Victor Valley Community College District

FY 2015-2016 Tentative Budget
Overview

• Economic Outlook
• Impact of State Budget
• FTES
• General Fund Assumptions
• Revenue Assumptions
• Expenditure Assumptions
Economic Outlook

• Economic growth in 2014 was strong.
• Job growth better than anticipated.
• Unemployment rate dropped to 6.5%.
• State revenues higher by $5.7 billion than January State Budget proposal.
• Proposition 98 funding for K-14 increases by $2.7 billion.
• LOA predicts $4 billion more revenue than Governor
Impact of Governor’s May Revision

• Growth - $49.7 million to increase access.
  • 2015-2016 Total $156.5 million
• COLA adjusted downward from 1.58% to 1.02%
• General Operating Expense increase of $141.7 million
  • 2015-2016 Total $266.7
• Deferred Maintenance $148 million
• Full-Time Faculty Hiring $75 million
Student Enrollment (FTES)

<table>
<thead>
<tr>
<th></th>
<th>FY 11/12</th>
<th>FY 12/13</th>
<th>FY 13/14</th>
<th>FY 14/15</th>
<th>FY 15/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>P2</td>
<td>9587</td>
<td>9427</td>
<td>9462</td>
<td>9072</td>
<td></td>
</tr>
<tr>
<td>Annual</td>
<td>9393</td>
<td>9278</td>
<td>9385</td>
<td>TBA</td>
<td>9116</td>
</tr>
</tbody>
</table>

• Issues to consider
  • Mid-Sized College Status
  • Changing economics
  • Changing demographics
  • Enrollment Management
General Fund Assumptions

- The District shall maintain compliance with the 50% law.
- The District will develop a balanced budget with a minimum 5% fund balance (reserve).
- Program Review, Planning, and Budget Development Process will guide the allocation of resources.
- Vacancies due to retirement or resignation will not automatically be filled.
General Fund Assumptions

• Board of Trustee Resolution #12-07, approved at their meeting in July, 2012, authorizes and directs the Superintendent/President to establish a policy goal of balancing the District’s budget by Fiscal Year 2015-16 in accordance with Title 5 of the California Code of Regulations.

• The Tentative Operating Budget for 2015-16 fiscal year is based upon recommendations from the Governor’s May Revised Budget and anticipated changes to the FY 2014-15 budget.
Revenue Assumptions

• Educational Protection Act Funds will only be used to support instructional expenditures (required).

• Growth revenue of 3.76% is assumed for Fiscal Year 2015-16 and 1% for fiscal years 2016-17 and 2017-18.

• Cost of Living revenue of 1.02% is assumed.

• $266 million increase (statewide) for general operating costs.
Expense Assumptions

• Budget Augmentation (Program Review) funds of $300,000 allocated.
• Salary savings will be realized from retirement incentive.
• Savings will be realized from renegotiated summer pay calculations.
• Contribution to STRS will increase from 8.88% to 10.73%
• Contribution to PERS will increase from 11.77% to 11.85%
Revenue Assumptions

- Apportionment: 62%
- Education Protection Act: 14%
- Local (Property Tax, RDA, etc.): 20%
- Other State (Lottery, P/T Fac. Etc.): 3%
- One-time Revenue: 1%

**Legend:**
- Apportionment
- State Other
- Local (Prop. Tax, Lottery, etc.)
- One-time Revenue
- Education Protection Act
2015-2016 General Fund Expenses

- Academic Salaries 39%
- Mgt. Salaries 7%
- Classified Salaries 18%
- Benefits 20%
- Svs. & Ops 12%
- Supplies & Software 2%
- Capital Outlay 1%
- Transfer, Reserves 1%
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BEGINNING FUND BALANCE</strong></td>
<td>$9,527,885</td>
<td>$7,507,175</td>
<td>$8,167,635</td>
<td>$8,872,908</td>
</tr>
<tr>
<td><strong>ESTIMATED REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State (Apportionment)</td>
<td>$29,080,722</td>
<td>$34,725,128</td>
<td>$35,072,379</td>
<td>$35,423,103</td>
</tr>
<tr>
<td>State (Apportionment) Prior Year Recalc</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Educational Protection Act (EPA)</td>
<td>$7,729,666</td>
<td>$7,533,637</td>
<td>$7,646,642</td>
<td>$7,761,341</td>
</tr>
<tr>
<td>State (All Other)</td>
<td>$1,934,989</td>
<td>$1,894,768</td>
<td>$1,894,768</td>
<td>$1,864,768</td>
</tr>
<tr>
<td>Local (Property Tax Included)</td>
<td>$9,732,665</td>
<td>$10,889,425</td>
<td>$10,889,425</td>
<td>$10,889,425</td>
</tr>
<tr>
<td>One-Time Revenue</td>
<td>$467,481</td>
<td>$567,282</td>
<td>$567,282</td>
<td>$567,282</td>
</tr>
<tr>
<td>Transfer In</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>$48,945,523</td>
<td>$55,600,240</td>
<td>$56,060,496</td>
<td>$56,525,919</td>
</tr>
<tr>
<td><strong>ESTIMATED EXPENDITURES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic Salaries</td>
<td>$22,250,619</td>
<td>$21,543,038</td>
<td>$21,469,992</td>
<td>$21,487,231</td>
</tr>
<tr>
<td>Classified Salaries</td>
<td>$9,975,322</td>
<td>$9,723,067</td>
<td>$9,806,207</td>
<td>$9,883,407</td>
</tr>
<tr>
<td>Management Salaries</td>
<td>$4,015,498</td>
<td>$3,792,601</td>
<td>$3,910,876</td>
<td>$3,839,151</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>$11,047,844</td>
<td>$11,531,862</td>
<td>$11,716,875</td>
<td>$12,198,512</td>
</tr>
<tr>
<td>Supplies, Software, Subscriptions</td>
<td>$892,589</td>
<td>$892,537</td>
<td>$892,537</td>
<td>$892,537</td>
</tr>
<tr>
<td>Services and Operations</td>
<td>$6,443,520</td>
<td>$6,359,550</td>
<td>$6,359,550</td>
<td>$6,359,550</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>$669,427</td>
<td>$667,485</td>
<td>$667,485</td>
<td>$667,485</td>
</tr>
<tr>
<td>Transfers, Reserves</td>
<td>$449,351</td>
<td>$629,700</td>
<td>$629,700</td>
<td>$629,700</td>
</tr>
<tr>
<td><strong>TOTAL ESTIMATED EXPENDITURES</strong></td>
<td>$55,676,720</td>
<td>$54,939,780</td>
<td>$55,355,222</td>
<td>$55,872,443</td>
</tr>
<tr>
<td><strong>ENDING FUND BALANCE</strong></td>
<td>$2,794,688</td>
<td>$8,167,635</td>
<td>$8,872,908</td>
<td>$9,526,385</td>
</tr>
<tr>
<td></td>
<td>5.0%</td>
<td>14.9%</td>
<td>16.0%</td>
<td>17.1%</td>
</tr>
<tr>
<td><strong>ESTIMATED ENDING FUND BALANCE</strong></td>
<td>$7,507,175</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Additional Assumptions

• State Adopted Budget will bring additional revenue
  • Augmentation Budget will increase
  • Full-Time Faculty Obligation will increase
  • Additional staffing positions will be added
Future Budget Concerns

- Mid-Size College Status
- Prop 30 Sunset (2018)
- Increasing Costs of Health Benefits
- Increased Retirement Contributions
- Capacity to Serve