

Ventura County Community College District

Adoption Budget Fiscal Year 2016–2017



Board of Trustees Meeting
September 13, 2016

State Budget Focus – FY17

Budget Augmentation

- Operating Funds = College Quality
(Base Increase, STRS/PERS, Prop 30)
- Access
- Strong Workforce
- Basic Skills Student Success
- Infrastructure

New Funding – FY17

| | State Adopted Budget | VCCCD Proportional Share | VCCCD Included in Adoption |
|--|----------------------------|--------------------------------|----------------------------------|
| Apportionment Base Increase | 75,000,000 | 1,672,500 | 1,656,000 |
| FTES Growth (prior year) | 114,668,000 | - | - |
| COLA (0%) | - | - | - |
| Mandated Backlog Payments (one-time) | 105,501,000 | 2,318,400 | * |
| Subtotal Unrestricted Funds | 295,169,000 | 3,990,900 | 1,656,000 |
| Basic Skills Innovation | 30,000,000 | 669,000 | * |
| Strong Workforce | 200,000,000 | 2,318,400 | * |
| SB 1070 CTE Pathways | 48,000,000 | 1,070,400 | * |
| Institutional Effectiveness | 10,000,000 | 223,000 | * |
| Deferred Maintenance & Instructional Equip (one-time) | 184,565,000 | 4,115,800 | 4,138,099 |
| Proposition 39 | 49,280,000 | 1,098,944 | 938,872 |
| Subtotal Restricted Funds | 521,845,000 | 9,495,544 | 5,076,971 |
| Total Funds | 817,014,000 | 13,486,444 | 6,732,971 |

* Once actual allocations are known, budget augmentations will be brought forward to the Board

VCCCD Key Budget Components

- State enacted budget
 - Apportionment Base increase
 - Zero COLA
 - Increases in restricted program funds, if known
- FTES 26,468 (funded through stabilization)
- Prior year carryover

VCCCD Key Budget Components

History of COLA

| Year | Statutory COLA | California Community Colleges COLA | Salary Settlements |
|---------|----------------|------------------------------------|--|
| 2010-11 | -0.39% | 0.00% | AFT - none; SEIU - increase in health cap |
| 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 - 1% on schedule, \$1000 off schedule, increase in health cap (equal to 2.25%) |
| 2014-15 | 0.85% | 0.85% | AFT - 1.22% FT schedule, 2.44% PT schedule; SEIU - 1.7% on schedule, 2% off schedule, 1.5% on schedule (effective 7/1/15, district met growth target) |
| 2015-16 | 1.02% | 1.02% | AFT - 3.02% FT & PT schedules; SEIU - 3.02% on schedule, increase in health cap |
| 2016-17 | 0.00% | 0.00% | |

VCCCD Key Budget Components

Additional District Cost on Each Payroll Dollar

| Statutory Benefits | Academic | Classified |
|---|---------------|---------------|
| State Teachers Retirement System (STRS) | 12.58% | |
| Public Employee Retirement System (PERS) | | 13.888% |
| Social Security (OASDI) | | 6.20% |
| Medicare | 1.45% | 1.45% |
| State Unemployment Insurance (SUI) | 0.05% | 0.05% |
| Workers' Compensation | 1.86% | 1.86% |
| Active Employee Retiree Health Liability (HRL) | 9.40% | 5.00% |
| Retired Employee Retiree Health Liability (HR2) | 14.00% | 12.00% |
| Total | 39.34% | 40.45% |

STRS

| Fiscal Year | Estimated cost | 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 | 8.88% | 8.15% | 8.15% | 3.45% |
| 2015-16 | \$ 5,862,000 | \$ 1,817,000 | 10.73% | 9.20% | 8.56% | 3.89% |
| 2016-17 | \$ 6,664,000 | \$ 2,619,000 | 12.58% | 10.25% | 9.21% | 6.33% |
| 2017-18 | \$ 7,644,000 | \$ 3,599,000 | 14.43% | 10.25% | 9.21% | 6.33% |
| 2018-19 | \$ 8,624,000 | \$ 4,579,000 | 16.28% | 10.25% | 9.21% | 6.33% |
| 2019-20 | \$ 9,604,000 | \$ 5,559,000 | 18.13% | 10.25% | 9.21% | 6.33% |
| 2020-21 | \$ 10,118,000 | \$ 6,073,000 | 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.

