

**VALENCIA COLLEGE
DISTRICT BOARD OF TRUSTEES
Budget Workshop**

Minutes

March 2, 2015

Valencia College – District Office, Room 502

Members Present

Ms. Maria Grulich, Chair

Mr. Lewis M. Oliver, III, Vice Chair

Dr. Bruce Carlson

Mr. Guillermo Hansen

Mr. John Crossman

Mr. Raymer F. Maguire, III

Member Non-Present

Mr. Fernando Perez

Ms. Daisy Lopez-Cid

Call to Order

President Shugart called the Budget Workshop of the District Board of Trustees of Valencia College to order at 11:20 a.m.

Public Comment

No public comment was offered.

Meeting Overview

President Shugart indicated that this workshop is a budget information gathering session. He stated that no action items would be presented to the Board for approval during this meeting. He encouraged the Board to ask questions regarding the ongoing budget process to prepare to make the best possible budget decisions at the May and June Regular Board meetings. Dr. Shugart stated that the College has no intention to increase tuition for this budget year.

Mr. Keith Houck, Vice President of Operations and Finance, led the budget workshop and provided the Board a copy of the supporting PowerPoint presentation. He provided a contextual overview and comparison with other colleges before discussing operating budget scenarios, capital resources, and fund balances.

Mr. Houck stated that Valencia is one of few colleges in the Florida College System experiencing enrollment growth. He noted that while the College is comparatively underfunded, it continues to be a very high performer. Mr. Houck provided comparisons for both total state funding and total funding per FTE. He stated that the state considers tuition to be part of the state's appropriation to the college. Mr. Maguire inquired on what is included in

the direct instruction expenditures. Mr. Houck and Dr. Shugart indicated that the actual definitions of instruction expenditures will be provided to the Board in the College's Annual Report.

Mr. Houck presented three potential revenue scenarios for the College. Dr. Shugart stated that one of the most important budget planning decisions relates to enrollment assumptions. He stated that Valencia's good reputation, its brand in the market place, and a strong UCF DirectConnect program are key contributors to enrollment growth. Dr. Shugart stated that one of Valencia's biggest opportunities for growth is in Osceola County, with great opportunities to add students by increasing the county's college-going rate among high school graduates. However, he stated that recent developmental education reforms are resulting in a decrease in student success in key front-door courses, which may have a negative impact on enrollment. Dr. Shugart recommended no tuition increase and not budgeting enrollment growth for next year.

Dr. Shugart discussed the College's spending priorities. He briefed the Board on the College's ongoing commitment to the new student experience classes. He also reported on the continuing staffing growth at the Lake Nona campus.

Dr. Shugart reported that the Intensive Language Institute and the Continuing Professional Education programs continue to grow rapidly. He also noted that enrollment in the Global Workforce Education program continues to exceed all forecasted goals.

Mr. Houck discussed the proposed Budget – Scenario A. He briefed the Board on the new Governmental Accounting Standard Board (GASB), which transfers the costs for unfunded retirement benefits to the colleges and local governmental entities

Mr. Houck reported on capital resources. He indicated that the state's Public Education Capital Outlay (PECO) fund is not expected to provide sufficient funds for the college system at least for the next few years. He reminded the Board that the first building at Lake Nona, Building 10 West, and a large part of Building 4 Osceola, were funded locally by the College using a combination of Capital Improvement Fees, fund balance and bookstore revenue. Additionally, the current construction project on the East Campus does not include any state PECO funding.

Mr. Houck reported on the College's Fund Balances. He indicated that the College will have a better indication of state funding levels and the College's corresponding budget at the April Regular Board meeting.

Adjournment

Ms. Grulich adjourned the Budget Workshop at 1:13 p.m.

