



September 3, 2013

Dear Colleagues,

Proposition 30 that passed in November 2012, has improved the economic condition of California community colleges for the next six fiscal years. It mitigated a \$3 million budget shortfall for VVC in the fiscal year 2012/13 budget and it has prompted infusion of restoration funding and COLA in the current year budget. Prop 30 is anticipated to bridge several years of budget cutting practices to a new era, when community colleges' funding is restored to pre 2007-08 funding level.

VVCCD will receive a 1.63% workload increase and a 1.57% COLA for the budget year. In addition, we will receive a proportionate share in the following funds: \$50 million in Student Success Act; \$25 million for adult education; \$48 million for energy efficiency projects; \$15 million for DSPS; \$15 million for EOPS; \$8 million for CalWORKS; and \$30 million in differed maintenance. The California Community College Chancellor's (CCCCO) staff is developing a methodology to distribute these funds. The CCCCCO has secured the legislature's commitment to backfill any revenue shortfall due to RDA tax revenue; however, the CCCCCO has cautioned the colleges of a possibility of a budget cuts in the amount of approximately \$97 million in RDA revenue shortfall.

The College continues to offer additional courses to the residents of the High Desert. VVCCD is funded for 9,135 FTES for the budget year. It intends to produce approximately 9,600 FTES for the same cycle to qualify for the Mid-size College funding base (9,377 FTES) and to roll a small balance of FTES into fiscal year 2014/15. The 1.63% FTES increase restores a portion of the funding the colleges lost in fiscal years 2009 through 2011; the rest of the losses will be restored in the future fiscal years as revenue becomes available.

CCCCO also applied \$30 million to buy down the apportionment payment deferrals. The amount of deferrals for the budget year is \$591 million for the entire system; VVCCD's share of deferrals is approximately \$10 million. In the prior years, VVCCD carried large reserves and it did not need to borrow any interim financing for cash flow purposes. VVCCD will join other colleges that borrow interim financing through the California Community College League for this budget year.

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Fiscal year 2013/14 general fund revenue to the institution is \$49,754,835; the beginning fund balance is \$9,780,208 (current reserves), the projected expense budget is \$54,872,323 and \$5,117,488 of the current reserves will be used to balance the budget. The institution has developed a balanced budget for the fiscal year 2013/14 based on:

- Reducing expenditures
- Use of one-time revenue
- Use of current reserves

The District applies revenues from sources such as solar incentives, leases, and indirect cost recovery to balance its budget. The solar covered parking project is expected to reduce the annual electricity expenditure by approximately \$25,000 in addition to an estimated \$600,000 reduction in energy consumption from the completed energy conservation/production projects. The District negotiated several health and welfare benefits with the unions and rolled back the management salary schedule for new employees in order to reduce expenditures.

The District budget experiences a structural deficit, which has been covered by the current budget reserves. The estimated ending balances for the current fiscal year is approximately \$5 million, which might not be ample to cover the entire budget deficit for fiscal year 2014-15. Collaboration among the District employees ensures the accomplishment of a balanced budget for the upcoming years. We must consider any viable step to reduce expenses and increase revenue while maintaining an optimum selection of courses and programs for our students.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter W. Allan".

Peter W. Allan

Acting Superintendent/President