

**VENTURA COUNTY COMMUNITY COLLEGE DISTRICT**  
**Board of Trustees**

**Audit/ Budget/Foundation Subcommittee**  
**February 27, 2006**

**Present:**

Committee Members: Trustee Heitmann and Trustee Miller.  
Staff: Dr. James Meznek, Chancellor; Ms. Sue Johnson, Vice Chancellor, Business and Administrative Services

**Meeting was called to order at 12:10pm**

**Agenda:**

**Review and Discussion of Budget Assumptions 2006-07**

Ms. Johnson presented the Budget Assumptions for 2006-07 as they were recommended by DCAS for Board consideration. The overall premise of the assumptions is that the District will present a balanced budget to the Board for approval. A balanced budget being defined as a budget without projected "deficit spending", i.e. where budgeted expenditures do not exceed budgeted revenue.

The assumptions include the typical description of how the District will project revenue, i.e. (1) using the preliminary Governor's January Proposal as it is estimated to impact VCCCD; and (2) adjusting those projections based on the Governor's May Revise to finalize the Tentative Budget to be presented to the Board in June. The Approved State Budget will be used to develop the final Adoption Budget to be presented to the Board in September.

The 2006-07 Budget Assumptions, as recommended by DCAS, include a segmenting of reserves (the District's estimated year-end balance) into four categories:

- (1) A designated reserve for the state-required minimum prudent reserve of 5%.
- (2) A designated reserve for revenue shortfall contingency (\$1 million) to protect against any shortfall in budgeted revenue in 2006-07. This amount is still believed to be necessary because we experienced four years of severe revenue cuts and shortfalls and only the most recent year without a shortfall. This amount remains unspent from 2005-06, and could only be used to mitigate revenue shortfalls.
- (3) A designated reserve for the budget roll-over for any remaining 2005-06 balances for the three colleges and district office. These amounts would carry-over to the sites generating the savings and are to be used for one-time expenses only.
- (4) An unallocated reserve, which would consist of the balance (if any) at year end that was not designated above in # (1) – (3). This would be developed primarily because of the "no deficit spending" philosophy. These dollars could later be allocated by the Board for one-time expenditures in support of overall Board strategic priorities and needs.

In February 2004, the Board adopted the objective to gradually increase the general reserve to 7% in order to ensure financial stability, protect against unanticipated revenue shortfalls, and provide for unanticipated or one-time needs. The categories above meet that objective for financial stability.

The recommendation to the Board also includes the assumption that the allocation process (a proportional share of increases and decreases in the budget) that has been used for the past three years will continue for 2006-07. Because the proportional share of changes in the budget has remained constant and the proportional share of FTES has not, the support per FTES per college has shifted over that time period.

## **Discussion of Allocation Model Development**

### **Budget Principles**

In November 2005, DCAS adopted Basic Principles for a new Budget Allocation Process. Those principles were presented to the Audit/Budget subcommittee for consideration as a beginning step in developing a new allocation process for 2007-08. The subcommittee discussed those principles and accepted them with only a minor change. They will be presented at a later date to the full Board for consideration along with the beginning of a draft for Board Strategic Priorities.

### **Board Strategic Priorities**

The committee discussed the need to develop Board Strategic Priorities as a foundation for the District to develop a new allocation process. Suggestions from the subcommittee members to begin consideration were: a focus on instructional technology; develop core curriculum; partnering to meet business needs; etc. Strategic Priorities will be drafted at later meetings of the subcommittee to be presented to the full Board at a study session for further development and adoption.

### **Discussion on KH Report finding regarding need for budget transparency**

Ms. Johnson mentioned the KH Report finding regarding the need for better transparency related to the budget and budget process, and asked the subcommittee members for suggestions from the Board's perspective on how that might be achieved. The discussion included the concept that the need for transparency may be at the college level as well as the district-wide level. This idea will be discussed throughout the upcoming year.

**Meeting adjourned at 2:00 pm.**