Secretary

Chair



Valencia College District Board of Trustees

Budget Workshop
For the Fiscal Year 2015-16

Presented March 2, 2015

Budget Workshop

Overview

Operating Budget

Capital Resources

Fund Balances

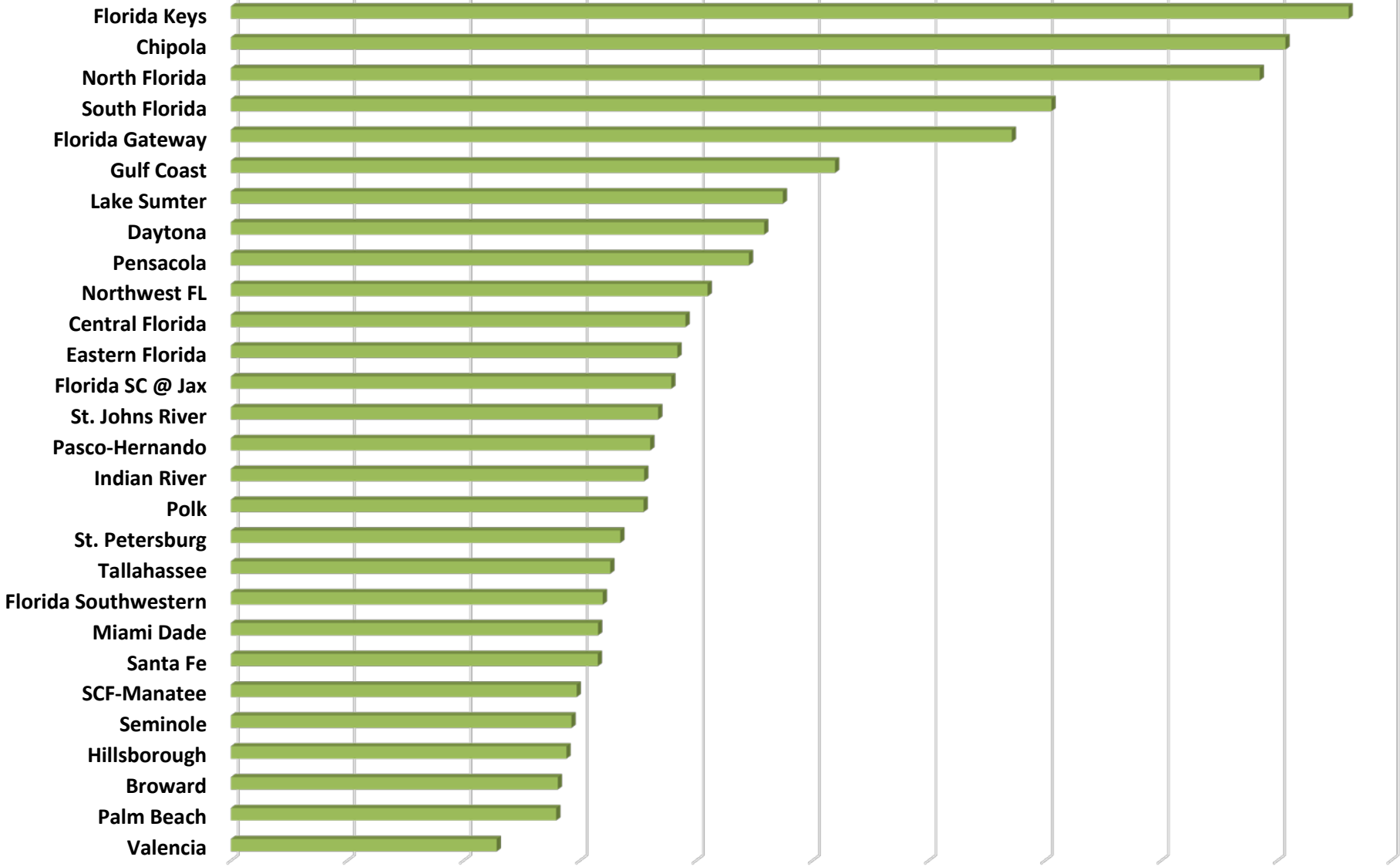


Enrollment Change by College

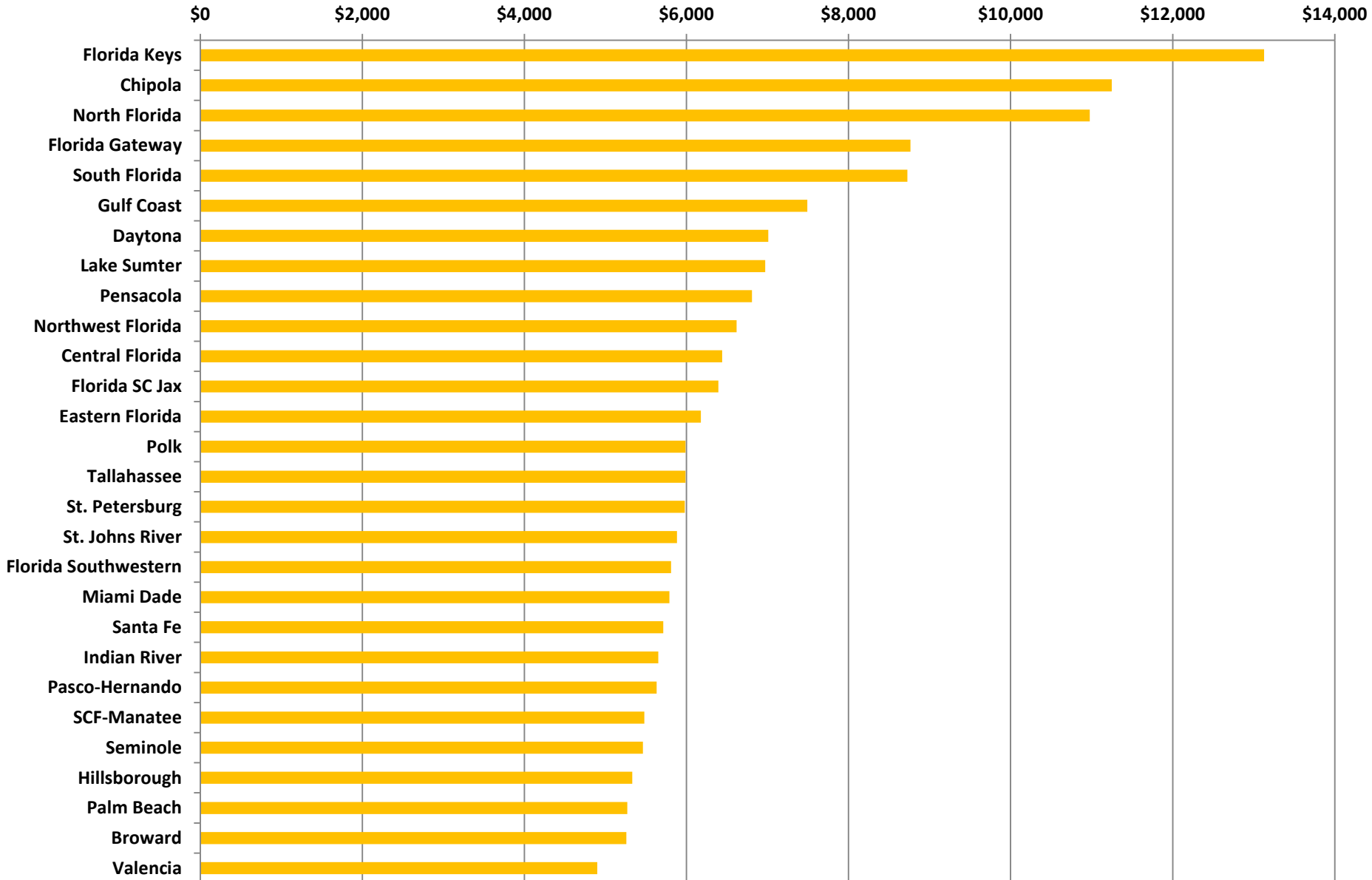
COLLEGE	2014-15 FTE-1A TOTAL	USING 2014-15 DEFINITION OF FUNDED FTE											
		CHANGE OVER 1- YEAR		CHANGE OVER 2- YEARS		CHANGE OVER 3- YEARS		CHANGE OVER 4- YEARS		CHANGE OVER 5- YEARS		CHANGE OVER 6- YEARS	
		2013-14 TO 2014-15	2012-13 TO 2014-15	2011-12 TO 2014-15	2010-11 TO 2014-15	2009-10 TO 2014-15	2008-09 TO 2014-15						
Eastern Florida State College	11,128	-3.6%	11,545	-7.4%	12,018	-16.9%	13,395	-17.7%	13,514	-15.5%	13,173	-4.2%	11,621
Broward College	30,537	0.1%	30,496	1.6%	30,054	-2.0%	31,152	0.2%	30,470	10.2%	27,703	24.3%	24,562
College of Central Florida	5,786	-2.0%	5,904	-3.2%	5,976	-11.2%	6,514	-12.2%	6,593	-7.8%	6,272	8.6%	5,330
Chipola College	1,451	-3.9%	1,511	-9.4%	1,602	-11.9%	1,646	-12.9%	1,666	-15.6%	1,719	-14.7%	1,702
Daytona State College	11,206	-5.7%	11,881	-10.0%	12,449	-19.1%	13,844	-31.0%	16,242	-27.3%	15,406	-15.8%	13,314
Florida SouthWestern State College	9,784	-3.6%	10,149	-6.9%	10,513	-17.4%	11,843	-19.9%	12,215	-13.7%	11,333	6.6%	9,179
