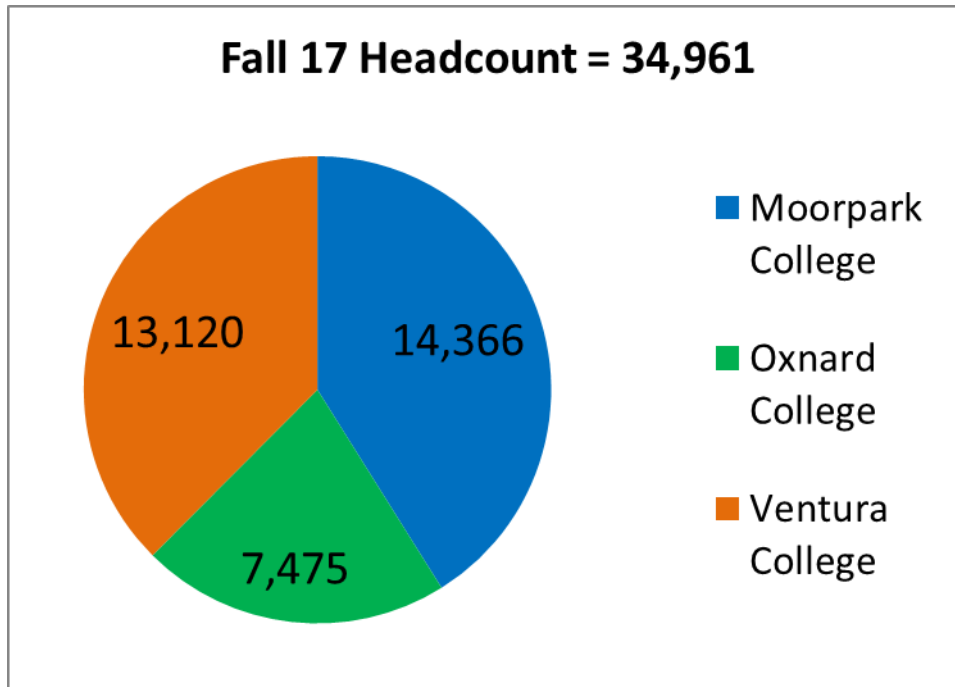
Dr. David El Fattal
Vice Chancellor

Discussion Topics

- ▶ Enrollment
- ▶ Financial Overview
- ▶ Multi-Year Projection (MYP)
- ▶ Budget Challenges and Budget Objective
- ▶ Guiding Principles During Challenging Fiscal Circumstances
- ▶ Revenue Initiatives
- ▶ Next Steps

