

VENTURA COUNTY  
COMMUNITY COLLEGE DISTRICT

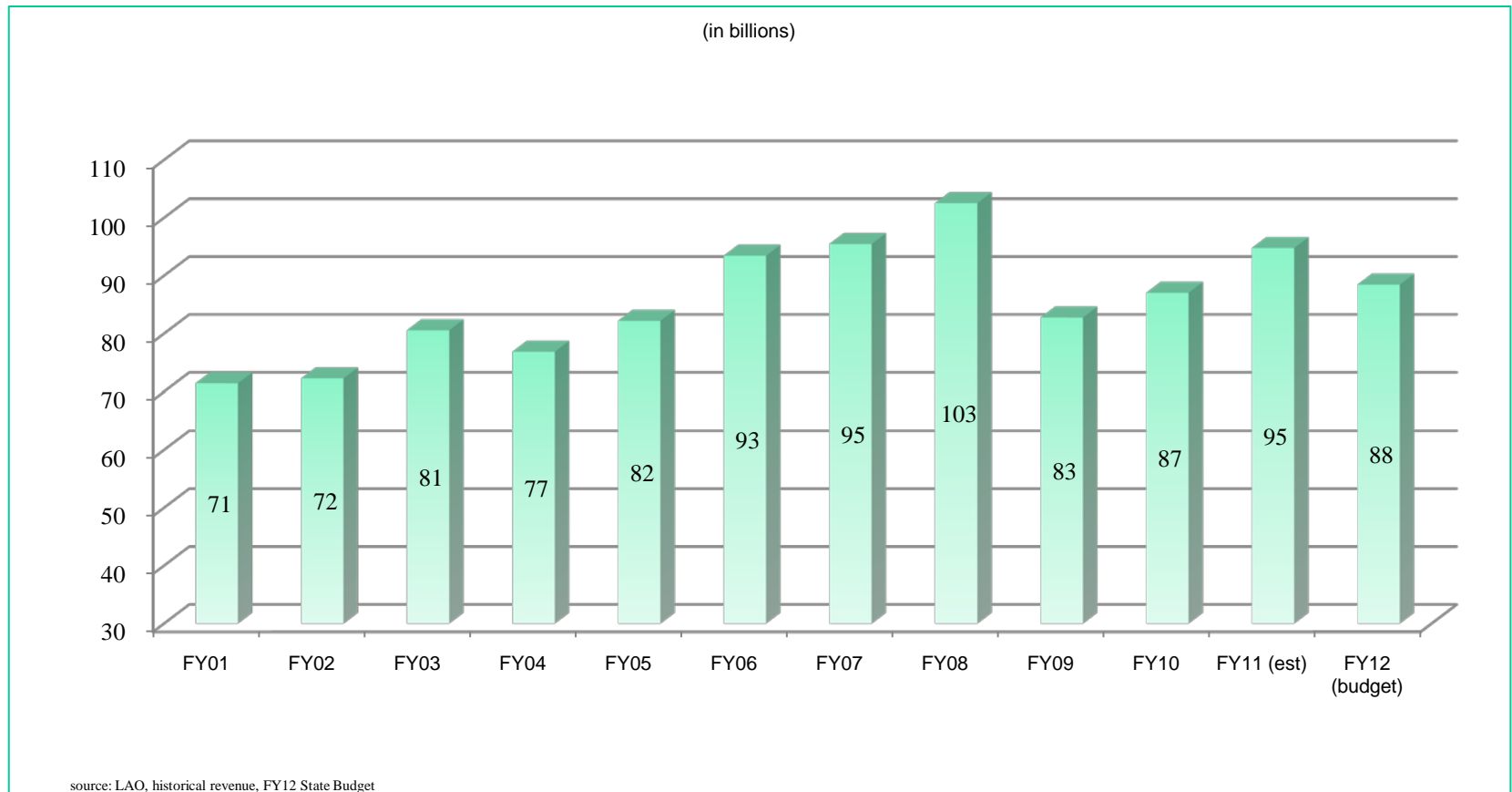


EXECUTIVE SUMMARY  
2011-2012 ADOPTION BUDGET  
SEPTEMBER 13, 2011

## STATE BUDGET CRISIS

- Legislature approved FY12 budget with a simple majority vote.
- Addressed a \$26.6 billion budget deficit through major program reductions, borrowing and transfers, and assumption of \$4 billion in unidentified revenue
- Includes Mid-Year Revenue triggers
  - In December, the Department of Finance has the authority to reduce appropriations if revenues are not keeping pace with the budget assumptions.

# STATE GENERAL FUND REVENUE



In FY12 General Fund spending at lowest level since 1972 when measured as a share of the state's economy.