Florida State College at Jacksonville	20,406	-5.9%	21,676	-10.1%	22,695	-19.0%	25,182	-20.1%	25,524	-14.8%	23,962	-2.2%	20,867
Florida Keys Community College	683	-12.0%	776	-18.4%	837	-24.9%	910	-29.4%	968	-34.3%	1,040	-23.6%	894
Gulf Coast State College	4,168	-2.1%	4,257	-7.5%	4,505	-14.0%	4,845	-15.1%	4,908	-14.7%	4,884	-10.7%	4,669
Hillsborough Community College	20,143	0.8%	19,974	-1.6%	20,472	-5.7%	21,358	-6.0%	21,419	-2.0%	20,553	9.2%	18,454
Indian River State College	13,358	1.8%	13,123	-0.5%	13,429	-2.8%	13,745	-5.6%	14,151	-3.3%	13,807	4.4%	12,791
Florida Gateway College	2,002	-3.6%	2,078	-7.6%	2,167	-14.4%	2,339	-13.7%	2,319	-13.7%	2,320	-2.5%	2,054
Lake-Sumter State College	2,820	1.2%	2,787	-4.9%	2,966	-12.9%	3,238	-13.5%	3,261	-9.9%	3,129	2.4%	2,753
State College of Florida, Manatee-Sarasota	7,672	0.5%	7,634	-4.2%	8,008	-9.3%	8,463	-13.9%	8,912	-18.8%	9,449	-9.4%	8,465
Miami Dade College	55,231	1.4%	54,472	-1.1%	55,872	-7.5%	59,702	-7.6%	59,764	-1.4%	56,005	0.2%	55,101
North Florida Community College	822	3.0%	798	-8.4%	898	-14.6%	963	-20.1%	1,028	-10.8%	922	-1.6%	836
Northwest Florida State College	4,680	-6.8%	5,023	-9.9%	5,196	-16.3%	5,589	-20.8%	5,906	-19.1%	5,784	-15.5%	5,541
Palm Beach State College	20,328	1.3%	20,057	1.2%	20,085	-3.1%	20,986	-2.4%	20,830	1.6%	20,007	11.5%	18,224
