

Ventura County Community College District

Adoption Budget Fiscal Year 2018-2019

Dr. David El Fattal

Board of Trustees Meeting
September 11, 2018



VCCCD Unrestricted (Fund 111) Overview

General Fund Unrestricted	FY19	FY20	FY21
Total computational Revenue (TCR) – Hold Harmless Base	\$153.7M		
COLA	4.17M		
Other Unrestricted Revenue (e.g., Lottery, Non-resident tuition)	6.13M		
Carry-Forward from FY18	3M		
Total FY19 Unrestricted Revenue	\$167M	TBD	TBD
Total FY19 Unrestricted Expense Budget	\$167M	TBD	TBD

New Funding FY19

	May Revise	Final State Budget	VCCCD included in Adoption
Hold harmless provisions	175M	58.7M	-
Apportionment base increase	-	151.3M	4,263,392
FTES growth (current & prior year)	60M	1M	-
COLA (2.71%)	173.1M	173.1M	4,167,833
Sub-Total Unrestricted Funds	408.1M	384.1M	8,431,225
California College Promise Program	46M	46M	1,777,186*
Student Success Completion Grant	40.7M	40.7M	3,345,447
Financial Aid Management System (13.5M one-time; 5M on-going)	18.5M	18.5M	*
Certified Nursing Assistant Program	2M	2M	390,493
Physical Plant & Instructional Support	143.5M	28.5M	659,526
Sub-Total Restricted Funds	250.7M	135.7M	6,172,652
TOTAL FUNDS	\$658.8M	\$489.8M	\$14,603,877

* Not included in Adoption Budget due to timing.

Student Centered Funding Formula (SCFF) Three-Year Formula Phase-In

Component	2017-18	2018-19	2019-20	2020-21
Base (FTES)	100%	70%	65%	60%
Supplemental (Equity)	N/A	20%	20%	20%
Student Success (Outcomes)	N/A	10%	15%	20%

Component	2017-18 (Adjusted Hold Harmless)	2018-19 (State)	2018-19 (VCCCD SCFF)
Base (FTES)	153,744,492	4.9B	110,365,494
Supplemental (Equity)	N/A	1.4B	30,391,330
Student Success (Outcomes)	N/A	0.7B	21,853,743
TOTAL SCFF	153,744,492*	7B	162,610,567**

* 2017-18 revenue includes shift of 590 FTES.

** Includes 2.71% COLA of approximately \$4M

Student Centered Funding Formula (SCFF) Three-Year Formula Phase-In of FTES Funding

Allocation	2017-18	2018-19*	2019-20*	2020-21*
Base (FTES)	100%	70%	65%	60%
Funding per Base Credit FTES	\$5,151	\$3,727	\$3,387	\$3,046

* The depicted Base Credit FTES rates are adjusted for changes in cost-of-living and other base adjustments. These Credit FTES rates are set in statute (AB 1809.)

Student Centered Funding Formula (SCFF)

Student Success Allocation

Student Success Allocation – Measures	All Students	Promise Grant Premium	Pell Grant Premium
Associate degrees for transfer granted	4	4	6
Associate degrees granted (excluding ADTs)	3	3	4.5
Baccalaureate degree granted	3	3	4.5
Credit certificates (16 units or more) granted	2	2	3
Completion of transfer-level mathematics and English courses within first academic year of enrollment	2	2	3
Successful transfer to four-year university	1.5	1.5	2.25
Completion of nine or more CTE units	1	1	1.5
Attainment of regional living wage	1	1	1.5

KEY BUDGET COMPONENTS

FTES Shift from FY19 into FY18

FTES	2015-16	2016-17	2017-18	2018-19
Operational	25,783	26,092	26,079	26,079
Shift	+ 685	(685)	+ 590	(590)
State-reported	26,468	25,407	26,669 ¹	25,489
Funded FTES	26,468	26,468	26,669	25,831

Note 1: 2017-18 FTES is hold-harmless baseline

Note 2: Shifting FTES into 2017-18 provides additional estimated revenues of **\$2.9 million**

