

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

2018-19 STRATEGIC PLANNING SESSION



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BOARD OF TRUSTEES MEETING

JULY 9, 2018

STUDENT FOCUSED FUNDING FORMULA THREE-YEAR FORMULA PHASE-IN

Component	2017-18	2018-19	2019-20	2020-21
Base	100%	70%	65%	60%
Equity		20%	20%	20%
Student Success		10%	15%	20%

More details to come...
Date unknown



STUDENT FOCUSED FUNDING FORMULA HOLD-HARMLESS BUDGET VS. DOF SIMULATION

	FY18	FY19	FY20
Hold Harmless Budget (TCR)	\$151.1M	\$151.1M	\$151.1M

	FY18	FY19	FY20
DOF Simulation	\$151.1M	\$163.5M	\$170.4M
Increase in Unrestricted General Fund *	-	\$12.4M	\$19.3M

* Note: Difference from FY18 TCR

More details to come...
Date unknown



STUDENT FOCUSED FUNDING FORMULA

DETAILS TO COME FROM CCCCO...!@#\$??

- OFFICIAL DISTRICT ALLOCATIONS/ADVANCED APPORTIONMENT
- TEMPLATE FOR LOCAL SIMULATIONS
- COMPREHENSIVE FAQs

KEY BUDGET COMPONENTS

FTES SHIFT FROM FY19 INTO FY18

FTES	2015-16	2016-17	2017-18	2018-19
Operational	25,783	26,092	26,100	26,100
Shift	+ 685	(685)	+ 560	(560)
State-reported	26,468	25,407	26,660	25,540
Funded FTES	26,468	26,468	26,660	?

Note 1: 2017-18 FTES becomes hold-harmless baseline

Note 2: Shifting FTES into 2017-18 provides additional estimated revenues of **\$2 – 2.5 million**

Note 3: Funded FTES in 2017-18 of 26,660 restores to base of 26,468 plus constrained growth

Note 4: 2018-19 and future funded FTES to be determined with release of Student-Focused Funding Formula details

STUDENT FOCUSED FUNDING FORMULA DISCUSSION

- Exceptional opportunity for innovation and improvement
- Districtwide comprehensive planning
 - FTES base
 - Equity
 - Student success
- Chancellor's Cabinet retreat 7/18/18
- Schedule Board study session (September)
- Adoption Budget
- Multi-year projection
- One-time funds vs. ongoing funds
- FTES shift
- Strategically revisit budget allocation model

KEY BUDGET COMPONENTS

Additional District Cost on Each Payroll Dollar

Statutory Benefits	Academic	Classified
State Teachers Retirement System (STRS)	16.28%	N/A
Public Employee Retirement System (PERS)	N/A	18.1%
Social Security (OASDI)	N/A	6.2%
Medicare	1.45%	1.45%
State Unemployment Insurance (SUI)	0.05%	0.05%
Workers' Compensation	1.74%	1.74%
Active Employee Retiree Health Liability (HRL)	12.5%	6.0%
Retired Employee Retiree Health Liability (HR2)	17.5%	14.5%
Total	49.52%	48.04%

KEY BUDGET COMPONENTS

TEN-YEAR HISTORY OF HEALTH & WELFARE PREMIUM COSTS

RETIREEES

	FY19 Budget	FY18 Estim	FY17 YTD	FY16 YTD	FY15 YTD	FY14 YTD	FY13 YTD	FY12 YTD	FY11 YTD	FY10 YTD
Classified	4,880,180	4,704,495	4,620,888	4,312,713	3,739,463	3,725,191	3,373,990	2,951,267	2,684,396	2,353,326
Confidential	384,886	364,172	375,750	358,171	332,967	351,908	308,835	266,039	240,398	200,271
Faculty	7,328,157	7,396,631	7,247,887	6,190,353	6,001,060	5,321,878	5,098,860	4,188,227	3,639,113	3,584,716
Management	1,322,542	1,380,321	1,300,471	1,125,884	1,000,878	989,824	875,851	816,439	786,950	705,953
Supervisors	644,082	661,008	649,827	585,645	530,472	521,879	447,335	415,642	392,191	329,404
Total Expenditures	14,559,848	14,506,626	14,194,824	12,572,766	11,604,840	10,910,680	10,104,869	8,637,614	7,743,048	7,173,669