Enrollment

VCCCD Totaled Enrolled Headcount

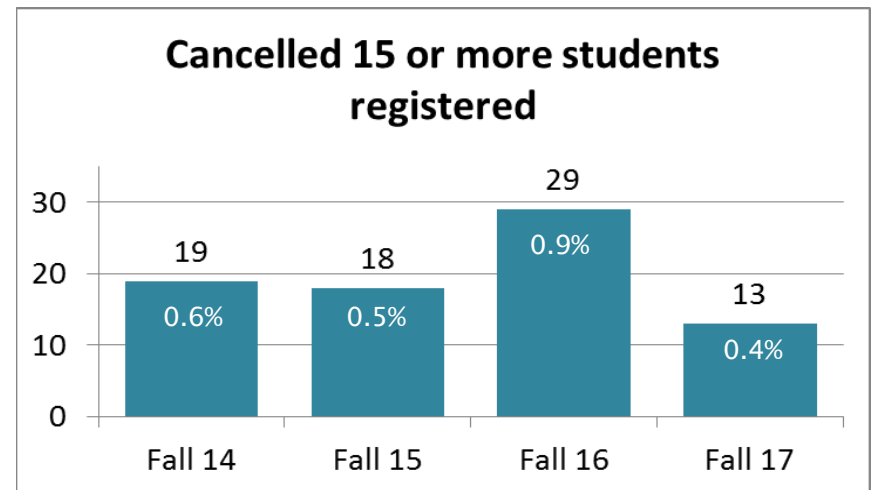
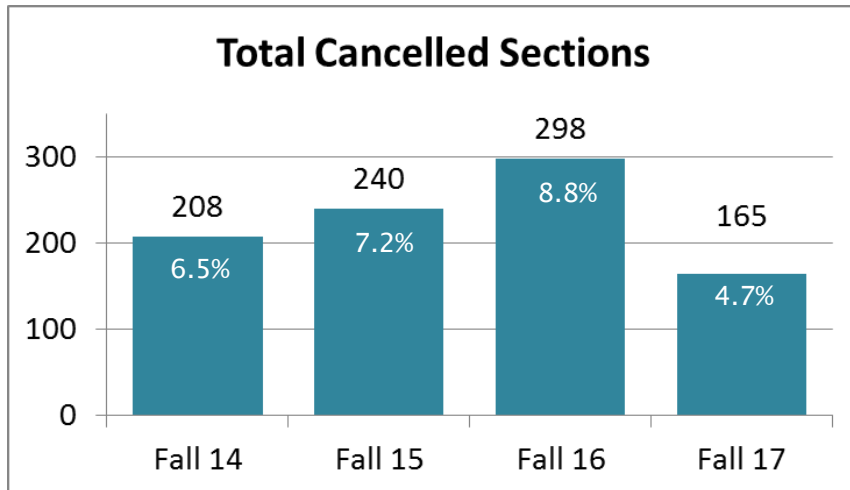
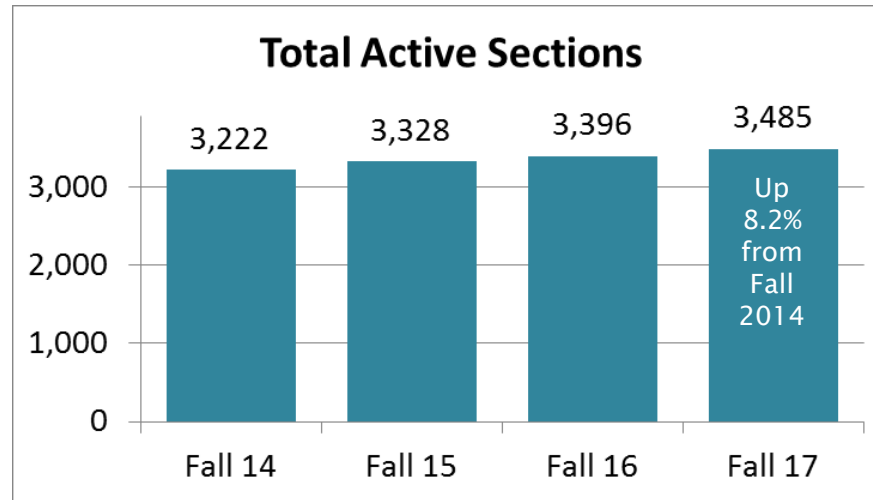


Total Unduplicated Headcount Districtwide = 32,367

Districtwide totals do not equal the sum of the three colleges due to students enrolled at more than one VCCCD college.

