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: $4.3m
- 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
Declining General Fund Revenue

<table>
<thead>
<tr>
<th></th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12 Adoption Budget*</th>
<th>FY13 (projected)</th>
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</thead>
<tbody>
<tr>
<td>$141 M</td>
<td>$136 M</td>
<td>$138 M</td>
<td>$130 M*</td>
<td>$122 M</td>
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</table>

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)**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12 (projected)</th>
<th>FY13 (projected)</th>
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- **Increasing Delay in Cash Receipts**

<table>
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<tr>
<th>Year</th>
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<th>FY11</th>
<th>FY12*</th>
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</thead>
<tbody>
<tr>
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<td>$540 M</td>
<td>$703 M</td>
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</tbody>
</table>

- 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)*
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