



Victor Valley College
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Board of Trustees
Joe Range, President
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Dear colleagues,

The difficult state of California's economic conditions and their effects on the community colleges' budgets are not a secret. Since fiscal year 2009-10, the community colleges' budgets have been slashed by two billion dollars. Budget cuts have forced the colleges to reduce their workload, while the difficult unemployment conditions have placed increased burden upon the community colleges to offer more courses and programs for the students who must update their skills to become more competitive in the job market. Victor Valley Community College District (VVCCD) is not immune from these fiscal and planning difficulties. The Budget and Finance Planning Committee has fused budgeting to planning (PRAISE) in order to recommend the enclosed District budget.

VVCCD received five million dollars in budget cuts during the last fiscal year. These cuts are carried forward to fiscal year 2012-13. Furthermore, the dissolution of Redevelopment Agencies (RDA) has imposed additional revenue shortfall upon VVCCD. The California Legislature passed a budget that was signed into law by Governor Brown that relies upon the passage of a tax measure during the November 2012 elections in order to balance the current fiscal year budget. If the November tax ballot fails, massive mid-year budget cuts will be imposed on the State agencies including community colleges.

The extent of the mid-year budget cut will approximately be \$3,000,000 for VVCCD. In addition to this cut, the state may impose additional cuts due to lackluster income and property tax revenues. The community colleges' budget shortfalls, due to tax and enrollment fee shortfalls have not been backfilled in the past few years. This imposes additional budgetary constraints in meeting the students' demand for courses and programs. Similar to the past two fiscal years, the apportionment deferrals will continue during the fiscal year 2012-13.

The College continues to provide additional courses to the residents of the High Desert. VVCCD was funded for 8,880 Full-time Equivalent Students (FTES) during the fiscal year 2011-12 and it served over 9,600 FTES. VVCCD plans to serve approximately 9,300 FTES based on 8,880 FTES workload funding during the current fiscal year. However, a drastic mid-year budget cut may reduce the funded workload to approximately 8,300 FTES. The decreased funded workload will force VVCCD to, proportionally, decrease the number of courses it plans to offer. The budgetary effect of producing 9,300 FTES versus 8,300 FTES will be a permanent reduction of one million dollars in base funding for the District in the upcoming years.



Fiscal year 2012-13 general fund revenue to the institution is \$45,995,984; the expense budget is \$57,100,879 and \$11,104,895 of the current reserves will be used to balance the budget. The institution has developed a balanced budget for the fiscal year 2012-13 based on:

- Reducing expenditures
- Use of one-time revenues
- Use of current balances

The District directs revenues from solar project incentives, facilities lease, and indirect cost recovery to balancing its budget. Energy production and management projects decrease cost thereby reducing the budget deficit. An energy management project that was completed during the last fiscal year will provide approximately \$160,000 in cost avoidance. When completed, a planned solar covered parking project will provide cost savings in the magnitude of \$20,000 per year. Funding of the Other Post-employment Benefits (OPEB) liabilities in the amount of \$3,100,000 from one-time funding resources will reduce the budget liabilities by approximately \$700,000 per year.

The District's budget experiences a structural deficit. At its July 2012 meeting and at the recommendation of the administration, the Board of Trustees passed a resolution to balance the District's budget by fiscal year 2015-16. Collaboration among all the District employees ensures the accomplishment of this goal. 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 "C. O'Hearn", written over a light blue horizontal line.

Christopher C. O'Hearn, Ph.D.
Superintendent/President
Victor Valley College