ACTIVE EMPLOYEES

	FY19 Budget	FY18 Estim	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10
Classified	7,720,264	6,946,639	6,875,459	6,291,645	5,690,832	5,776,778	5,061,853	5,426,766	5,515,081	5,705,464
Confidential	239,264	226,491	232,573	224,734	208,955	205,284	195,987	205,525	183,748	160,082
Faculty	10,977,389	9,995,195	9,680,149	8,180,540	7,852,703	7,299,731	7,083,970	6,134,206	5,795,301	6,098,833
Management	1,219,688	1,141,140	1,078,037	1,000,024	841,093	815,986	729,339	739,623	727,465	776,911
Supervisors	670,733	647,227	606,366	588,801	561,131	618,180	549,679	470,775	431,802	392,963
Total Expenditures	20,827,338	18,956,692	18,472,584	16,285,744	15,154,714	14,715,959	13,620,828	12,976,895	12,653,397	13,134,253

TOTALS

Total Unrestricted Revenue	159,783,130	154,931,762	151,545,609	144,305,637	133,118,624	131,086,840	127,722,561	130,438,886	134,921,415	134,765,057
Retiree %	9.1%	9.4%	9.4%	8.7%	8.7%	8.3%	7.9%	6.6%	5.7%	5.3%
Active Employ %	13.0%	12.2%	12.2%	11.3%	11.4%	11.2%	10.7%	9.9%	9.4%	9.7%
TOTAL	22.1%	21.6%	21.6%	20.0%	20.1%	19.5%	18.6%	16.6%	15.1%	15.1%

KEY BUDGET COMPONENTS

RETIREE HEALTH & WELFARE PROJECTED COSTS

FUTURE PROJECTED RETIREE CLAIMS AND EXPENSES (OCT 2016 ACTUARIAL STUDY)

Year	Projected expense
2018	\$13.7 million
2032	\$18.0 million
2042	\$13.9 million
2046	\$10.6 million
2052	\$ 6.4 million
2088	\$ 0

- 10/1/16 – ACTUARIAL ACCRUED LIABILITY OF \$210,292,120
- 12/31/17 – PLAN ASSETS OF \$20,950,143

KEY BUDGET COMPONENTS: STRS

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	\$ 6,664,000	\$ 802,000	\$2,619,000	12.58%	10.25%	9.21%	6.33%
2017-18	\$ 7,852,000	\$1,188,000	\$3,807,000	14.43%	10.25%	9.21%	6.33%
2018-19	\$ 9,039,000	\$1,187,000	\$4,994,000	16.28%	10.25%	10.21%	6.33%
2019-20	\$ 10,129,000	\$1,090,000	\$6,084,000	18.13%	10.25%	10.21%	6.33%
2020-21	\$ 10,788,000	\$ 659,000	\$6,743,000	19.10%	10.25%	10.21%	6.33%

NOTE 1: PLAN ALLOWS CALSTRS TO ANNUALLY ADJUST THE EMPLOYER AND STATE RATES BEGINNING JULY 1, 2021; CAPS ANY SUCH ANNUAL INCREASE AT 1% FOR EMPLOYERS AND 0.5% FOR THE STATE.

NOTE 2: IN FEBRUARY 2017, THE CALSTRS BOARD TOOK ACTION TO REDUCE THE ASSUMED RATE OF RETURN ON ITS INVESTMENTS FROM 7.5% TO 7.0%. IT IS UNKNOWN HOW THIS MAY AFFECT THE EMPLOYER RATE IN THE FUTURE.