Note 3: Funded FTES in 2017-18 of 26,669 restores to base of 26,468 plus growth

Note 4: 2018-19 Funded FTES for 70% Base Allocation of SCFF based on 3-year rolling average (FY17 – FY19); 18-19 Adoption Budget based on 2017-18 Hold Harmless TCR

Multi-Year Assumptions & Budget Components

Unrestricted General Fund (Fund 111) Assumptions

Component	2018-19 Adoption	2019-20 Estimate	2020-21 Estimate
Funded FTES (70/65/60%)	25,831	26,079	25,882
COLA	2.71%	2.57%	2.67%
Hold Harmless Component (TCR FY18)	\$153.7M	\$157.9M	\$161.8M
Step/Longevity - Faculty	1.7%	1.7%	1.7%
Step/Longevity - Classified/Mgmt	1.4%	1.4%	1.4%
STRS Rate	16.28%	18.13%	19.10%
PERS Rate	18.1%	20.8%	23.8%
Health Benefit Rate Increase	9.0%	7.5%	7.5%
Carryover	2%	0%	0%

Key Budget Components

Additional District Cost on Each Payroll Dollar

Statutory Benefits	Academic	Classified
State Teachers Retirement System (STRS)	16.28%	N/A
Public Employee Retirement System (PERS)	N/A	18.1%
Social Security (OASDI)	N/A	6.2%
Medicare	1.45%	1.45%
State Unemployment Insurance (SUI)	0.05%	0.05%
Workers' Compensation	1.7%	1.7%
Active Employee Retiree Health Liability (HRL)	12.5%	6.0%
Retired Employee Retiree Health Liability (HR2)	17.5%	14.5%
Total	49.48%	48.00%

Key Budget Components: STRS Fund 111 Unrestricted

Fiscal Year	Expenditures (FY14 - FY18) (FY19 - FY21 Estim)	Year Over Year Increase	Cumulative Increase	Employer Rate	Employee (Pre-2013 hire date)	Employee (Post-2013 hire date)	State
2013-14	\$ 3,805,160			8.25%	8.00%	8.00%	3.04%
2014-15	\$ 4,297,206	\$ 492,047	\$ 492,047	8.88%	8.15%	8.15%	3.45%
2015-16	\$ 5,344,678	\$ 1,047,471	\$1,539,518	10.73%	9.20%	8.56%	3.89%
2016-17	\$ 6,210,927	\$ 866,249	\$2,405,767	12.58%	10.25%	9.21%	6.33%
2017-18	\$ 6,966,403	\$ 755,476	\$3,161,243	14.43%	10.25%	9.21%	6.33%
2018-19	\$ 8,893,183	\$ 1,926,780	\$5,088,023	16.28%	10.25%	10.21%	6.33%
2019-20	\$ 11,120,767	\$ 2,227,585	\$7,315,608	18.13%	10.25%	10.21%	6.33%
2020-21	\$ 11,914,924	\$ 794,156	\$8,109,764	19.10%	10.25%	10.21%	6.33%

Note 1: Plan allows CalSTRS to annually adjust the employer and state rates beginning July 1, 2021; caps any such annual increase at 1% for employers and 0.5% for the state.

Note 2: In February 2017, the CalSTRS Board took action to reduce the assumed rate of return on its investments from 7.5% to 7.0%. It is unknown how this may affect the employer rate in the future.

