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Superintendent/President

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September 8, 2015

Dear Colleagues,

The 2015 Budget Act was signed by the Governor in June making it the fifth consecutive year that the budget act pass on time. The budget for 2015-16 is \$7 billion higher than what was passed in the 2014 budget and allocates \$3.4 billion to a rainy day fund.

The budget eliminates over \$7 billion in debt including: \$1 billion remaining deferrals to public schools and community colleges; \$4.5 billion to repay mandate reimbursements to schools, colleges and local governments; closing payments on the Economic Recovery Bonds used to carry the State during the deficit years.

The budget includes \$68.4 billion in Proposition 98 funding which represents an increase of \$6.1 billion over the 2014 Budget Act. The Governor's conservative revenue forecast will continue the trend of general fund revenues surpassing which leads to large amounts of one-time funding. This conservative approach is intended to protect the State from boom and bust budgeting cycles. The Governor continues to focus new money on education as well as debt retirement.

Growth formula funding is expected to change with this year's budget allocation. During the past few years, growth money has been used to repay the workload reductions from past years. SB 860 requires that "primary need" factors be included in the formula. Factors within a district's boundaries will include: the number of people who do not have a college degree, the number of people who are unemployed, have limited English skills, who are in poverty, or who exhibit signs of being disadvantaged.

Also included in the budget is over \$62 million to increase the full-time faculty percentage and a basic allocation increase of \$266 million. Other one-time allocations are expected to come from the Chancellor's Office, however, at the time of our local budget adoption these numbers are not known. One expected allocation is funding that is intended to offset the District's cost for increased STRS and PERS contributions.

As anticipated, we have fallen into Stability Restoration. This will give the District three years to develop a plan to restore enrollments or prepare to operate from a lower base. We continue to search for new and better ways for managing our enrollments, including the development of a stable course allocation for the two traditional semesters and summer/winter intersessions.

The outlook beyond FY 2015-16 looks good...but not as good as for this budget year. Looking forward, concerns include the loss of funds that come from Proposition 30 that will sunshine in two years, the increasing costs for STRS and PERS, as well as instability in global economies.

The 2014-15 year-end balance, in the unrestricted general fund, has an approximate ending fund balance reserve of 6.4%.

Fiscal year 2015-16 unrestricted general fund revenues to the institution are expected to be \$58.3 million, and budgeted expenses at \$58.2 million.

Sincerely,


Roger W. Wagner, Ph.D.
Superintendent / Resident
Victor Valley Community College District