# COMMUNITY COLLEGE SYSTEM BUDGET

2011-12 Budget Act (SB 69) approved

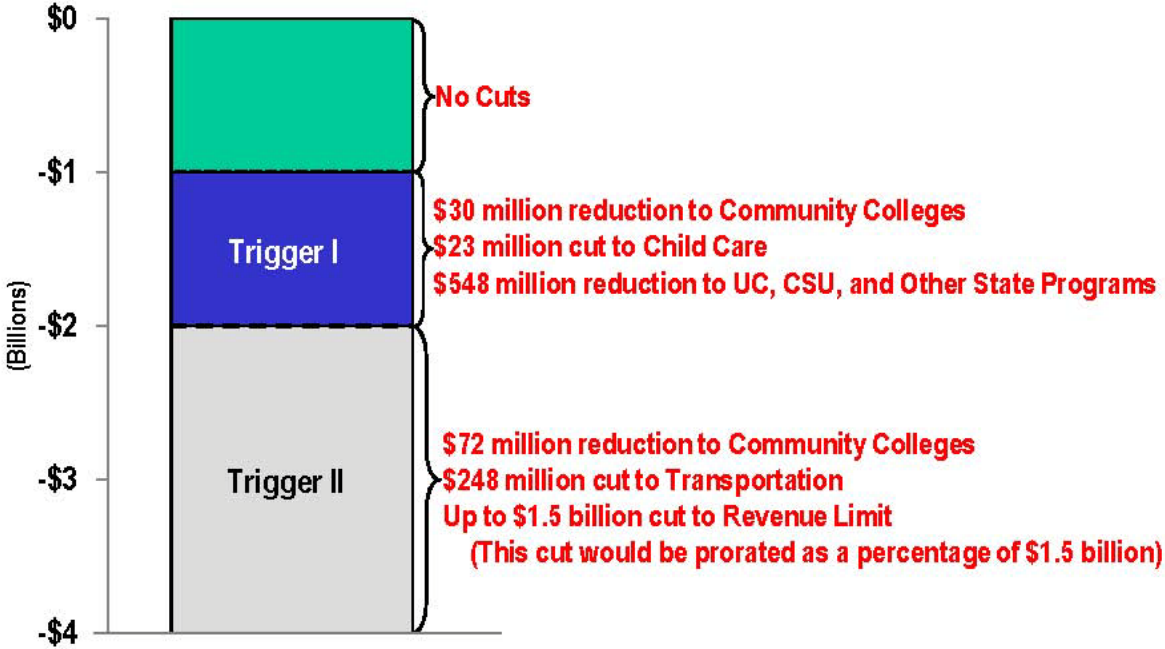
For the Community College System, locks in:

- \$400 million cut to the base, taken as a workload reduction
- \$10 increase in per-unit fees (\$26/unit to \$36/unit), which mitigated the base cut (\$110 million)
- Rejection of the census change proposal
- New inter-year deferral (\$129 million)
- State Structural Deficit of \$25 million – immediately identified in California Community College share of budget.

# MID YEAR TRIGGERS

## Summary of Potential “Trigger” Cuts if State Revenue Assumptions Are Not Met

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## TRIGGERS TO COMMUNITY COLLEGE SYSTEM

- Tier I – additional \$10/unit enrollment increase (\$36/unit to \$46/unit) effective spring 2012. However, the California Community Colleges Chancellor's Office has requested a \$30 million reduction in lieu of a fee increase.
- Tier II – additional \$72 million base reduction

Identified Structural Deficit will also result in reduction.

## DISTRICT ADOPTION BUDGET CURRENT YEAR

- Reduction in State revenue of \$7.5 million
- Offset by FY11 growth of \$3.1 million (not budgeted until FY12)
- Mitigated by elimination of the FY11 one-time expenditures of approximately \$4 million

## DISTRICT ADOPTION BUDGET CURRENT YEAR

- The Adoption Budget was built using \$551,463 of unallocated reserves (to maintain the same level of funding as that included in the Tentative Budget).
- Reserves will be used as approved in the budget assumptions if the district experiences any mid-year trigger cuts.
  - Projected Tier I cuts to VCCCD is \$696,000
  - Projected Tier II cuts to VCCCD is \$1,670,400
  - Initial system structural deficit and any mid-year deficit factors.
- **This use of reserves (one-time funds), both as part of the Adoption Budget and any mid-year reductions, will result in reductions in FY 13.**



## DISTRICT ADOPTION BUDGET

- FY12 budgeted revenue is \$10.4 million less than FY09 revenue (and costs continue to increase).
- Includes projected mid-year cuts that will be deferred to FY13 (through the use of reserves this year).
- Built on a goal of sustainability.
- Focuses on funding core functions that support district's mission.

# MAJOR RISKS

- Potential lawsuits on State revenue assumptions
  - Redevelopment Agencies \$1.7 billion
  - Medi-Cal \$1.3 billion
  - “Amazon tax” \$200 million
  - Others include the rural homeowners fire fee
- Failure of the legislature to truly balance the budget this year.
- Sluggish growth in the economy.
- FY12 budget solutions impact on future budgets.
- Significant levels of unfunded liabilities in both STRS and PERS, which cannot be ignored for much longer. (Resulting in significant increase in future employer rates.)

WHAT'S NEXT?