

Victor Valley Community College District

FINAL BUDGET 2014-15

Budget Workshop
September 9, 2014

Agenda

- 2014-15 State Budget Overview
- What's New for 2014-15
- General Fund Budget Assumptions
- Restricted and Unrestricted Graphs
- 2014-15 Final Budget
- CalSTRS & PERS
- Deficit Trend Analysis
- Future Budget Concerns

2014-15 State Budget Overview

- Total State General Fund expenditures = \$108 billion
- \$12 billion higher than what was approved in the 2013 budget
- Budget eliminates \$10 billion in debt
- No threat of trigger cuts
- Governor has clearly laid out his path
 - Protect against boom and bust cycles
 - Retire debt
 - Focus new money on education

What's New for 2014-15?

- 1) \$148 million (from \$30 million) for Deferred Maintenance and Instructional Equipment.
 - \$1.25 million - VVC
- 2) \$49.5 million to pay down mandates, \$28 per FTES.
 - \$258 k - VVC
- 3) COLA - \$47.3 million (0.85%)
 - \$401 k - VVC
- 4) Access (Workload Restoration) - \$140.4 million (2.75%)
 - \$1.4 million - VVC
- 5) \$39.7 million for Proposition 39 Energy Efficiency & Renewable Generation
 - \$266 k - VVC
- 6) Categorical Programs:
 - a) \$100 million for Student Success and Support Program (Match 2:1) \$686 k – VVC
 - b) \$70 million for Student Equity Program (First time allocation to CCD's) \$755 k - VVC
 - c) \$30 million for DSPS \$422 k - VVC

General Fund Budget Assumptions For Fiscal-Year 2014-2015

General Assumptions:

1. The District shall maintain legal compliance with the 50% law.
2. The District will develop a balanced budget with a minimum 5% ending fund balance.
3. The Program Review, Planning, and Budget Development Process will guide the allocation of all resources.
4. Vacancies due to retirement or resignation will not automatically be filled.
5. 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.

Revenue Assumptions:

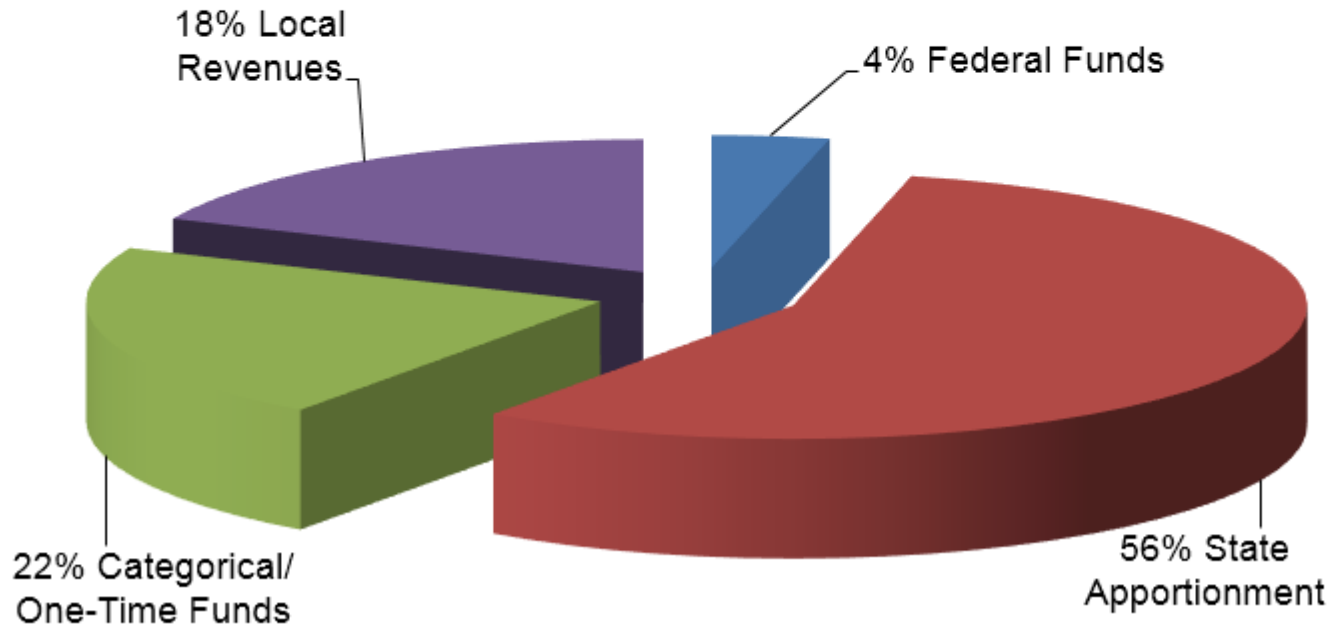
1. General fund reserve funds will be utilized to offset revenue shortfall.
2. Per State requirement, EPA Funds will only support instructional expenditures.
3. Sale of the Redevelopment Agency (RDA) Assets may provide revenue windfall during the fiscal year.
4. When permitted, revenues generated from all sources will be deposited into the general fund.
5. Adopted budget revenue assumptions are based upon the Chancellor's Office 2014-15 Advance Principal Apportionment Exhibit.

