

Victor Valley Community College District



**FY 2017-2018
Tentative Budget**

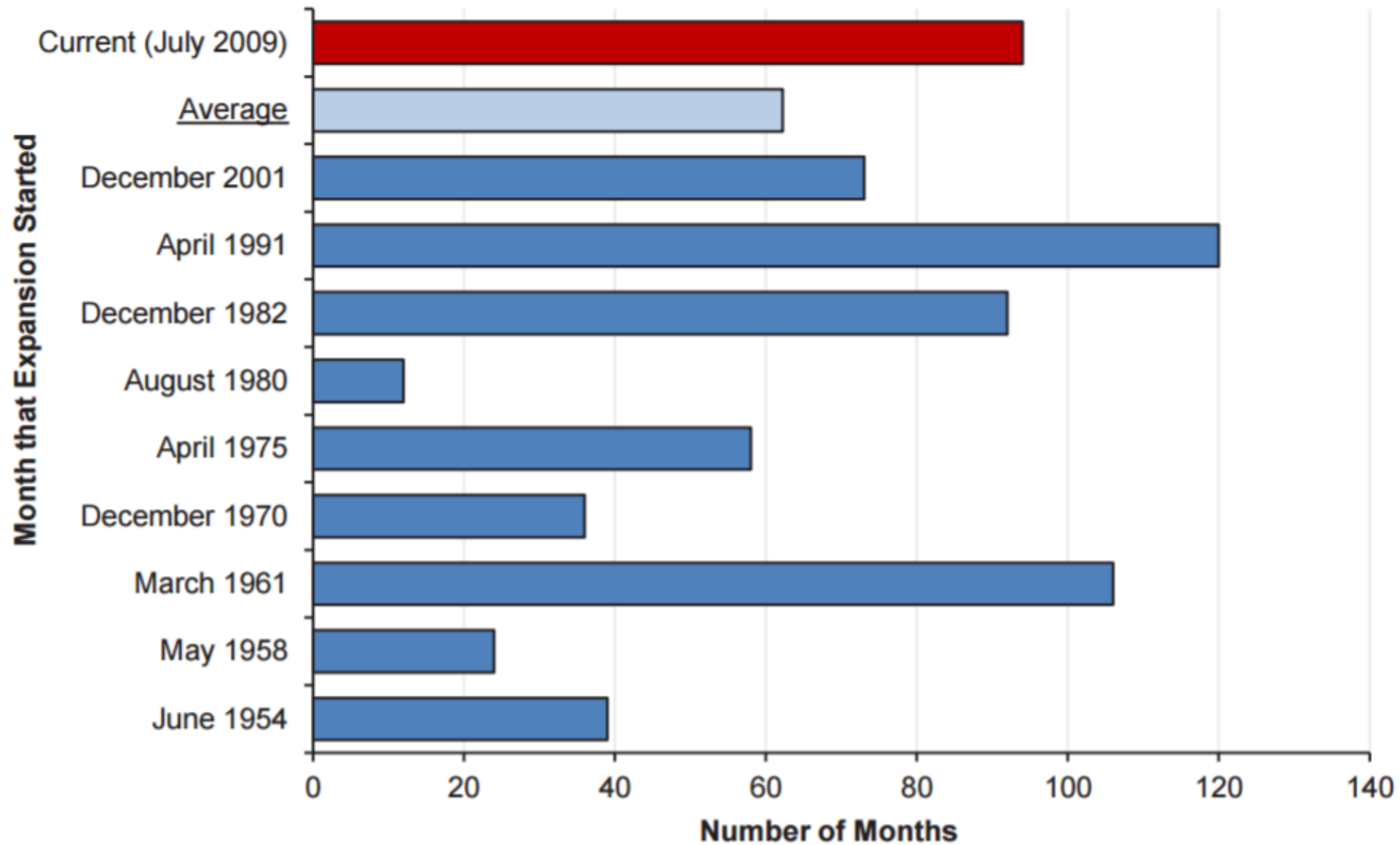
Overview

- **Economic Outlook**
- **Governor's May Revision Proposals**
- **Student Enrollment - FTES**
- **General Fund Assumptions**
- **Revenue Assumptions**
- **Expenditure Assumptions**
- **2017-18 Tentative Budget**