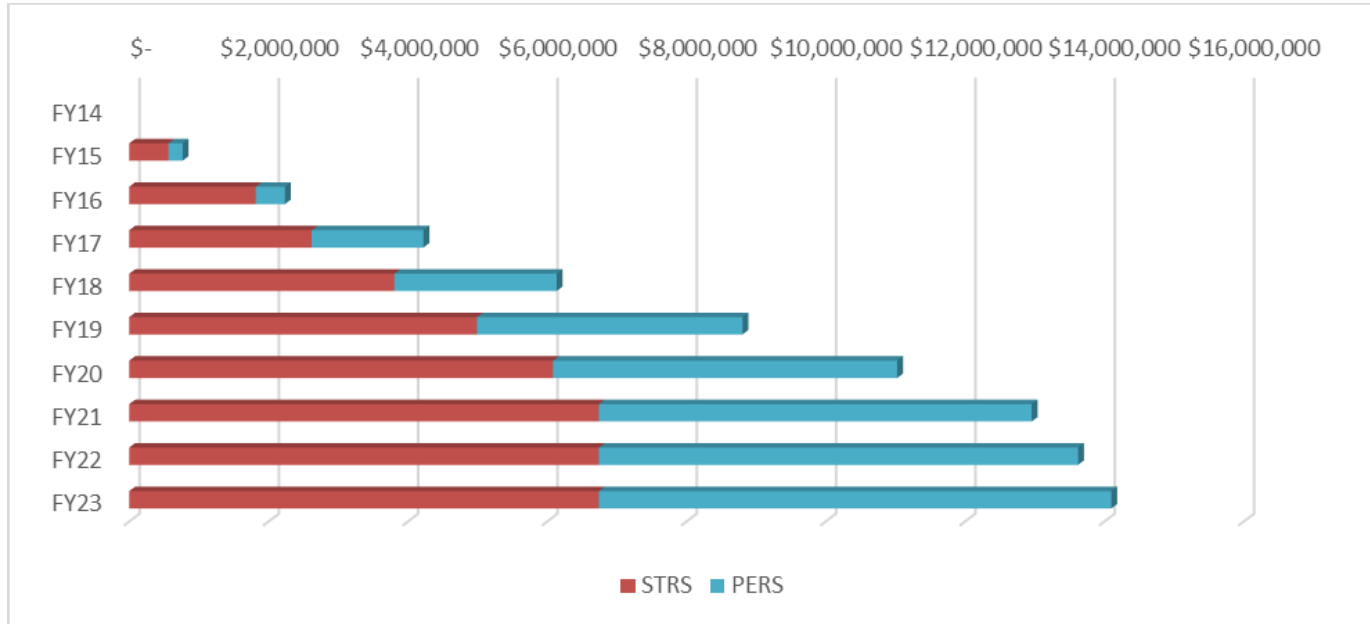
Note 3: as a result of recent changes to the actuarial assumptions adopted by the CalSTRS board that change the normal cost for PEPPRA members, the contribution rate has increased in FY 2018-19 by 1%.

Key Budget Components: PERS Fund 111 Unrestricted

Fiscal Year	Expenditures (FY14 - FY18) (FY19 - FY23 Estim)	Year Over Year Increase	Cumulative increase	Employer Rate Current Projection
2013-14	\$ 2,481,073			11.442%
2014-15	\$ 2,631,644	\$ 150,571	\$ 150,571	11.771%
2015-16	\$ 2,767,464	\$ 135,820	\$ 286,391	11.847%
2016-17	\$ 3,504,922	\$ 737,459	\$ 1,023,850	13.888%
2017-18	\$ 4,111,210	\$ 606,288	\$ 1,630,138	15.8%
2018-19	\$ 5,151,802	\$ 1,040,592	\$ 2,670,730	18.1%
2019-20	\$ 6,036,538	\$ 884,736	\$ 3,555,466	20.8%
2020-21	\$ 7,003,894	\$ 967,355	\$ 4,522,821	23.8%
2021-22	\$ 7,519,710	\$ 515,816	\$ 5,038,637	25.2%
2022-23	\$ 7,897,307	\$ 377,597	\$ 5,416,234	26.1%