Expense Assumptions:

1. Budget augmentations will be considered for mandatory and compliance related requests.
2. Budget augmentations for non-mandated or compliance issues may be considered through increasing the general fund, reallocation of existing resources, or one-time external non-general fund revenue.
3. District health benefit premiums will increase by an average of approximately 11%.
4. Employer contribution to PERS will increase from 11.442% to 11.771%.
5. Employer contribution to STRS will increase from 8.25% to 9.5%.
6. Any unfunded positions approved for recruitment will be funded from ending fund balances.
7. The cost of any negotiated agreements with employee groups will be covered from reserves.

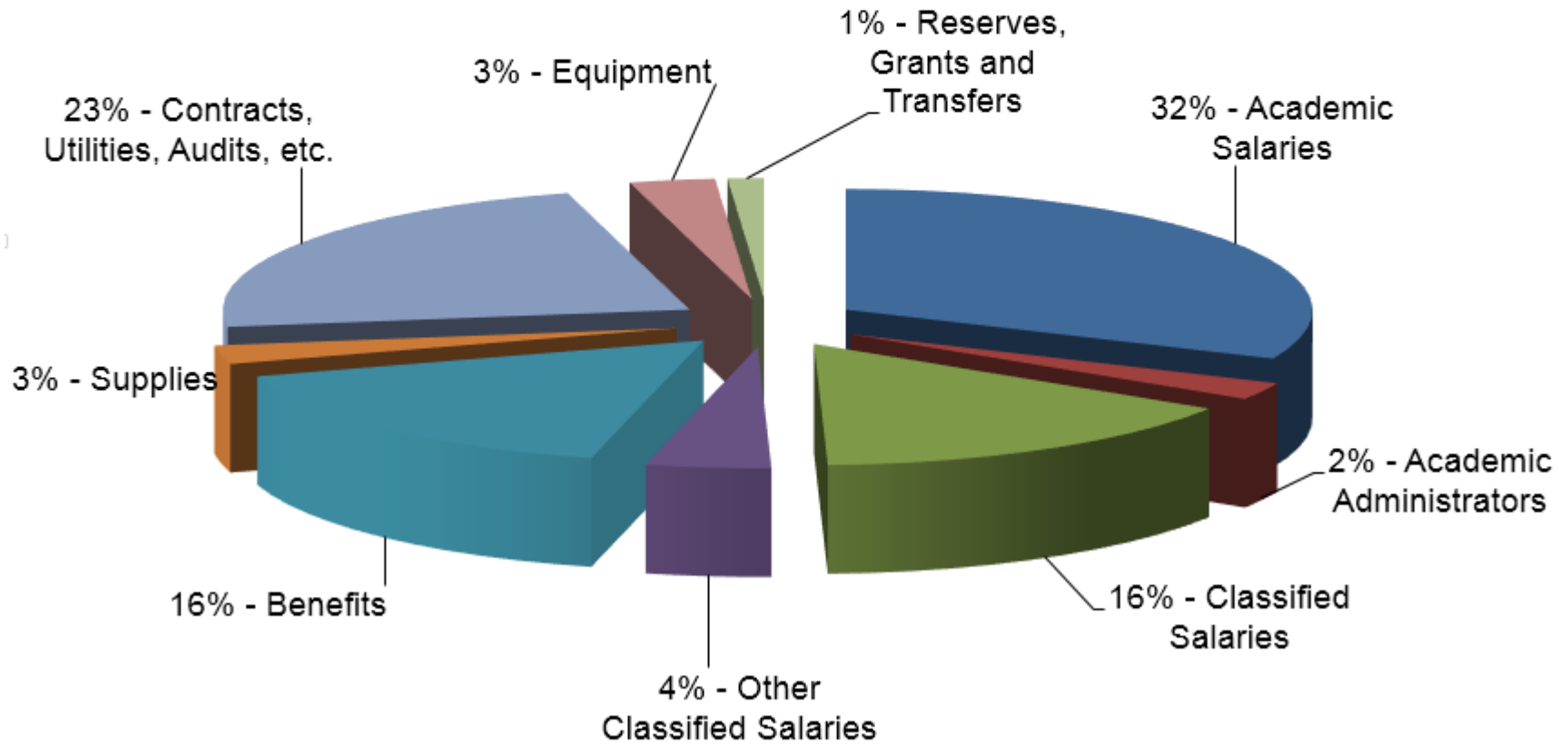
Victor Valley College
2014-2015 General Fund Budget (Restricted and Unrestricted)
WHERE THE MONEY COMES FROM