Pasco-Hernando State College	7,712	8.7%	7,095	9.5%	7,041	-1.4%	7,825	-0.8%	7,778	7.6%	7,168	28.3%	6,013
Pensacola State College	7,783	-8.6%	8,518	-16.3%	9,297	-17.9%	9,484	-16.6%	9,336	-15.6%	9,221	-9.8%	8,629
Polk State College	7,699	-2.6%	7,905	-1.6%	7,828	0.4%	7,667	7.5%	7,163	17.6%	6,545	32.7%	5,800
St. Johns River State College	4,871	2.2%	4,768	1.6%	4,795	-3.5%	5,047	-2.6%	5,001	0.2%	4,862	8.4%	4,494
St. Petersburg College	20,611	-0.4%	20,692	-3.1%	21,280	-8.1%	22,430	-7.7%	22,330	1.1%	20,389	13.0%	18,237
Santa Fe College	11,342	-1.9%	11,557	-5.0%	11,935	-9.6%	12,550	-10.6%	12,682	-6.6%	12,148	-4.8%	11,915
Seminole State College of Florida	13,197	-4.8%	13,867	-11.4%	14,891	-13.0%	15,170	-14.5%	15,428	-5.6%	13,981	10.1%	11,990
South Florida State College	2,250	2.6%	2,192	-1.3%	2,280	-6.9%	2,416	-17.8%	2,737	-20.0%	2,812	-16.3%	2,688
Tallahassee Community College	9,710	-4.9%	10,208	-11.3%	10,947	-20.5%	12,219	-18.9%	11,975	-16.7%	11,660	-11.2%	10,934
Valencia College	29,833	0.7%	29,612	-0.8%	30,074	-5.4%	31,531	-4.3%	31,174	3.0%	28,955	14.6%	26,033
SYSTEM	337,213	-1.0%	340,556	-3.7%	350,109	-9.4%	372,050	-10.1%	375,292	-5.1%	355,207	4.4%	323,089
% CHANGE 2014-15 OVER 2013-14	-1.0%	% CHANGE 2013-14 OVER 2012-13	-2.7%	% CHANGE 2012-13 OVER 2011-12	-5.9%	% CHANGE 2011-12 OVER 2010-11	-0.9%	% CHANGE 2010-11 OVER 2009-10	5.7%	% CHANGE 2009-10 OVER 2008-09	9.9%		