Enrollment

VCCCD Sections – Fall Semester



Enrollment

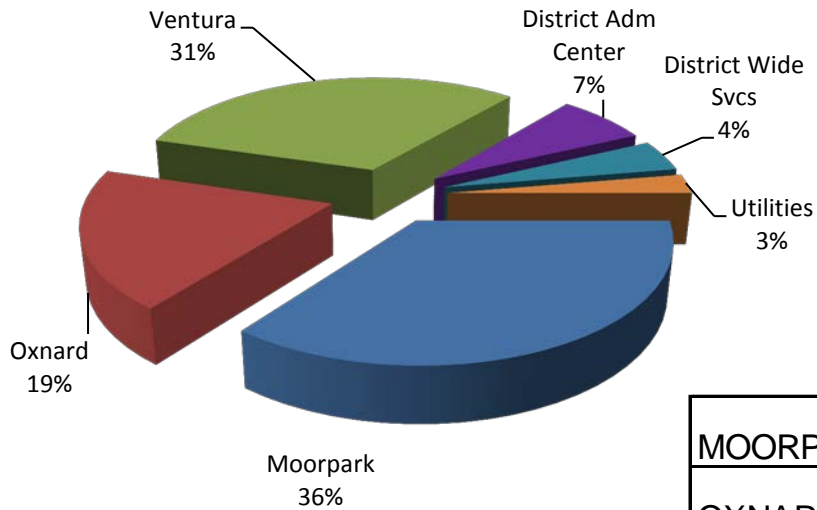
Districtwide Section Enrollment Counts

VCCCD Fall Districtwide Section Enrollment Counts										
	1 - 10	11 - 15	16 - 20	21 - 30	31 - 40	41 - 50	51 or greater	Total Sections	Average Enrollment	Census Fill Rate
Fall 2013	6.3%	6.1%	11.4%	36.1%	21.8%	12.2%	6.2%	2,757	30.8	81.3%
Fall 2014	6.5%	6.3%	12.5%	37.9%	20.2%	10.9%	5.8%	2,828	30.4	79.3%
Fall 2015	6.8%	8.5%	13.5%	38.8%	18.0%	9.2%	5.1%	2,926	30.0	73.3%
Fall 2016	6.8%	7.1%	14.5%	36.9%	19.5%	10.1%	5.1%	2,946	27.8	74.3%
Fall 2017	6.0%	4.8%	9.9%	33.7%	23.9%	12.6%	9.0%	3,029	30.9	82.3%

VCCCD Spring Districtwide Section Enrollment Counts										
	1 - 10	11 - 15	16 - 20	21 - 30	31 - 40	41 - 50	51 or greater	Total Sections	Average Enrollment	Census Fill Rate
Spring 2013	6.8%	5.9%	11.9%	36.7%	19.5%	13.5%	5.5%	2,722	30.1	80.5%
Spring 2014	7.6%	8.6%	16.3%	35.9%	17.2%	9.2%	5.2%	2,821	28.5	76.2%
Spring 2015	7.7%	9.5%	16.2%	36.7%	16.6%	7.9%	5.3%	2,956	27.8	73.6%
Spring 2016	8.0%	10.4%	17.8%	34.7%	16.9%	7.4%	4.8%	2,978	26.5	70.0%
Spring 2017	7.4%	8.9%	16.9%	35.1%	17.9%	9.1%	4.7%	2,931	27.0	73.2%

- Crosslisted sections are aggregated under the primary section
- Enrollment Counts as of Census

Financial Overview

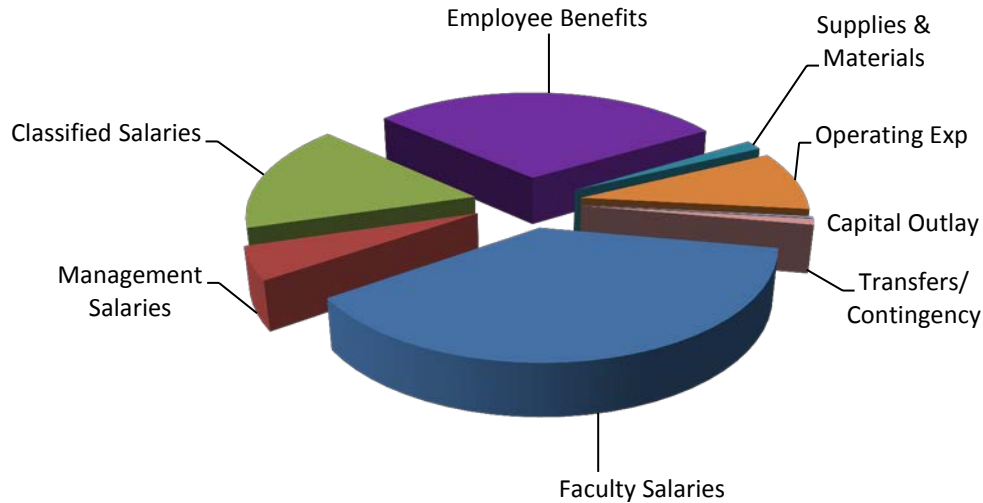


Unrestricted by Location

	2016-17 ACTUAL EXPENDITURES	2017-18 ADOPTION BUDGET*
MOORPARK	53,119,858	55,907,004
OXNARD	29,148,944	30,258,436
VENTURA	47,404,579	49,313,277
DISTRICT ADM CENTER	10,567,142	11,008,953
DISTRICTWIDE SVCS	6,138,888	6,812,644
UTILITIES	3,642,883	4,193,500
INFRASTRUCTURE	3,426,865	-
TOTAL EXPENDITURES	153,449,159	157,493,814