REVENUES



Victor Valley College
2014-2015 General Fund Budget (Restricted and Unrestricted)
WHERE THE MONEY GOES

EXPENDITURES



**Victor Valley Community College District
2014/15 ADOPTED BUDGET
Unrestricted General Fund
Board of Trustees Meeting - September 9, 2014**

	Adopted Budget 2013-2014	Actual Fiscal Year 2013-2014	Adopted Budget 2014-2015	Estimated Budget Year 2015-2016	Estimated Budget Year 2016-2017
FTES Rolled (Beginning Balance)	404	554	40	0	0
FTES (Total State Funded)	9,135	9,243	9,560	9,656	9,752
Needed: Mid-Size College (\$1.1M=243 FTES)	9,378	9,375	9,647	9,743	9,841
FTES Reported/Projected	9,418	9,462	9,647	9,743	9,841
FTES Unfunded	40	219	-	-	-
BEGINNING FUND BALANCE	\$9,780,208	\$9,780,208	\$9,527,885	\$2,794,688	\$2,867,787
<u>ESTIMATED REVENUES</u>					
State (Apportionment)	\$30,482,624 ▼	\$27,948,972 ▼	\$29,080,722 ▼	\$29,529,618 ▼	\$29,978,514 ▼
State (Apportionment) Prior Year Recalc	\$0	\$1,370,490	\$0	\$0	\$0
Educational Protection Act (EPA)	\$6,384,270	\$7,302,357	\$7,729,666	\$7,729,666	\$7,729,666
State (All Other)	\$1,725,202	\$1,691,440	\$1,934,989	\$1,934,989	\$1,934,989
Local (Property Tax included)	\$10,212,100	\$12,649,621	\$9,732,665	\$9,732,665	\$9,732,665
One-Time Revenue	\$950,639 ▼	\$941,382 ▼	\$467,481 ▼	\$467,481	\$467,481
Transfers In - Reserves	\$0	\$10,000	\$0	\$7,000,000	\$7,100,000
TOTAL REVENUES	\$49,754,835	\$51,914,262	\$48,945,523	\$56,394,419	\$56,943,315
<u>ESTIMATED EXPENDITURES</u>					
Academic Salaries	\$21,134,997 ▼	\$21,979,001	\$22,250,619	\$22,358,144 ▼	\$22,465,669 ▼
Classified Salaries	\$9,782,663 ▼	\$9,246,971	\$9,975,322	\$10,082,122 ▼	\$10,165,322
Management Salaries	\$4,149,397	\$3,759,093	\$4,015,458	\$4,043,733	\$4,072,008
Employee Benefits	\$10,395,386	\$9,910,914	\$11,047,334	\$11,447,334 ▼	\$11,847,334 ▼
OPEB & Vacation Liability	\$500,000	\$0	\$0	\$0	\$0
Supplies, Software, Subscriptions	\$834,066	\$678,413	\$827,689	\$827,689	\$827,689
Services and Operations	\$6,316,995 ▼	\$5,921,583 ▼	\$6,443,520	\$6,443,520	\$6,443,520
Capital Outlay	\$716,057	\$645,410	\$669,427	\$669,427	\$669,427
Transfers, Reserves	\$1,042,762 ▼	\$25,200	\$449,351 ▼	\$449,351	\$449,351
TOTAL ESTIMATED EXPENDITURES	\$54,872,323	\$52,166,585	\$55,678,720	\$56,321,320	\$56,940,320
ENDING FUND BALANCE	\$4,662,720 8.5%	\$9,527,885 18.3%	\$2,794,688 5.0%	\$2,867,787 5.1%	\$2,870,783 5.0%