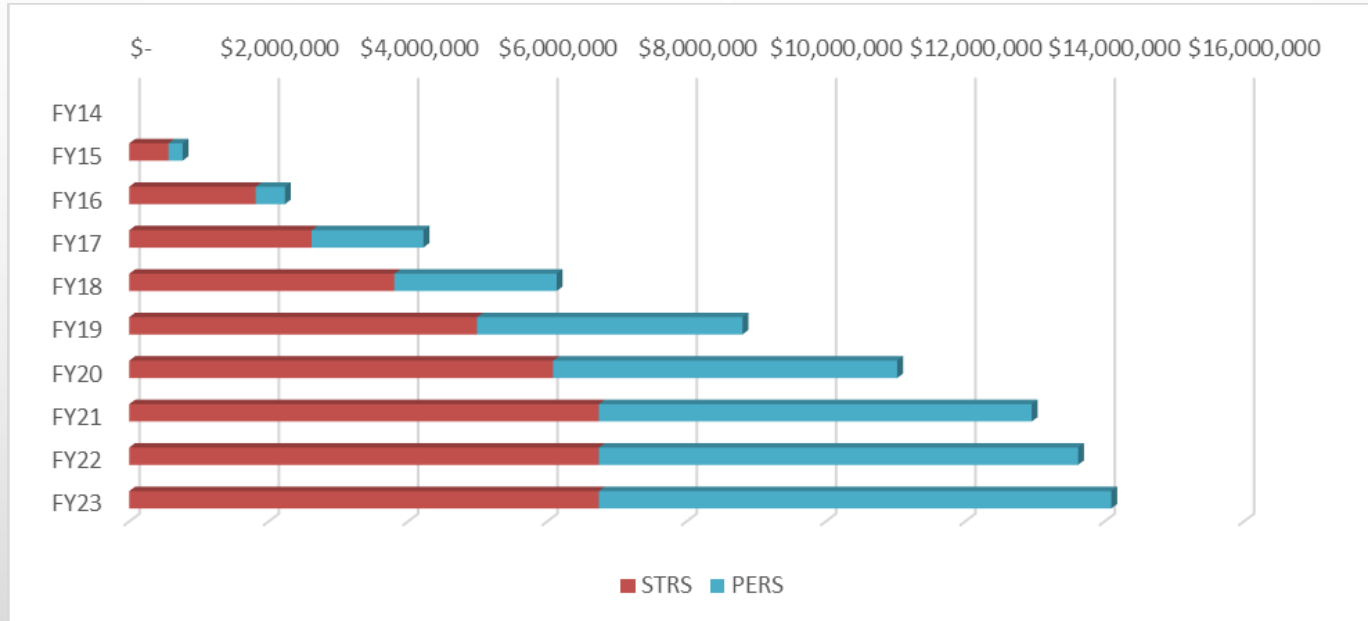
NOTE 3: AS A RESULT OF RECENT CHANGES TO THE ACTUARIAL ASSUMPTIONS ADOPTED BY THE CALSTRS BOARD THAT CHANGE THE NORMAL COST FOR PEPPRA MEMBERS, THE CONTRIBUTION RATE HAS INCREASED IN FY 2018-19 BY 1%.

KEY BUDGET COMPONENTS: PERS

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	\$ 4,760,000	\$ 1,187,000	\$ 1,605,000	13.888%
2017-18	\$ 5,484,000	\$ 724,000	\$ 2,329,000	15.8%
2018-19	\$ 6,965,000	\$ 1,481,000	\$ 3,810,000	18.1%
2019-20	\$ 8,095,000	\$ 1,130,000	\$ 4,940,000	20.8%
2020-21	\$ 9,368,000	\$ 1,273,000	\$ 6,213,000	23.8%
2021-22	\$10,033,000	\$ 665,000	\$ 6,878,000	25.2%
2022-23	\$10,510,000	\$ 477,000	\$ 7,355,000	26.1%

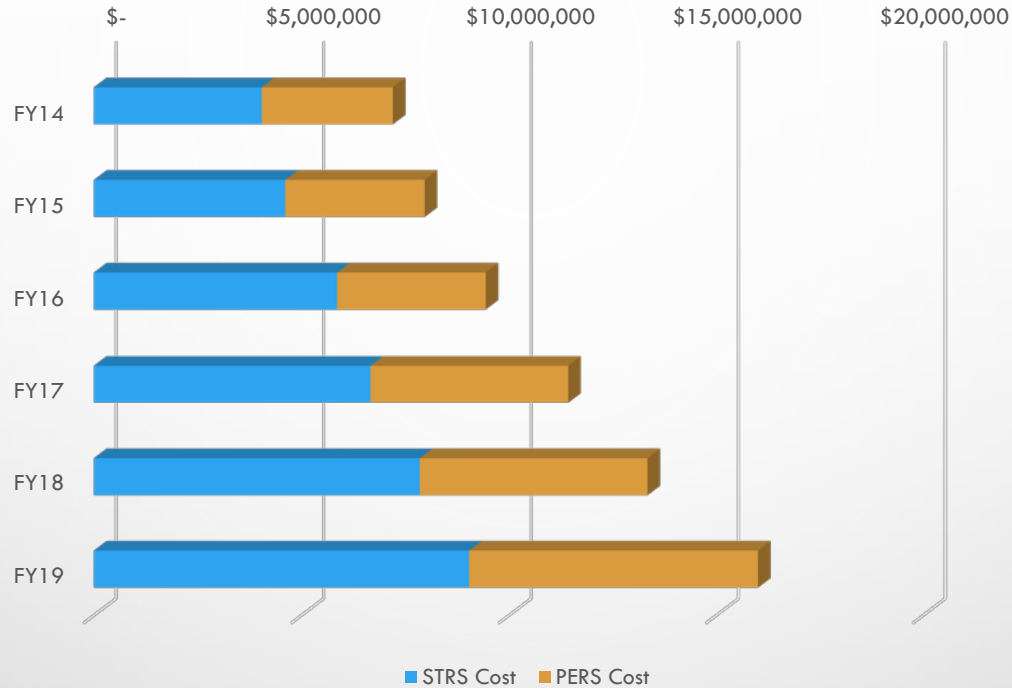
CalPERS recently approved the 2018-19 rate at 18.1%. The projected employer rates revised by CalPERS are projected to reach 27.3% in 2024-25.