* Includes site carryover funds

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

Financial Overview

Unrestricted by College

	MOORPARK COLLEGE		OXNARD COLLEGE		VENTURA COLLEGE	
	ADOPTION BUDGET *	PERCENT OF TOTAL	ADOPTION BUDGET *	PERCENT OF TOTAL	ADOPTION BUDGET *	PERCENT OF TOTAL
FACULTY SALARIES	25,491,357	45.6%	11,855,218	39.2%	21,986,311	44.6%
MANAGEMENT SALARIES	2,071,911	3.7%	1,633,214	5.4%	1,981,018	4.0%
CLASSIFIED SALARIES	7,958,361	14.2%	4,918,270	16.3%	8,114,419	16.5%
EMPLOYEE BENEFITS	17,769,449	31.8%	9,756,086	32.2%	15,424,082	31.3%
SALARY & BENEFIT SUBTOTAL	53,291,077	95.3%	28,162,788	93.1%	47,505,831	96.3%
SUPPLIES & MATERIALS	949,136	1.7%	602,737	2.0%	508,144	1.0%
OPERATING EXP	1,852,997	3.3%	1,083,709	3.6%	1,392,097	2.8%
CAPITAL OUTLAY	125,625	0.2%	91,358	0.3%	51,991	0.1%
TRANSFERS/CONTINGENCY	(311,831)	-0.6%	317,844	1.1%	(144,785)	-0.3%
TOTAL EXPENDITURES	55,907,004	100.0%	30,258,436	100.0%	49,313,277	100.0%

* Includes site carryover funds

Multiyear Projection (MYP) — At a Glance —

- ▶ Best practice methodology for fiscal planning and resource allocation
- ▶ Implemented at VCCCD in February 2017
- ▶ Depicts “snapshot-in-time” budget estimates of the District’s resources and expenditures for the current year and two outgoing fiscal years
- ▶ Budget estimates are based on assumptions that reflect the best known information available from both internal and external sources about key issues that may or may not become reality
- ▶ Assumptions are based on State legislation as well as facts and detailed analyses concerning local issues such as enrollment/FTES data, number of personnel, cost of step & column, health & welfare costs, changes in State funding appropriations, and more
- ▶ Budget revisions are regularly presented to the Board of Trustees throughout the year as new information becomes available

MYP

Unrestricted General Fund (111)

2017-18 Adoption Budget

		2017-18 Adoption	2018-19 Estimate	2019-20 Estimate
1	Total Revenue	\$154,631,762	\$157,481,392	\$160,663,071
2	Total Expenditures	157,589,397	159,542,437	163,661,617
3	Operating Surplus/(Deficit)	(2,957,635)	(2,061,045)	(2,998,546)
4	Fund Balance			
5	Beginning Fund Balance	23,090,435	20,132,800	18,071,756
6	Ending Fund Balance	20,132,800	18,071,756	15,073,209
7	Reserves			
8	State Minimum 5%	\$9,281,823	\$9,379,475	\$9,585,434
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	3,450,977	1,292,281	(1,912,225)
13	Total Reserves	20,132,800	18,071,756	15,073,209

2017-18 Adoption Budget with SEIU T.A.

		2017-18 Adoption w/SEIU T.A.	2018-19 Estimate w/SEIU T.A.	2019-20 Estimate w/SEIU T.A.
14	Total Revenue	\$154,631,762	\$157,481,392	\$160,663,071
15	Total Expenditures	158,705,215	160,236,255	164,355,435
16	Operating Surplus/(Deficit)	(4,073,453)	(2,754,863)	(3,692,364)
17	Fund Balance			
18	Beginning Fund Balance	23,090,435	19,016,982	16,262,120
19	Ending Fund Balance	19,016,982	16,262,120	12,569,755
20	Reserves			
21	State Minimum 5%	\$9,337,614	\$9,414,166	\$9,620,125
22	Revenue Shortfall Contingency	5,000,000	5,000,000	5,000,000
23	State Teachers' Retirement System (STRS)	1,000,000	1,000,000	1,000,000
24	Energy Efficiency	1,400,000	1,400,000	1,400,000
25	Unallocated	2,335,159	(552,046)	(4,450,369)
26	Total Reserves	19,072,773	16,262,120	12,569,755

MYP

Assumptions and Budget Components

Unrestricted General Fund (Fund 111) with SEIU T.A.

