

Ventura County Community College District

Budget Update



January 10, 2012

FY13 Governor's Initial Budget Proposal

- ▶ **Projects \$9.2 billion deficit (LAO projection in November was \$13 billion)**
 - **\$2.3 billion in expenditure cuts**
 - **\$6.9 billion in Taxes (Revenue) (November ballot initiative)**
 - **Mid-year trigger cuts if tax initiative fails**
 - **\$5.4 billion total mid-year reductions (Prop 98 is \$4.8 billion)**
- ▶ **LAO projects Governor's tax proposal to bring in \$4.8 to \$6.9 billion**
- ▶ **State Controller released December cash update indicating monthly revenue came in \$165 million below the projections contained in the Governors' proposal.**

FY13 CCC System Budget

- ▶ **Governor's initial proposal assumes full passage of tax increases (\$6.9 billion)**
 - **CCC System revenue is flat (no increase, no decrease)**
 - **No Growth, no COLA, no restoration to Categoricals**
 - **\$218 million to buy down deferrals (currently \$961 million)**
 - **Consolidation of Categorical Funds (DSPS and Foster Care exempt)**
 - **No additional student fee increases**
 - **If tax initiatives fail,**
 - **Mid-year Trigger - \$264 million reduction to CCC System**

FY13 VCCCD Budget

Assuming full passage of tax increases

Revenue is flat (no increase, no decrease)

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 **\$5.9 million**

Total Potential FY13 shortfall \$11.9 million

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	\$25,181,591
FY12 Adoption and Midyear trigger	(\$2,938,133)
Board Approved use of reserves	<u>(\$302,000)</u>
Projected Reserves as of 01/31/2012	\$21,941,458
FY13 Potential Mid Year Triggers if not provided for in the FY13 budget	(5,900,000)

Increase to Reserves

(in millions)

Growth and Restoration Dollars to Reserves the first year earned:

Fiscal Year	Amt
FY07	\$2.7
FY08	\$6.6
FY09	\$4.9
FY10	\$0.0
FY11	\$3.1
FY12	\$0.0
FY13 <i>projected</i>	\$0.0
FY14 <i>projected</i>	\$0.0

Next Steps

- ▶ **Need to monitor legislative action and State Revenue projections**
- ▶ **Consider all variables as part of the budget development process**
- ▶ **Board will indicate their position on the use of reserves at the time of the budget assumptions.**