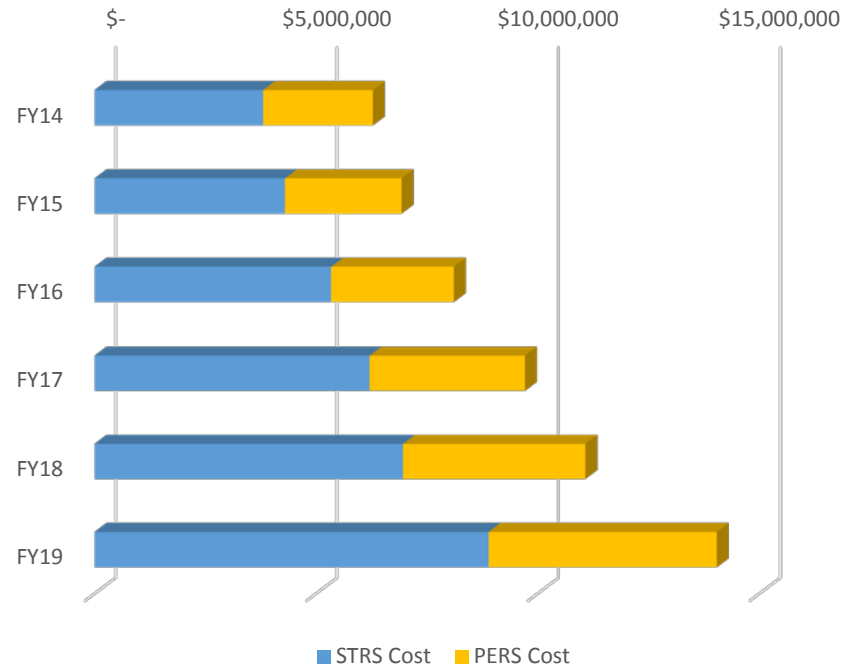
CalPERS recently approved the 2018-19 rate at 18.1%. The projected employer rates revised by CalPERS are projected to reach 27.3% in 2024-25.

STRS & PERS Cumulative Increased Annual Cost Since FY14



	FY19 Budget	FY18	FY17	FY16	FY15	FY14
Total Unrestricted Revenue	164,093,264	160,321,628	151,545,609	144,305,637	133,118,624	131,086,840
STRS	3.1%	2.0%	1.6%	1.1%	0.4%	0.0%
PERS	1.6%	1.0%	0.7%	0.2%	0.1%	0.0%
TOTAL	4.7%	3.0%	2.3%	1.3%	0.5%	0.0%

STRS & PERS Total Expenditures



	FY19 Budget		FY18		FY17		FY16		FY15		FY14		FY13		FY12		FY11		FY10	
Total Unres	164,093,264		154,931,762		151,545,609		144,305,637		133,118,624		131,086,840		127,722,561		130,438,886		134,921,415		134,765,057	
	Expense	%	Expense	%	Expense	%	Expense	%	Expense	%	Expense	%	Expense	%	Expense	%	Expense	%	Expense	%
STRS	8,893,183	5.4%	6,966,403	4.5%	6,210,927	4.1%	5,344,678	3.7%	4,297,206	3.2%	3,805,160	2.9%	3,691,234	2.9%	3,852,714	3.0%	3,963,155	2.9%	4,083,756	3.0%
PERS	5,151,802	3.1%	4,111,210	2.7%	3,504,922	2.3%	2,767,464	1.9%	2,631,644	2.0%	2,481,073	1.9%	2,360,939	1.8%	2,418,450	1.9%	2,467,963	1.8%	2,283,646	1.7%
Total		8.6%		7.1%		6.4%		5.6%		5.2%		4.8%		4.7%		4.8%		4.8%		4.7%

KEY BUDGET COMPONENTS

Ten-year history of Health & Welfare premium costs

RETIREEES

	FY19 Budget	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10
Classified	4,880,180	4,665,310	4,620,888	4,312,713	3,739,463	3,725,191	3,373,990	2,951,267	2,684,396	2,353,326
Confidential	384,886	360,997	375,750	358,171	332,967	351,908	308,835	266,039	240,398	200,271
Faculty	7,328,157	7,339,821	7,247,887	6,190,353	6,001,060	5,321,878	5,098,860	4,188,227	3,639,113	3,584,716
Management	1,322,542	1,368,757	1,300,471	1,125,884	1,000,878	989,824	875,851	816,439	786,950	705,953
Supervisors	644,082	653,557	649,827	585,645	530,472	521,879	447,335	415,642	392,191	329,404
Total Retiree Premium Costs	14,559,848	14,388,442	14,194,824	12,572,766	11,604,840	10,910,680	10,104,869	8,637,614	7,743,048	7,173,669