Economic Outlook

- The big news for CA Community Colleges – “Proposed” significant increase in base allocation funding of \$184M. However, the legislature has until midnight on June 15 to send a budget to Governor Brown.
- U.S. inflation is expected to rise from 1.3% in 2016 to over 2% in 2017 as housing, gas and medical costs increase.
- The national unemployment rate as of April 2017 is equal to the pre-recession low of 4.4%, while California’s unemployment rate fell to 4.9% in March 2017 and is expected to remain near that level
- The Governor calls for fiscal restraint while warning of the inevitable recession.

Figure INT-01
**Current Recovery Is Approaching
Three Years Longer than Average**



Impact of Governor's May Revision (Proposals)

- Apportionment -

- **Growth - \$57.8 million to support 1% enrollment growth**
 - Down \$69.1 million or 1% from 2016-17
- **COLA – 1.56%**
 - Up from 0% in 2016-17
- **Base Apportionment Increase - \$183.6 million ***
 - Up \$108.6 million from 2016-17.
- **One-time funding for the Mandates backlog - \$0.00**
 - Down \$105.5 million from 2016-17

Impact of Governor's May Revision (Proposals)

- Categorical -

- **Deferred Maintenance & Instructional Equipment – \$135.8 million ***
 - Catch: Most of the funds, \$125M, is not scheduled to be disbursed until May, 2019
- **Proposition 39 Energy Efficiency Grant - \$46.5 million**
- **COLA – \$5.6 million for 1.56%**
 - For EOPS, DSPS, Cal WORKS & Child Care Tax Bailout programs
- **Veteran Resource Centers - \$10 million (one-time)**
- **Guided Pathways - \$150 million**
 - Proposal in dialog in Committee
- **Full-time Student Success Grant - \$5 million**
 - Up \$2.8 million from 2016-17
- **SSSP, Student Equity, Adult Education and Strong Workforce**
 - Continue to receive the same level of funding as 2016-17.

Base Augmentation and Deferred Maintenance & Instructional Funds

Base Augmentation:

- The Governor is proposing a higher investment in schools and colleges than is required by the constitutional minimum funding level.
- This forces education to compete with other state General Fund cost pressures.
- Whether or not the Legislature concurs with the Governor's choice to fund K-14 above the guaranteed Proposition 98 minimum is unknown.
- The Legislature could choose to use those resources for other priorities.

Deferred Maintenance & Instructional Funds:

- The Governor's intent of holding onto these funds is to ensure that Proposition 98 is not over appropriated as a result of lower-than-expected revenues in the 2017-18 fiscal year.

Governor's Proposed Budget 2017-18

	2016-17	2017-18
Growth	\$126.9M – for a 2% growth	\$57.8M – for a 1% growth
COLA (Incl. DSPS, EOPS, Cal WORKS)	0.00%	1.56%
Base Apportionment	\$75M	\$183.6M
Mandates Backlog	\$105.5M	\$0.00
Deferred Maint & Instructional Equip	\$174.2M	\$135.8M
Prop 39 Energy Efficiency Grant	\$41.9M	\$46.5M
Veteran's Resource Centers	\$0.00M	\$10M
Guided Pathways	\$0.00M	\$150M
Full-time Student Success Grant	\$2.2M	\$5M

Student Enrollment (FTES)

	FY 11/12	FY 12/13	FY 13/14	FY 14/15	FY 15/16	FY 16/17
FTES	9414	9279	9385	8800	9213	9476*

*projected

- Issues to consider
 - Small-Size College Status
 - Changing economics
 - Enrollment Management

General Fund Assumptions

- The District shall maintain legal compliance with the 50% law.
- The District will develop a budget with a minimum 5% ending fund balance (reserve).
- The Program Review, Planning, and Budget Development Process will guide the allocation of resources.
- Vacancies due to retirement or resignation will not automatically be filled.
- Based upon recommendations from the Governor's May Revision Budget for 2017-18, known and anticipated changes to the FY 2016-17 budget, including negotiated solutions from the employee groups, a Tentative Operating Budget has been prepared which includes estimated revenues and expenditures for 2017-18 fiscal year.

