

Ventura County Community College District

Budget Update



April 10, 2012

FY13 VCCCD Budget Calendar

February 2012	Seek Board Guidance (Study Session)
March	Board Approval of Budget Assumptions
April	Classified Board Actions
May 18	Governor's May Revise
May –June	Legislative Process
June	Approve Tentative Budget
July–September	State Approved Budget
November 6	Tax Initiative Results
November 7	Reductions if Tax Initiative Fail
December – February 2013	Possible Statewide Deficit/P1

VCCCD General Fund Revenue Reductions

FY10			(\$4.6 m)
FY11			\$1.5 m
FY12			
	Signed budget	(\$7.5 m)	
	trigger cuts	(\$2.4 m)	
	P1 adjustment	<u>(\$3.2 m)</u>	
	Total projected FY12 (actual as of 04/10/12)		<u>(\$13.1 m)</u>
	3 year revenue reduction		(\$16.2 m) 11.5%
	3 year increase in District costs		<u>(\$9.7 m)</u>
	3 year budget shortfall		(\$25.9 m) 18.4%

VCCCD General Fund Revenue – Assuming Initiative Failure

3 year budget shortfall	(\$25.9 m)	18.4%
FY13 Triggers (based on Governor's Initial budget)	(\$6.8 m)	
Projected increased costs	<u>(\$3.0 m)</u>	
4 year reduction in General Fund revenue	(\$35.7 m)	25.3%

Compromise Tax Proposal

- ▶ Integrates the Governor's original initiative with the Millionaires Tax Initiative (CFT)
- ▶ Lowers the proposed sales tax increase from $\frac{1}{2}$ cent to $\frac{1}{4}$ cent
- ▶ Personal income tax increase
- ▶ LAO estimates revenue \$2.2 billion less than administration
- ▶ Increased taxes will be part of State General Fund revenue and, thereby, an increase in Proposition 98 calculation

FY13 VCCCD Budget

Assuming full passage of tax increases

Revenue is flat (based on Governor's initial budget)

FY12 deficit \$ 3 million

(FY12 budgeted expenditures exceed current budgeted revenue)

Increased costs (inflationary) \$ 3 million

Total FY13 shortfall \$ 6 million

Assuming failure to pass tax initiatives

Mid-Year Trigger cuts (based on Governor's initial budget) \$ 6.8 million

Total Potential FY13 shortfall \$12.8 million

FY14

Assuming flat revenue (again)

Inflationary Costs \$ 3 million

Total Potential FY13 & FY14 shortfall \$15.8 million

FY12 VCCCD Reserves

State Required Minimum – 5%	\$ 6,916,541
Revenue Shortfall Contingency	\$ 5,000,000
Unallocated	<u>\$13,265,050</u>
Total as of 06/30/2011 (FY11)	\$25,181,591
FY12 Adoption and Midyear Trigger	(\$ 2,938,133)
Use of Reserves–Unbudgeted Expenses	(\$352,000)
Use of Reserves– Estimated P1 Adjustment	<u>(\$ 3,200,000)</u>
Reserves as of 03/31/2012 (FY12)	\$18,691,458
Potential use of reserves (FY13 triggers–partial, based on Governor's initial budget)	<u>(\$ 4,800,000)</u>
Projected Reserves 12/31/12 (FY13)	\$13,891,458

District FTES

▶ Declining Funded Cap (FTES) (As of 07/01/12)

FY09	FY10	FY11	FY12 (budgeted)*	FY13 (projected passage)*	FY13 (triggers)
26,847	25,841	26,496	24,504	24,504	23,015

***FY12 includes 6.2% workload reduction plus trigger cuts; FY13 projects 5.56% workload reduction based on revenue reduction of \$6.8 million if triggers are pulled.**

▶ Unfunded FTES (As of 4/08/12)

FY09	FY10	FY11	FY12 (projected)	FY13 (projected passage)**	FY13 (triggers)
2,501	3,377	1,170	1,745	1,708	3,197

****without class schedule reductions, FY13 goal = 500 unfunded.**

FY13 Preliminary Budget Plans

	\$8 million
Instruction (1,200 FTES) (program eliminations/reductions/class schedule)	\$3,665,000
Classified	
• Associated with Instruction	\$510,000
• Restructure/Transfer	\$1,498,000
• Due to budget constraints	<u>\$732,000</u>
Total Classified	\$2,740,000
Managers	\$323,000
Supervisors	(\$111,000)
Operating/Other Exp	\$1,383,000
Total	<u>\$8,000,000</u>