Component	2017-18 Adoption	2018-19 Estimate	2019-20 Estimate
Funded FTES	26,100	26,100	26,100
COLA	1.56%	2.15%	2.35%
Base Apportionment Increase	\$4,039,200	0%	0%
Step/Longevity - Faculty	1.5%	1.5%	1.5%
Step/Longevity - Classified/Mgmt	1.9%	1.9%	1.9%
STRS Rate	14.43%	16.28%	18.13%
PERS Rate	15.531%	18.1%	20.8%
Health Benefit Rate Increase (Faculty)	2.53%	7.5%	7.5%
Carryover	2%	0%	0%
SEIU Tentative Agreement:			
1% Salary schedule increase	\$356,500	\$356,500	\$356,500
Increase in health cap to \$18,643.08	\$222,300	\$222,300	\$222,300
1.0FTE release time for SEIU stewards	\$115,000	\$115,000	\$115,000
One-time off schedule payment	\$422,000		

- The impact of collective bargaining is not included in the Adoption Budget MYP
- Outgoing years' utilities budgets do not include rate increases
- 2019-20 revenue assumes \$600,000 for VC as middle size college, although it may not maintain its present status as middle size college

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
Total	\$1,130,777	\$196,380	\$1,327,157

Budget Challenges



STRS Rates

Fiscal Year	Estimated Cost	Year Over Year Increase	Cumulative Increase	Employer Rate	Employee (Pre-2013 hire date)	Employee (Post-2013 hire date)	State
2013-14	\$ 4,045,000			8.25%	8.00%	8.00%	3.04%
2014-15	\$ 4,608,000	\$ 563,000	\$ 563,000	8.88%	8.15%	8.15%	3.45%
2015-16	\$ 5,862,000	\$1,254,000	\$1,817,000	10.73%	9.20%	8.56%	3.89%
2016-17	\$ 6,303,000	\$ 441,000	\$2,258,000	12.58%	10.25%	9.21%	6.33%
2017-18	\$ 7,568,000	\$1,265,000	\$3,523,000	14.43%	10.25%	9.21%	6.33%
2018-19	\$ 8,626,000	\$1,058,000	\$4,581,000	16.28%	10.25%	9.21%	6.33%
2019-20	\$ 9,706,000	\$1,080,000	\$5,661,000	18.13%	10.25%	9.21%	6.33%
2020-21	\$ 10,331,000	\$ 625,000	\$6,286,000	19.10%	10.25%	9.21%	6.33%

Note: Plan allows CalSTRS to annually adjust the employer and state rates beginning July 1, 2021, and caps any such annual increase at 1% for employers and 0.5% for the state.

Budget Challenges

PERS Rates

Fiscal Year	Estimated Cost	Year Over Year Increase	Cumulative increase	Employer Rate Current Projection
2013-14	\$ 3,155,000			11.442%
2014-15	\$ 3,359,000	\$ 204,000	\$ 204,000	11.771%
2015-16	\$ 3,573,000	\$ 214,000	\$ 418,000	11.847%
2016-17	\$ 4,654,000	\$ 1,081,000	\$ 1,499,000	13.888%
2017-18	\$ 5,589,000	\$ 935,000	\$ 2,434,000	15.531%
2018-19	\$ 6,514,000	\$ 925,000	\$ 3,359,000	18.1%
2019-20	\$ 7,486,000	\$ 972,000	\$ 4,331,000	20.8%
2020-21	\$ 8,566,000	\$ 1,080,000	\$ 5,411,000	23.8%
2021-22	\$ 9,069,000	\$ 503,000	\$ 5,914,000	25.2%
2022-23	\$ 9,393,000	\$ 324,000	\$ 6,238,000	26.1%