State Funding per FTE 2014-15

\$0 \$1,000 \$2,000 \$3,000 \$4,000 \$5,000 \$6,000 \$7,000 \$8,000 \$9,000 \$10,000

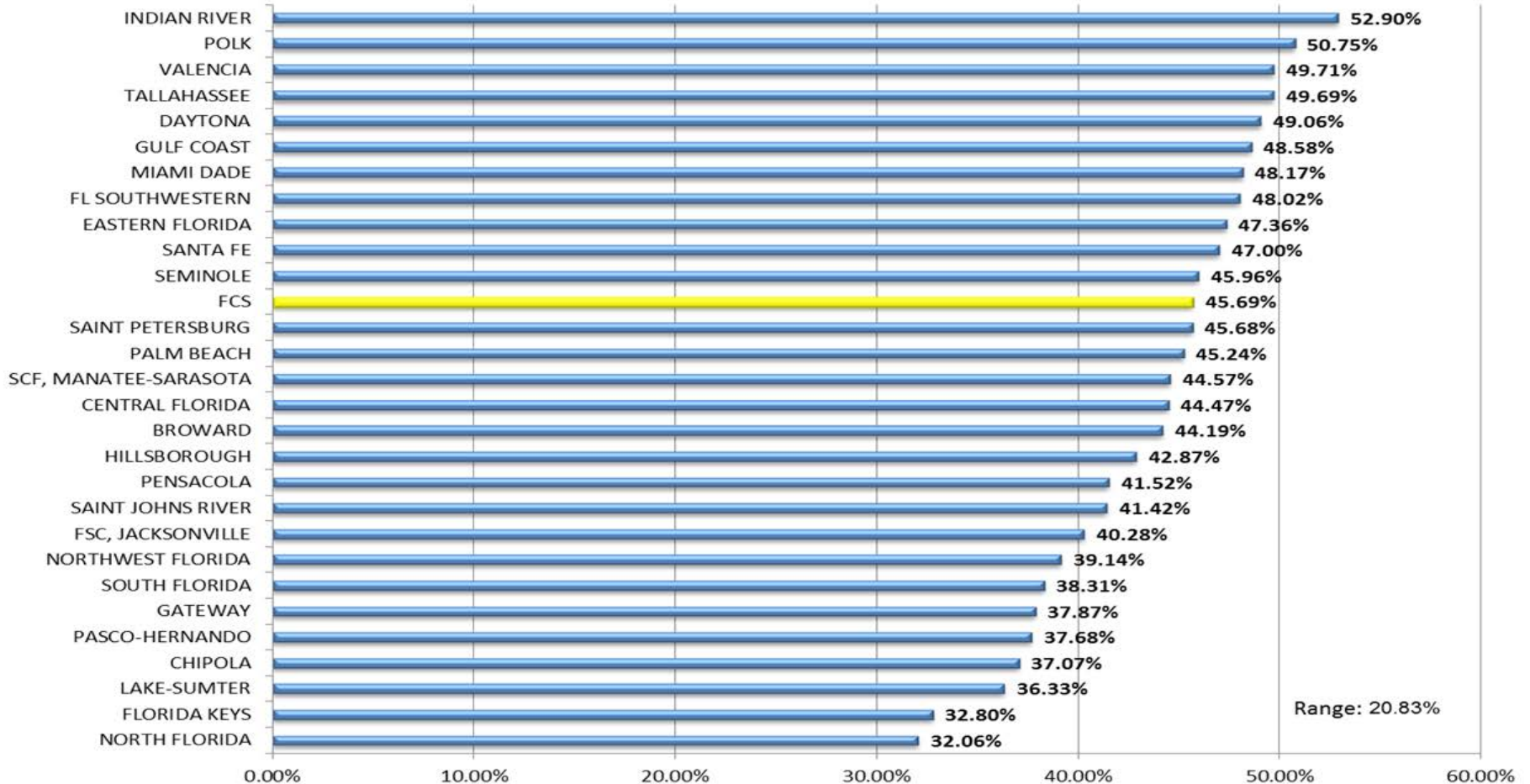


Total Funding per FTE for Fiscal Year 2014-15



2013-2014 Cost Analysis

2013-14 % DIRECT INSTRUCTION EXPENDITURES OVER TOTAL COST ANALYSIS EXPENDITURES EXCLUDING TRANSFERS



Operating Budget

Budget Design Principles

- Sustain and expand the College's core efforts to improve student learning and success, especially the New Student Experience.
- Invest in critically needed faculty and staff, especially in areas that are posing obstacles to access due to lack of capacity.
- Adjust staffing and other expenditures to changes brought on by developmental education reforms and general education curriculum adjustments.
- Continue to grow programs in Global, Professional, and Continuing Education within a business model of return on investment to the College.
- Implement a more robust model of new program or initiative funding and launch.
- Adjust compensation to remain competitive and fair in the Central Florida market.
- Tune benefits to increase employee choice and reduce long-term cost increases to employees and the College.

Budget Design Principles continued

- Invest in adjunct faculty to achieve improved learning and success with students and a sustainable staffing model for access and performance.
- Continue to fund the Lake Nona staffing plan.
- Fund new programs for Osceola campus.
- Invest in faculty and staff to support continued growth at Osceola campus.
- Adjust the ratio of Full-time faculty vs Part-time faculty at the Osceola campus as a result of SACS comments
- Support strategic efforts to increase college-going rates and Valencia's market share of recent high school graduates.

* The fund balance is an accumulation of excess revenues over expenditures that is available for use by the college. We are required by Florida Statute 1011.84(3) to maintain a minimum unallocated fund balance of at least 5% of total operating funds available.



Governor's Recommended Budget

- ▶ \$30.2M (2.7%) Increase in State Funds
- ▶ Tuition (No Change)
- ▶ \$60.0M Performance (\$30M new and \$30.0M redirected)
- ▶ \$4.8M Dual Enrollment
- ▶ \$0.5M Business Start Up

Revenue Scenarios

- ▶ Scenario A
 - This year's revenue growth
 - Plus additional growth in CE
 - Plus Governor's Recommendation using the recommended Performance Allocation Formula which would generate ~ \$3.05 million
- ▶ Scenario B
 - Includes an additional \$3 million from the state
- ▶ Scenario C
 - Includes an additional \$5 million from the state

Spending Priorities

- ▶ Cost to continue
- ▶ New student experience
- ▶ Essential faculty positions
- ▶ Expand advising support
- ▶ Complete staffing at Lake Nona
- ▶ Expand Global, Professional, and Continuing Education
- ▶ Assure market driven compensation
- ▶ Make technology investments
- ▶ Invest in marketing that drives enrollment