PERS

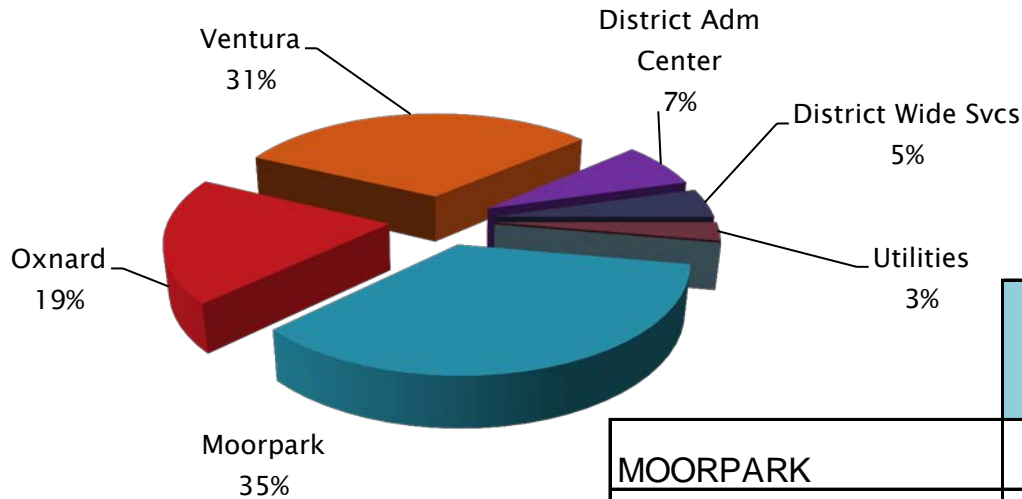
| Fiscal Year | Estimated cost | Cumulative increase | Rate |
|-------------|----------------|---------------------|---------|
| 2013-14 | \$ 3,155,000 | | 11.700% |
| 2014-15 | \$ 3,359,000 | \$ 204,000 | 11.700% |
| 2015-16 | \$ 3,573,000 | \$ 418,000 | 11.850% |
| 2016-17 | \$ 4,700,000 | \$ 1,545,000 | 13.888% |
| 2017-18 | \$ 5,246,000 | \$ 2,091,000 | 15.5% |
| 2018-19 | \$ 5,788,000 | \$ 2,633,000 | 17.1% |
| 2019-20 | \$ 6,296,000 | \$ 3,141,000 | 18.6% |
| 2020-21 | \$ 6,702,000 | \$ 3,547,000 | 19.80% |

VCCCD Key Budget Components

| FTES | FY16 | FY17 Targets | growth from prior | FY18 no growth | FY18, 0.56% State growth |
|--------------------------|--------|-----------------|-------------------------|----------------------|--------------------------------|
| Moorpark College | 10,987 | 11,200 | 1.94% | 11,200 | |
| Oxnard College | 5,089 | 5,225 | 2.67% | 5,225 | |
| Ventura College | 9,707 | 9,840 | 1.37% | 9,840 | |
| Operational FTES | 25,783 | 26,265 | 1.87% | 26,265 | 26,597 |
| Shift | 685 | (685) | | - | - |
| FTES reported to State * | 26,468 | 25,580 | | 26,265 | 26,597 |
| State funded FTES | 26,468 | 26,468 | | 26,265 | 26,597 |

* Allocation model funds colleges based on prior year reported FTES. Ventura College is not projected to maintain middle college size in FY17. There is a three year stability period for middle college funding. However, funding decreases in the 4th year (2019–2020) by \$600,000 if Ventura College does not grow back to middle college size.

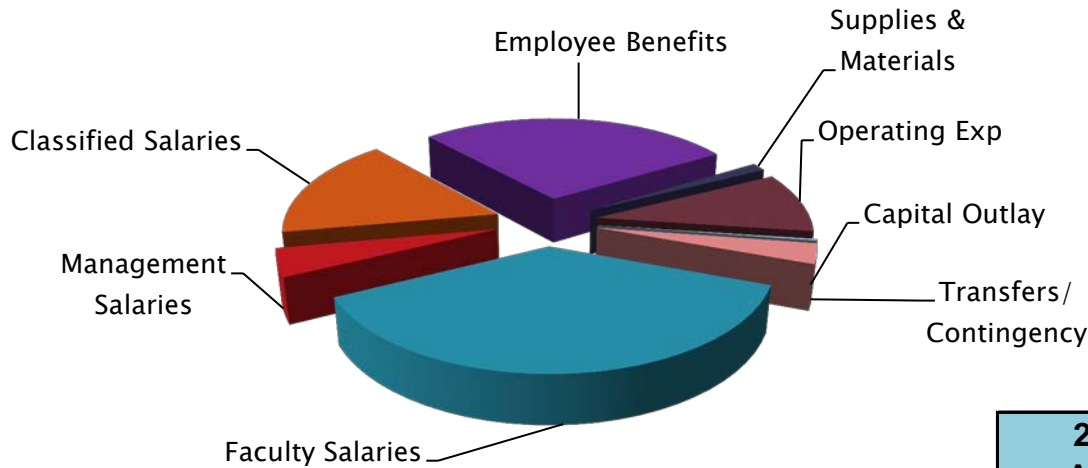
Unrestricted by Location



| | 2015-16 ACTUAL EXPENDITURES | 2016-17 ADOPTION BUDGET* |
|---------------------------|-----------------------------------|--------------------------------|
| MOORPARK | 49,990,261 | 54,203,937 |
| OXNARD | 27,520,588 | 29,743,820 |
| VENTURA | 45,056,901 | 48,372,019 |
| DISTRICT ADM CENTER | 10,229,267 | 10,782,798 |
| DISTRICTWIDE SVCS | 6,073,071 | 6,894,329 |
| UTILITIES | 3,674,445 | 4,255,000 |
| INFRASTRUCTURE | 6,096,184 | - |
| TOTAL EXPENDITURES | 148,640,717 | 154,251,904 |