- CalPERS projects the employer rate will reach 27.3% in 2024-25
- 2017-18 ongoing annual cost for STRS & PERS is \$5,957,000 more than 2013-14 costs

Budget Challenges

Additional District Cost on Each Payroll Dollar

Statutory Benefits	Academic		Classified	
	2016-17	2017-18	2016-17	2017-18
State Teachers Retirement System (STRS)	12.58%	14.43%		
Public Employee Retirement System (PERS)			13.89%	15.531%
Social Security (OASDI)			6.20%	6.20%
Medicare	1.45%	1.45%	1.45%	1.45%
State Unemployment Insurance (SUI)	0.05%	0.05%	0.05%	0.05%
Workers' Compensation	1.86%	1.74%	1.86%	1.74%
Active Employee Retiree Health Liability (HRL)	9.40%	11.70%	5.00%	5.20%
Retired Employee Retiree Health Liability (HR2)	14.00%	17.00%	12.00%	14.00%
Total	39.34%	46.37%	40.45%	44.17%

Budget Challenges

— Retiree Health Benefits —

Projected retiree claims and expenses: Oct 2016 actuarial study

2018 – \$13.7 million

2032 – \$18.0 million

2042 – \$13.9 million

2046 – \$10.6 million

2052 – \$ 6.4 million

2088 – \$ 0

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
Total Expenditures	14,694,915.00	14,194,824.01	12,572,766.38	11,604,840.41	10,910,680.11	10,104,869.41	8,637,614.17	7,743,047.81	7,173,669.49

Budget Challenges

Full-Time Faculty Health Benefits

	Renewal Rate % Increase/Decrease		Total Health Benefits Cost	Year over Year Increase	Cumulative Increase
	Kaiser HMO	Blue Cross PPO			
2012-13 Actual		19.00%	6,925,669		
2013-14 Actual	7.18%	1.50%	7,151,466	225,797	225,797
2014-15 Actual	-2.55%	9.15%	7,694,690	543,224	769,021
2015-16 Actual	5.43%	0.00%	7,894,440	199,750	968,771
2016-17 Actual	-0.45%	13.00%	9,322,435	1,427,995	2,396,765
2017-18 Budgeted	-2.28%	2.53%	10,163,645	841,210	3,237,976

Budget Challenges

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 %

Budget Challenges

History of COLA (2016-17 and beyond)

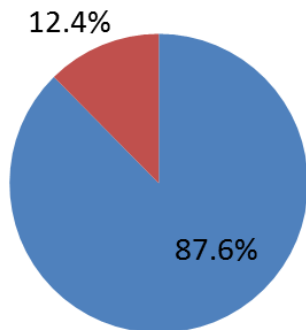
Year	Statutory COLA	California Community Colleges COLA	Salary Settlements	Unit Cost	Equivalent Unit 1%	
					On Schedule	Off Schedule
2016-17	0.00%	0.00%	AFT - Unsettled	-		
			SEIU - Tentative Agreement: 1% on schedule, \$422,000 off schedule, increase in health cap, 1.0 FTE release time	-		
2017-18	1.56%	1.56%	AFT - Unsettled	-		
			SEIU - Tentative Agreement: 1% on schedule, \$422,000 off schedule, increase in health cap, 1.0 FTE release time	\$ 1,115,818	1.95%	1.18%

Budget Challenges

Ratio of Unrestricted Fund 111 Salaries to Categorical Fund 121 Salaries

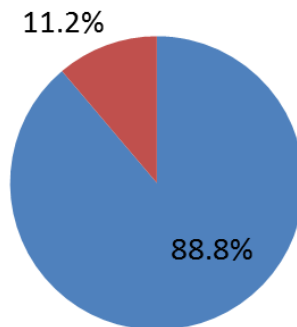
■ Unrestricted Fund 111 ■ Restricted Fund 121