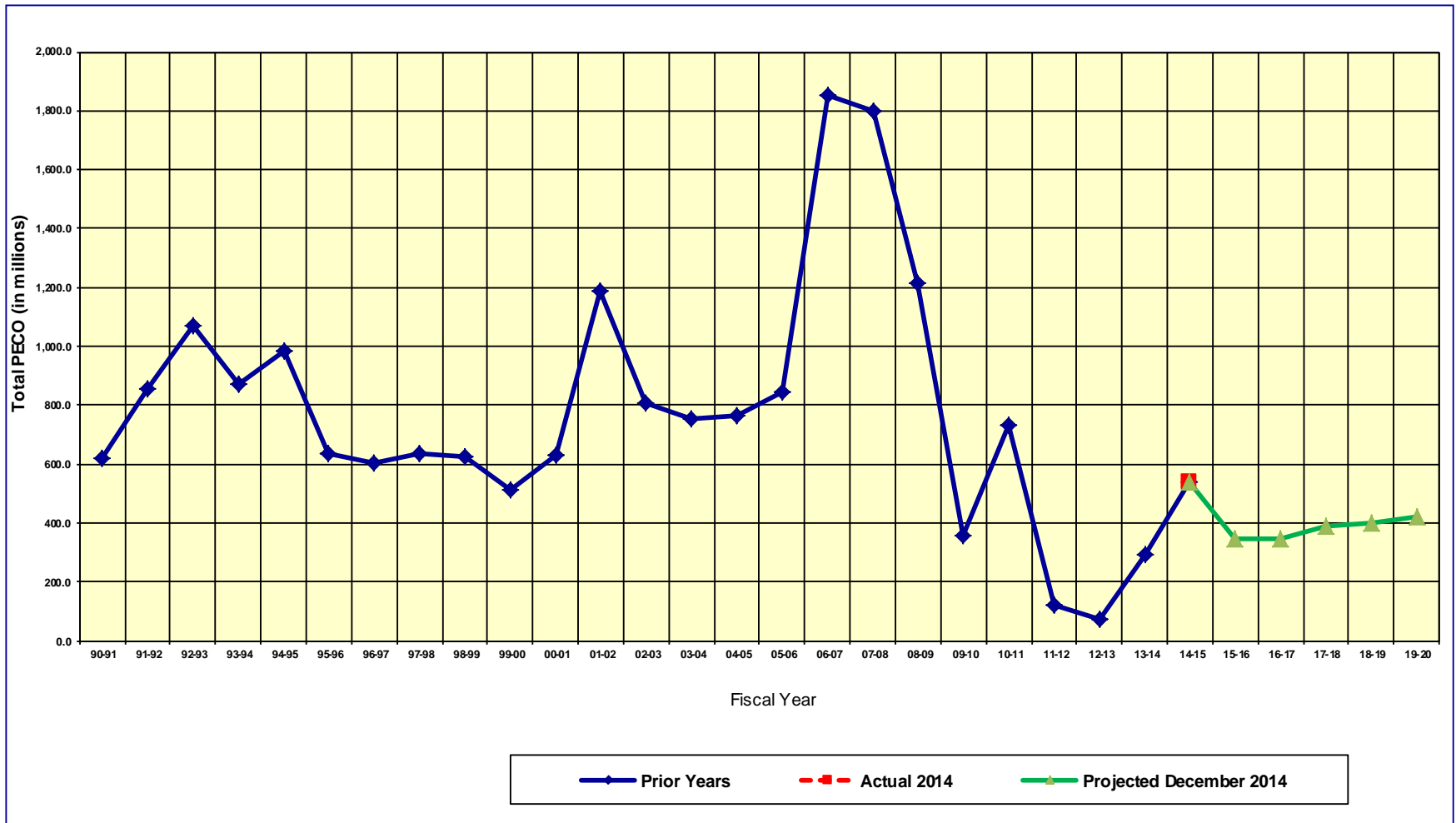
Budget – Scenario A

<u>Revenue</u>	<u>Millions</u>
Increase revenue based on current enrollment growth	\$ 2.40
No tuition increase	
Continuing Education	\$ 1.30
Additional State funding (Governor's Budget)	<u>\$ 3.05</u>
Impact on Revenue	\$ 6.75
<u>Expenditures</u>	
Salary increase (3% increase of Payroll for raises)	\$ 3.00
New Tenure Track Positions	\$ 1.07
New Annually Appointed Faculty Positions	\$ 0.34
New Student Experience Faculty Positions	\$ 0.65
Annually Appointed Converted Positions	\$ 0.11
Enrollment Services	\$ 0.27
International Recruitment	\$ 0.07
Continuing Education	\$ 1.10
BioTech Program	\$0.08
FRS Liability (GASB Requirement)	\$ 1.90
Current Expenses (inflationary increase in cost of goods and services)	\$0.07
Retirement Savings and Reclassifications	\$ (0.55)
Property Insurance	\$ (.17)
Health insurance (self-insured 10%)	<u>\$ 1.00</u>
Impact on Expenditures	\$ 8.94
<u>Revenue over/under Expenditures</u>	\$ (2.19)