ACTIVE EMPLOYEES

	FY19 Budget	FY18	FY17	FY16	FY15	FY14	FY13	FY12	FY11	FY10
Classified	7,720,264	6,946,639	6,875,459	6,291,645	5,690,832	5,776,778	5,061,853	5,426,766	5,515,081	5,705,464
Confidential	239,264	226,491	232,573	224,734	208,955	205,284	195,987	205,525	183,748	160,082
Faculty	10,977,389	9,995,195	9,680,149	8,180,540	7,852,703	7,299,731	7,083,970	6,134,206	5,795,301	6,098,833
Management	1,219,688	1,141,140	1,078,037	1,000,024	841,093	815,986	729,339	739,623	727,465	776,911
Supervisors	670,733	647,227	606,366	588,801	561,131	618,180	549,679	470,775	431,802	392,963
Total Expenditures	20,827,338	18,956,692	18,472,584	16,285,744	15,154,714	14,715,959	13,620,828	12,976,895	12,653,397	13,134,253

TOTALS

Total Unrestricted Revenue	164,093,264	154,931,762	151,545,609	144,305,637	133,118,624	131,086,840	127,722,561	130,438,886	134,921,415
Retiree %	8.9%	9.3%	9.4%	8.7%	8.7%	8.3%	7.9%	6.6%	5.7%
Active Employ %	12.7%	12.2%	12.2%	11.3%	11.4%	11.2%	10.7%	9.9%	9.4%
TOTAL	21.6%	21.5%	21.6%	20.0%	20.1%	19.5%	18.6%	16.6%	15.1%

KEY BUDGET COMPONENTS

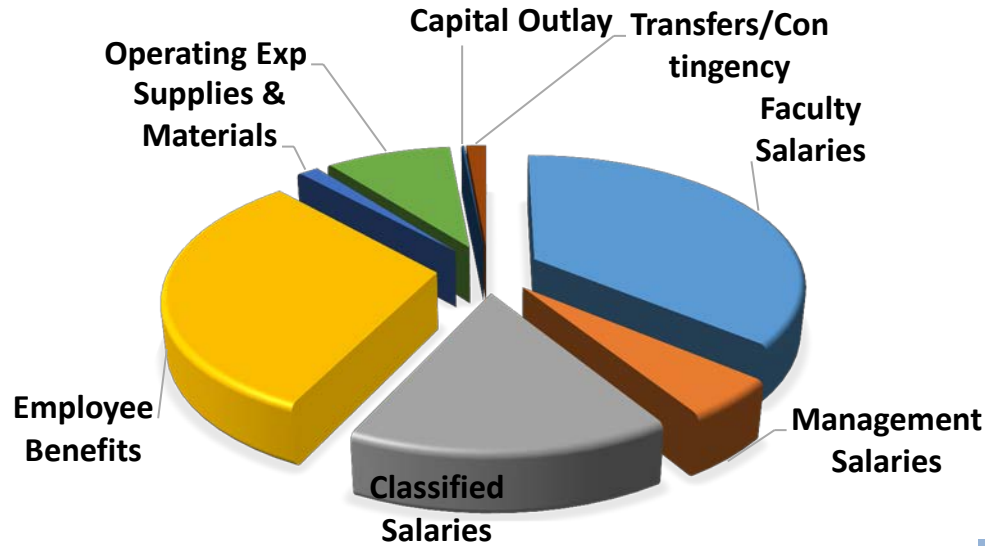
Retiree health & welfare projected costs

FUTURE PROJECTED RETIREE CLAIMS AND EXPENSES (OCT 2016 ACTUARIAL STUDY)