FY18 Budgeted



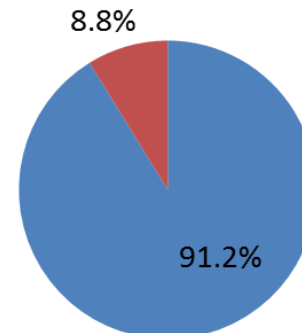
\$67.2M / \$9.5M

FY17 Actual



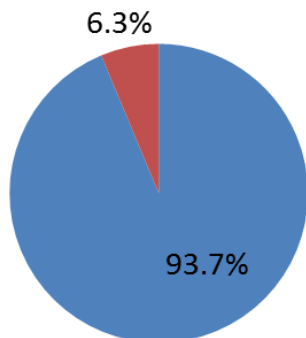
\$61.4M / \$7.7M

FY16 Actual



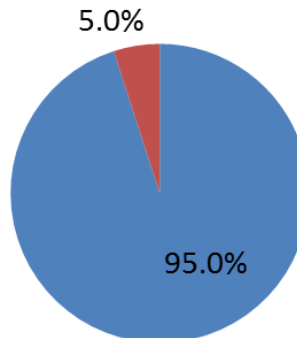
\$60.5M / \$5.8M

FY15 Actual



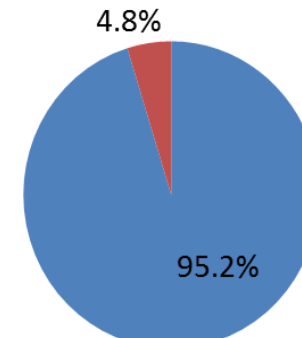
\$57.7M / \$3.9M

FY14 Actual



\$56.5M / \$3.0M

FY13 Actual



\$54.7M / \$2.8M

Budget Challenges

FTES Trends

FTES	FY17	FY18 Target	Growth target from prior year	(A) End of year projection as of 9/18/17	(B) End of year projection as of 9/18/17	* FY18 Funding from Allocation model	FY18 0.68% State growth
Moorpark College	11,243	11,281	0.34%	11,402	11,387	11,243	
Oxnard College	5,096	5,220	2.43%	5,154	5,016	5,096	
Ventura College	9,753	9,883	1.33%	9,796	9,717	9,753	
Operational FTES	26,092	26,384	1.12%	26,352	26,120	26,100	26,648
Shift	(685)			-	-	-	-
FTES report to State	25,407	26,384		26,352	26,120	26,100	26,648
State funded FTES	26,468	26,384		26,352	26,120	26,100	26,648

* Allocation model funds colleges based on prior year operational FTES or state reported FTES subject to the maximum of state funded base.

(A) Summer 17 and Fall 17 actuals plus Spring 18 and Summer 18 targets

(B) Summer 17 and Fall 17 actuals plus prior year Spring and Summer actuals

Budget Objective

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

- Enrollment Management
- Managing Fiscal Impact of FTES
- Expenditure Concerns
 - ✓ Restricted vs Unrestricted
 - ✓ One-time vs ongoing
 - ✓ STRS/PERS
 - ✓ Health and welfare escalation
 - ✓ Retiree health benefit liability
 - ✓ Collective Bargaining
 - ✓ Utilities (Sustainability)
- Judicious Utilization of Reserves

Guiding Principles During Challenging Fiscal Circumstances

- Students First
 - Prioritize Student Access, Social Justice and Outcomes Attainment
- Avoid Layoffs
- Pursue Revenue Opportunities
- Maintain an Annual Balanced Budget with Judicious Use of One-time Reserves

Revenue Initiatives

- Dual Enrollment
- Noncredit offerings
- Guided Pathways
- Districtwide Promise
- Workforce and Economic Development programs
- Grants
- Nonresident/International Students

Next Steps

- Continue Ongoing Discussions at each College and the District Administrative Center
- Chancellor's Cabinet Review of Replacement Positions and New Hires
- Prioritize Programs and Services
- Consider Hiring Freeze
- Monitor and Adjust Budgets
- Evaluate Discretionary Budget Reductions (5%, 10%, 15%, 20%)
- Focus on Efficiencies, Best Practices, Opportunity Cost and Optimization of Resources
- Reduce Cost of Health Benefits

We are interested in your ideas.

Please email your suggestions to
budgetsolutions@vcccd.edu

Thank you!