Capital Resources

PECO - PAST, PRESENT & FUTURE

1990 - 2019



December 2014 PECO for FCS

ESTIMATED for Colleges (SODA & Projects)

- ▶ 2015-16 \$87.7M (31.1M+56.6M)
- ▶ 2016-17 \$87.5M (31.0M+56.5M)
- ▶ 2017-18 \$98.3M (34.9M+63.4M)



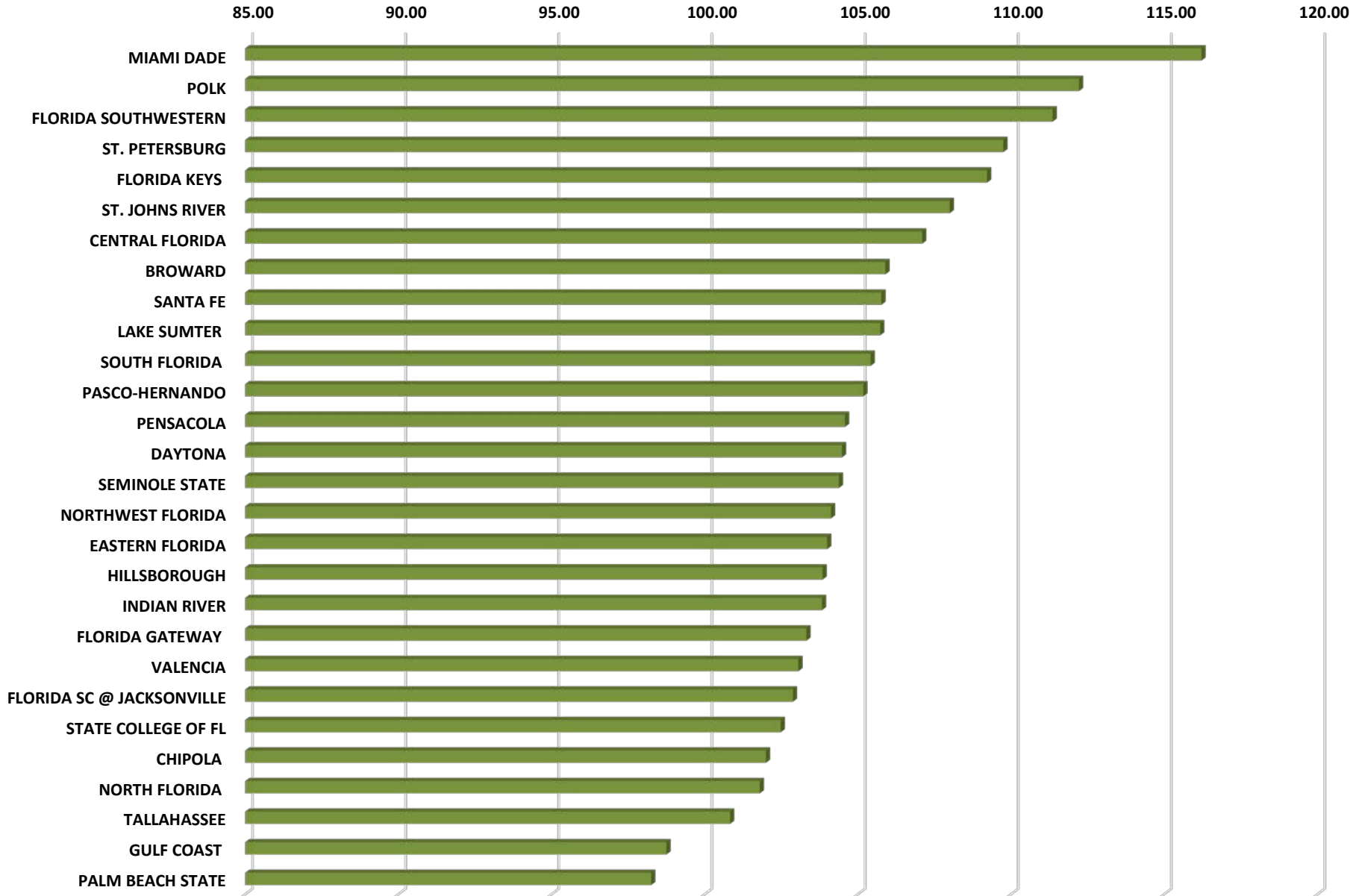
Fund Balances

Fund Balances (year end)