* Includes site carryover funds

Unrestricted by Object



| | | | |
|---------------------------|--------------------|--------------------|---------------|
| FACULTY SALARIES | 58,256,612 | 57,337,832 | 37.2% |
| MANAGEMENT SALARIES | 6,787,859 | 6,780,199 | 4.4% |
| CLASSIFIED SALARIES | 23,626,003 | 25,101,404 | 16.3% |
| EMPLOYEE BENEFITS | 38,498,035 | 42,986,541 | 27.9% |
| SALARY & BENEFIT SUBTOTAL | <u>127,168,509</u> | <u>132,205,976</u> | <u>85.7%</u> |
| SUPPLIES & MATERIALS | 1,926,255 | 2,007,826 | 1.3% |
| OPERATING EXP | 12,076,182 | 14,788,124 | 9.6% |
| CAPITAL OUTLAY | 660,046 | 394,601 | 0.3% |
| TRANSFERS/CONTINGENCY | 6,809,725 | 4,855,377 | 3.1% |
| TOTAL EXPENDITURES | <u>148,640,718</u> | <u>154,251,904</u> | <u>100.0%</u> |

| | 2015-16 ACTUAL EXPENDITURE | 2016-17 ADOPTION BUDGET * | PERCENT OF TOTAL |
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* Includes site carryover funds

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 | 25,169,656 | 46.4% | 11,859,907 | 39.9% | 20,308,269 | 42.0% |
| MANAGEMENT SALARIES | 1,682,316 | 3.1% | 1,448,050 | 4.9% | 1,849,921 | 3.8% |
| CLASSIFIED SALARIES | 7,596,802 | 14.0% | 4,989,656 | 16.8% | 7,967,768 | 16.5% |
| EMPLOYEE BENEFITS | 15,813,183 | 29.2% | 8,902,118 | 29.9% | 14,689,187 | 30.4% |
| SALARY & BENEFIT SUBTOTAL | 50,261,957 | 92.7% | 27,199,730 | 91.4% | 44,815,145 | 92.6% |
| SUPPLIES & MATERIALS | 800,720 | 1.5% | 513,992 | 1.7% | 610,762 | 1.3% |
| OPERATING EXP | 1,686,279 | 3.1% | 1,194,890 | 4.0% | 1,577,187 | 3.3% |
| CAPITAL OUTLAY | 203,305 | 0.4% | 106,785 | 0.4% | 18,110 | 0.0% |
| TRANSFERS/CONTINGENCY | 1,251,676 | 2.3% | 728,423 | 2.4% | 1,350,815 | 2.8% |
| TOTAL EXPENDITURES | 54,203,937 | 100.0% | 29,743,820 | 100.0% | 48,372,019 | 100.0% |

* Includes site carryover funds

Reserves

| | 2015-16 ADOPTION BUDGET | 2016-17 ADOPTION BUDGET |
|--|--|--|
| Board Designated | | |
| State Required Minimum 5% | 7,991,634 | 9,215,676 |
| Revenue Shortfall Contingency | 5,000,000 | 5,000,000 |
| Distributed Marketing | 400,000 | - |
| Emergency Preparedness | 2,000,000 | - |
| State Teachers' Retirement System (STRS) | 1,000,000 | 1,000,000 |
| Energy Efficiency | 1,400,000 | 1,400,000 |
| Enrollment Growth | 1,000,000 | - |
| Unallocated | 6,648,593 | 9,899,926 |
| Total Reserves | 25,440,227 | 26,515,602 |

Planning / Budget Considerations

- State economic cycle
 - Zero percent COLA
- SB 860 revised growth funding formula = low growth for VCCCD
- Proposition 30
 - Sales tax sunset (0.25%) 12/31/2016
 - Top 1% income tax sunset 12/31/2018
- Loss of BOG fee waiver eligibility and FTES impact

Planning / Budget Considerations

- Alternative funding sources
- Restricted vs Unrestricted
 - SSSP & Student Equity funds
- Expenditure concerns
 - One-time vs ongoing
 - STRS/PERS
 - Health and welfare escalation
 - Retiree health benefit liability
 - Consumer Price Index (CPI)
- Collective Bargaining
- *Enrollment Management!*

On the Horizon

- Annual review of allocation models
- Multi-year projection (MYP)
- Budget study session