Year	Projected expense
2018	\$13.7 million
2032	\$18.0 million
2042	\$13.9 million
2046	\$10.6 million
2052	\$ 6.4 million
2088	\$ 0

- 10/1/16 – ACTUARIAL ACCRUED LIABILITY OF \$210,292,120
- 12/31/17 – PLAN ASSETS OF \$20,950,143

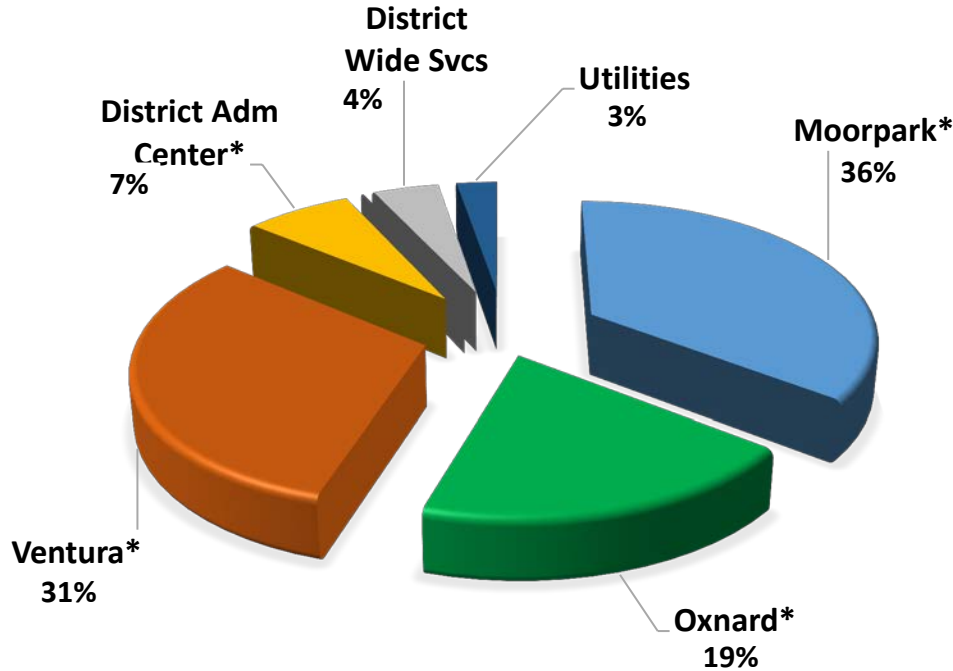
2018-19 ADOPTION Budget Unrestricted General Fund 111 by Object



	2017-18 Actual Expenditures	2018-19 Adoption Budget	%
Faculty Salaries	58,884,313	60,313,703	36.1%
Management Salaries	7,380,557	8,298,865	5.0%
Classified Salaries	25,328,784	26,839,462	16.1%
Employee Benefits	45,790,639	51,835,658	31.0%
Salary & Benefit Subtotal	137,384,293	147,287,688	88.1%
Supplies & Materials	1,647,090	2,313,111	1.4%
Operating Exp	11,912,681	14,869,810	8.9%
Capital Outlay	526,562	305,143	0.2%
Transfers/Contingency	12,092,549	2,338,244	1.4%
Total Expenditures	163,563,176	167,113,996	100.0%

* Includes site carryover funds

2018-19 ADOPTION Budget Unrestricted General Fund 111 by Location



	2017-18 Actual Expenditures	2018-19 Adoption Budget	%
Moorpark	54,771,553	59,755,026	35.8%
Oxnard	29,637,838	31,858,502	19.1%
Ventura	48,271,791	52,125,099	31.2%
District Adm Ctr	10,785,657	11,677,000	7.0%
Districtwide Svc	12,813,064	7,139,169	4.3%
Utilities	3,789,587	4,559,200	2.7%
Infrastructure	3,493,683	-	0%
Total Expenditures	163,563,175	167,113,996	100%