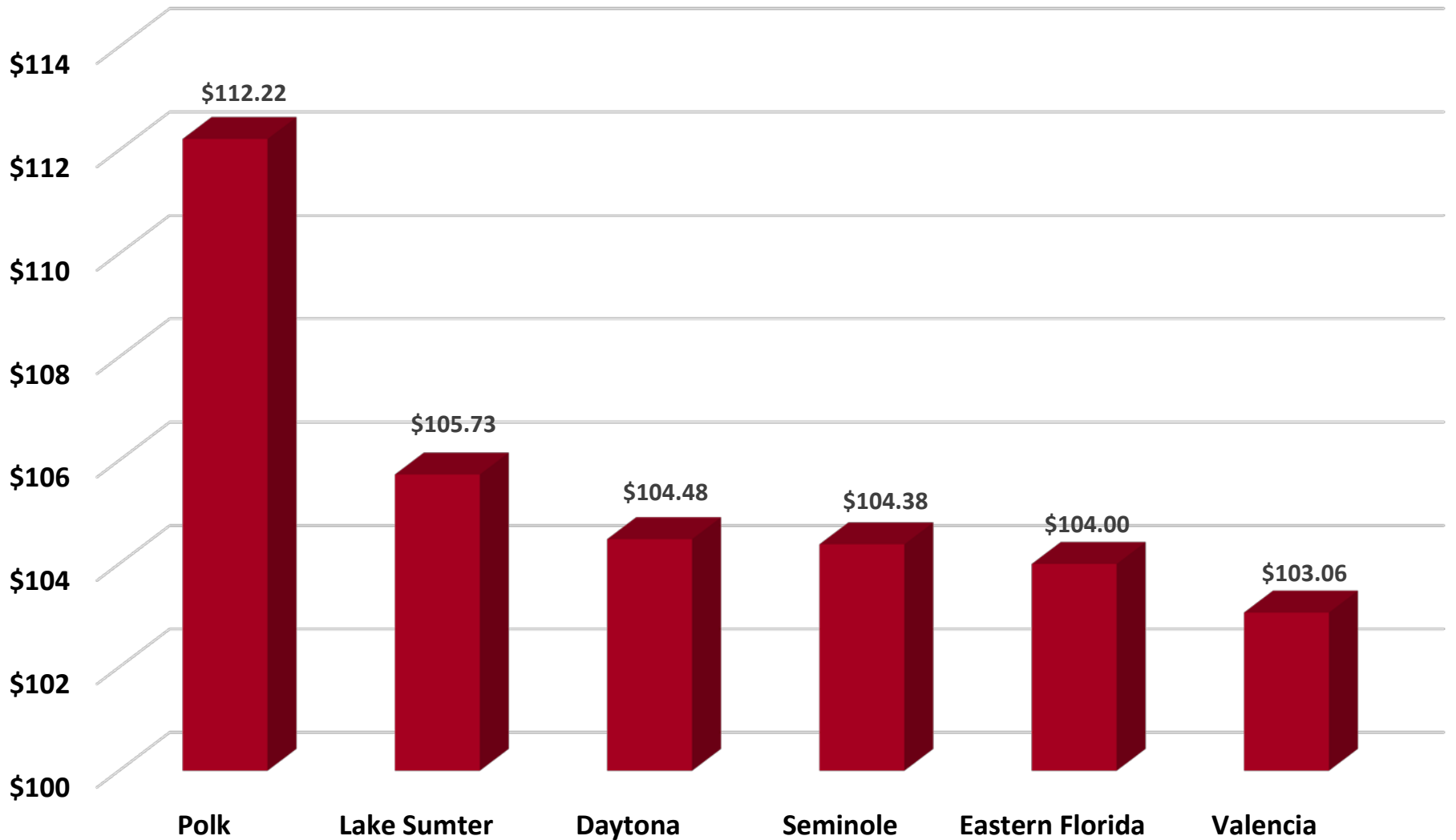
	Projected Fund Balance 2014-2015	Net Available*
<u>Fund 1</u>		
Unencumbered Fund Balance	\$17,102,959	\$ 5,987,569
<u>Fund 3</u>		
Bookstore (net of inventory)	\$12,650,412	\$12,650,412
Conference Center	124,744	124,744
TV Tower	1,255,853	1,255,853
ITFS Educational Broadband	988,707	988,707
Food Services	694,534	694,534
Pay 4 Print	<u>387,716</u>	<u>387,716</u>
Total	\$16,101,966	\$16,101,966
<u>Fund 4</u>		
College Quasi-Endowment	<u>\$12,759,974</u>	<u>\$ 8,687,300</u>
<u>Fund 7</u>		
Local Funds (includes transfers)	\$12,480,176	\$ 100,496
Capital Outlay & Debt Service	1,174,441	1,174,441
Capital Improvement Fee	15,302,654	10,872,335
PECO	<u>957,880</u>	<u>957,880</u>
Total	<u>\$29,915,151</u>	<u>\$13,105,152</u>
<u>Total Fund Balances</u>	<u>\$75,880,050</u>	<u>\$43,881,987</u>

*Net Available is the balance remaining after reserves and commitments are removed: accrued leave and FRS liability, student quasi-endowment, construction projects, and other commitments.

Florida College System Tuition and Fees Fall 2014



Comparison of Resident Student Fees per Credit Hour Fall Term 2014-15



Questions