

Ventura County Community College District

Budget Update



November 8, 2011

FY12 State Budget Deficit

- ▶ **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 Funding

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

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

- ▶ **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**

- ▶ **General Fund Revenue is distributed through our Board approved Allocation Model**

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 yr)	\$ 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

Beyond FY12

FY13 State Structural Deficit **\$8 billion**

Assuming a proportionate share to Prop 98 and CCC:

VCCCD share **\$8.1 million**

Plus: estimated annual increase costs **\$3-\$4 million**

Total projected FY13 VCCCD reduction **\$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. Final numbers will be unknown until February 2013.

Issues–VCCCD (continued)

▶ Declining Funded Cap (FTES)

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

▶ Increasing Delay in Cash Receipts

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

- State Budgets are not balanced
- We need to ensure cash while we wait for money from State.

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

Issues–VCCCD (continued)

- ▶ **Compliance/Funding (need to maintain):**
 - **FON (Full-time Faculty Obligation)**
 - **50% law (Direct Instructional Cost)**
 - **Funded FTES cap**
 - **FTES base (medium to small)**

Solutions

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