Revenue Assumptions

- The 2017-18 Tentative Budget will draw down on the Irrevocable Trust set aside for CalSTRS / CalPERS increases.
- When permitted, revenues generated from all sources will be deposited into the general fund.
- Access/Growth Funds Statewide are projected to be 1%. Revised Funding Formula indicates VVC to receive 1.55% for Fiscal Year 2017-18. Fiscal years 2018-19 and 2019-20 are estimated at 2%.
- Allocation of \$97 million for a 1.56% COLA system-wide is assumed.

Expense Assumptions

- Budget Augmentation funds of \$300,000 have been allocated to fulfill requests prioritized and approved through the Program Review process.
- Public Employee Retirement System (PERS) district contribution increase to 15.53%, an increase of 1.64%, estimated at an additional ongoing annual cost of \$175,170.
- State Teachers Retirement System (STRS) increased to 14.43%, an increase of 1.85%, estimated at an additional annual ongoing cost of \$461,805.
- Increase in medical premiums to the District are estimated at \$318,000.

Victor Valley Community College District
2017/18 TENTATIVE BUDGET
Unrestricted General Fund
Board of Trustees Meeting - June 13, 2017

06.13.17

	Adopted Budget 2016-2017	Tentative Budget 2017-2018	Estimated Budget Year 2018-2019	Estimated Budget Year 2019-2020
Needed for Mid-Size College FTES Reported/Projected	10,000 9,531	10,000 9,623	10,000 9,815	10,000 10,012
BEGINNING FUND BALANCE	\$5,210,032	\$5,232,089	\$5,359,891	\$2,194,766
<u>ESTIMATED REVENUES</u>				
State (Apportionment)	32,538,446	\$32,301,699	\$33,805,173	\$35,972,476
Educational Protection Act (EPA)	7,754,720	\$7,157,060	\$7,157,060	\$7,157,060
Proposed Base Allocation *	-	\$1,542,951	\$1,542,951	\$1,542,951
State (All Other)	2,001,577	\$2,074,611	\$2,089,827	\$2,103,795
Local (Property Tax Included)	12,610,468	\$13,223,735	\$13,223,735	\$13,223,735
PARS Trust / GIC	3,700,000	\$5,700,000	\$2,200,000	\$1,100,000
One-Time Revenue	1,183,827	\$111,000	\$111,000	\$111,000
TOTAL REVENUES	\$59,789,038	\$62,111,056	\$60,129,746	\$61,211,017
<u>ESTIMATED EXPENDITURES</u>				
Academic Salaries	24,041,784	\$25,135,830	\$25,250,830	\$25,365,830
Classified Salaries	10,402,287	\$10,550,794	\$10,654,794	\$10,758,794
Management Salaries	3,914,140	\$4,055,588	\$4,072,063	\$4,088,538
Employee Benefits	13,262,192	\$15,086,606	\$15,858,163	\$16,491,934
Salary & Benefit Savings	(1,376,394)	(\$1,968,982)	(\$1,500,000)	(\$1,500,000)
OPEB Liability	508,127	\$0	\$0	\$0
Supplies, Software, Subscriptions	1,031,649	\$1,000,968	\$1,000,968	\$1,000,968
Services and Operations	6,546,011	\$6,542,230	\$6,542,230	\$6,542,230
Capital Outlay	707,485	\$686,123	\$686,123	\$686,123
Transfers, Reserves	729,700	\$894,097	\$729,700	\$729,700
TOTAL ESTIMATED EXPENDITURES	\$59,766,981	\$61,983,254	\$63,294,871	\$64,164,117
ENDING FUND BALANCE	5,232,089 8.8%	\$5,359,891 8.6%	\$2,194,766 3.5%	(\$758,333) -1.2%

* Based on approval of Governor Brown's proposed investment that is higher than required by the constitutional minimum funding level guaranteed Proposition 98.