* Includes site carryover funds

2018-19 ADOPTION Budget

Unrestricted General Fund 111 by College

	MOORPARK COLLEGE		OXNARD COLLEGE		VENTURA COLLEGE	
	Adoption Budget *	%	Adoption Budget *	%	Adoption Budget *	%
FACULTY SALARIES	25,913,091	43.4%	12,178,700	38.2%	22,221,912	42.6%
MANAGEMENT SALARIES	1,990,426	3.3%	1,820,168	5.7%	2,267,611	4.4%
CLASSIFIED SALARIES	8,669,620	14.5%	4,970,036	15.6%	8,245,420	15.8%
EMPLOYEE BENEFITS	19,471,207	32.6%	10,781,010	33.8%	16,901,764	32.4%
SALARY & BENEFIT SUBTOTAL	<u>56,044,344</u>	<u>93.8%</u>	<u>29,749,913</u>	<u>93.4%</u>	<u>49,636,708</u>	<u>95.2%</u>
SUPPLIES & MATERIALS	1,134,783	1.9%	549,530	1.7%	515,034	1.0%
OPERATING EXP	2,070,528	3.5%	1,094,049	3.4%	1,979,400	3.8%
CAPITAL OUTLAY	137,776	0.2%	78,540	0.2%	10,427	0.0%
TRANSFERS/CONTINGENCY	367,595	0.6%	386,470	1.2%	(16,470)	0.0%
TOTAL EXPENDITURES	<u>59,755,026</u>	<u>100.0%</u>	<u>31,858,502</u>	<u>100.0%</u>	<u>52,125,099</u>	<u>100.0%</u>

* Includes site carryover funds

Historical Salary & Benefit Costs General Fund 111 - Unrestricted (as a Percent of Total Expenditures)

Year		
2010-11	84.1%	
2011-12	85.5%	
2012-13	85.7%	
2013-14	86.1%	
2014-15	84.7%	
2015-16	85.6%	
2016-17	86.3%	
2017-18	84.0%	
2018-19	88.1%	Budgeted

KEY BUDGET COMPONENTS

General Fund 111 – Unrestricted – Reserves Designated and Unallocated

Year	State Required Minimum 5%	Total Reserves	%
FY19	\$10,018,403	\$29,704,829	14.8
FY18	\$9,281,823	\$20,132,800	10.8
FY17	\$9,215,676	\$26,515,602	14.4
FY16	\$7,991,449	\$25,440,227	15.9
FY15	\$7,025,449	\$24,804,243	17.7
FY14	\$6,838,130	\$22,587,735	16.5
FY13	\$6,616,746	\$21,918,351	16.6
FY12	\$6,916,541	\$25,181,591	18.2
FY11	\$7,093,005	\$21,645,770	15.3
FY10	\$6,790,790	\$20,555,321	15.1

KEY BUDGET COMPONENTS

FY19 General Fund 111 – Unrestricted – Reserves Designated and Unallocated Detail

	<u>2017-18 ADOPTION BUDGET</u>	<u>2018-19 ADOPTION BUDGET</u>
Board Designated		
State Required Minimum 5%	9,281,823	10,018,403
Revenue Shortfall Contingency	5,000,000	5,000,000
State Teachers' Retirement System (STRS)	1,000,000	1,000,000
Energy Efficiency	1,400,000	1,400,000
Unallocated	<u>3,450,977</u>	<u>12,286,426</u>
	<u>20,132,800</u>	<u>29,704,829</u>

Ongoing Districtwide Discussions and Strategic Planning

- Health & welfare benefits cost escalation
- STRS & PERS cost escalation
- Salary & benefits cost escalation
- Health & welfare irrevocable trust
- Reserves – Suitable balance and use (Grow FTES, facilities, safety & security, technology, mitigate workforce reductions, etc.)
- Collective bargaining

Ongoing Districtwide Discussions and Strategic Planning

Student-Centered Funding Formula

- Districtwide comprehensive planning
 - FTES base
 - Equity
 - Student success
- Exceptional opportunity for innovation and improvement
- Future Board study session(s)
- Multi-year projection
- One-time funds vs. ongoing funds
- FTES shift
- Budget allocation model