STRS & PERS CUMULATIVE INCREASED ANNUAL COST SINCE FY14



	FY19 Budget	FY18 Estim	FY17	FY16	FY15	FY14
Total Unrestricted Revenue	159,783,130	154,931,762	151,545,609	144,305,637	133,118,624	131,086,840
STRS	3.1%	2.5%	1.7%	1.3%	0.4%	0.0%
PERS	2.4%	1.5%	1.1%	0.3%	0.2%	0.0%
TOTAL	5.5%	4.0%	2.8%	1.5%	0.6%	0.0%

STRS & PERS TOTAL EXPENDITURES



	FY19 Budget		FY18 Estim		FY17		FY16		FY15		FY14		FY13		FY12		FY11		FY10	
Total Unres Rev	159,783,130		154,931,762		151,545,609		144,305,637		133,118,624		131,086,840		127,722,561		130,438,886		134,921,415		134,765,057	
	Expense	%	Expense	%	Expense	%	Expense	%	Expense	%	Expense	%	Expense	%	Expense	%	Expense	%	Expense	%
STRS	9,039,000	5.7%	7,852,000	5.1%	6,664,000	4.4%	5,862,000	4.1%	4,608,000	3.5%	4,045,000	3.1%	3,691,234	2.9%	3,852,714	3.0%	3,963,155	2.9%	4,083,756	3.0%
PERS	6,965,000	4.4%	5,484,000	3.5%	4,760,000	3.1%	3,573,000	2.5%	3,359,000	2.5%	3,155,000	2.4%	2,360,939	1.8%	2,418,450	1.9%	2,467,963	1.8%	2,283,646	1.7%
Total		10.0%		8.6%		7.5%		6.5%		6.0%		5.5%		4.7%		4.8%		4.8%		4.7%

HISTORICAL SALARY & BENEFIT COSTS GENERAL FUND 111 - UNRESTRICTED (AS A PERCENT OF TOTAL EXPENDITURES)

Year		
2010-11	84.1%	
2011-12	85.5%	
2012-13	85.7%	
2013-14	86.1%	
2014-15	84.7%	
2015-16	85.6%	
2016-17	86.3%	
2017-18	88.6%	Projected
2018-19	89.6%	Tentative

KEY BUDGET COMPONENTS

General Fund 111 – Unrestricted – Reserves (Ending Balance) Designated and Unallocated

Year	State Required Minimum 5%	Total Reserves	%
FY18 (estim)	\$9,310,363	\$25,236,333	13.6
FY17	\$9,281,823	\$20,132,800	10.8
FY16	\$9,215,676	\$26,515,602	14.4
FY15	\$7,991,449	\$25,440,227	15.9
FY14	\$7,025,449	\$24,804,243	17.7
FY13	\$6,838,130	\$22,587,735	16.5
FY12	\$6,616,746	\$21,918,351	16.6
FY11	\$6,916,541	\$25,181,591	18.2
FY10	\$7,093,005	\$21,645,770	15.3
FY09	\$6,790,790	\$20,555,321	15.1

COST CONTROL & USE OF RESERVES

DISCUSSION

- Health & welfare benefits cost escalation
- STRS & PERS cost escalation
- Salary & benefits cost escalation
- Health & welfare irrevocable trust
- Reserves – Suitable balance and use (Grow FTES, facilities, safety & security, technology, mitigate workforce reductions, etc.)