CalSTRS & PERS Employer Contribution Rates

Effective Date	STRS	PERS
July 1, 2013	8.25%	11.44%
July 1, 2014	8.88%	11.77%
July 1, 2015	10.73%	12.60%
July 1, 2016	12.58%	15.00%
July 1, 2017	14.43%	16.60%
July 1, 2018	16.28%	18.20%
July 1, 2019	18.13%	19.90%
July 1, 2020	19.10%	20.40%

30-year obligation of \$74.4 billion (only 67% funded)

Deficit Trend Analysis

Revenue & Expense Less Anomalies

	Actual				Projected
	2009-10	2010-11	2011-12	2012-13	2013-14
Revenue	\$53,215,978	\$50,474,458	\$46,408,347	\$45,083,131	\$48,413,812
Expenses	\$50,038,842	\$48,522,029	\$49,443,281	\$50,663,982	\$51,700,198
Reserve / (Deficit)	\$3,177,136	\$1,952,429	(\$3,034,934)	(\$5,580,851)	(\$3,286,344)

Remove One-Time Anomalies:

2009-10

\$ 58,865,978

\$ (5,650,000) Transfer In from GIC to fund OPEB

\$ 53,215,978 Revenue

\$ 58,957,110

\$ (6,500,000) Fund OPEB

\$ (2,418,268) Payoff SERP #1 & #2

\$ 50,038,842 Expenses

2013-14

\$51,914,262

\$ (2,731,678) RDA

\$ (768,772) 1X Rev. (Energy, etc.)

\$48,413,812 Revenue

\$52,166,585

\$ (464,606) SERP Pmt 3 of 5

\$51,700,198 Expenses

2010-11

\$ 51,027,726

\$ (553,269) 1X Rev. (Excel., Cell Tower...)

\$ 50,474,457 Revenue

2011-12

\$ 47,426,878

\$ (1,018,531) 1X Rev. (Excel., Cell Tower)

\$ 46,408,347 Revenue

\$ 49,907,886

\$ (464,606) SERP Payment

\$ 49,443,280 Expenses

2012-13

\$ 45,762,096

\$ (678,965) Solar

\$ 45,083,131

\$ 51,928,048

\$ (800,000) OPEB

\$ (464,606) SERP Pmt.

\$ 50,663,442

Future Budget Concerns

- **Full-Time Faculty Obligation Compliance (FON)**

The California Code of Regulations (CCR), title 5, Section 51025 requires community college districts to increase their base number of full-time faculty over the prior year in proportion to the amount of growth in credit FTES. The current projection, from the Chancellor's Office, is based on the recent Advance Apportionment.

Fiscal Year 2014-15:	Budgeted = 118	Compliance = 113
Fiscal Year 2015-16:	Projected = 120	(as of September 4, 2014)

- **Full-Time Equivalent Student (FTES)**

Funded FTES Workload (Amount the State will pay the District)

Fiscal Year 2014-15 = 9,560 FTES (This establishes future Base Workload)

Mid-Size College Threshold

Fiscal Year 2014-15 = 9,647 FTES (Amount needed for the extra \$1.1 million)

Failure to reach 9,647 FTES results in loss of \$1.1 million in fiscal year 2017-18.

Discussion