



May 25, 2016

**TO:** THE DISTRICT BOARD OF TRUSTEES  
OF VALENCIA COLLEGE

**FROM:** SANFORD C. SHUGART  
President

**RE:** PRELIMINARY BUDGET 2016-2017

A preliminary budget of \$193,000,000 (Fund 1) is presented for Board approval.

**RECOMMENDED ACTION:**

The President recommends that the District Board of Trustees of Valencia College approve the Preliminary Budget 2016-2017 as presented.

  
\_\_\_\_\_  
President

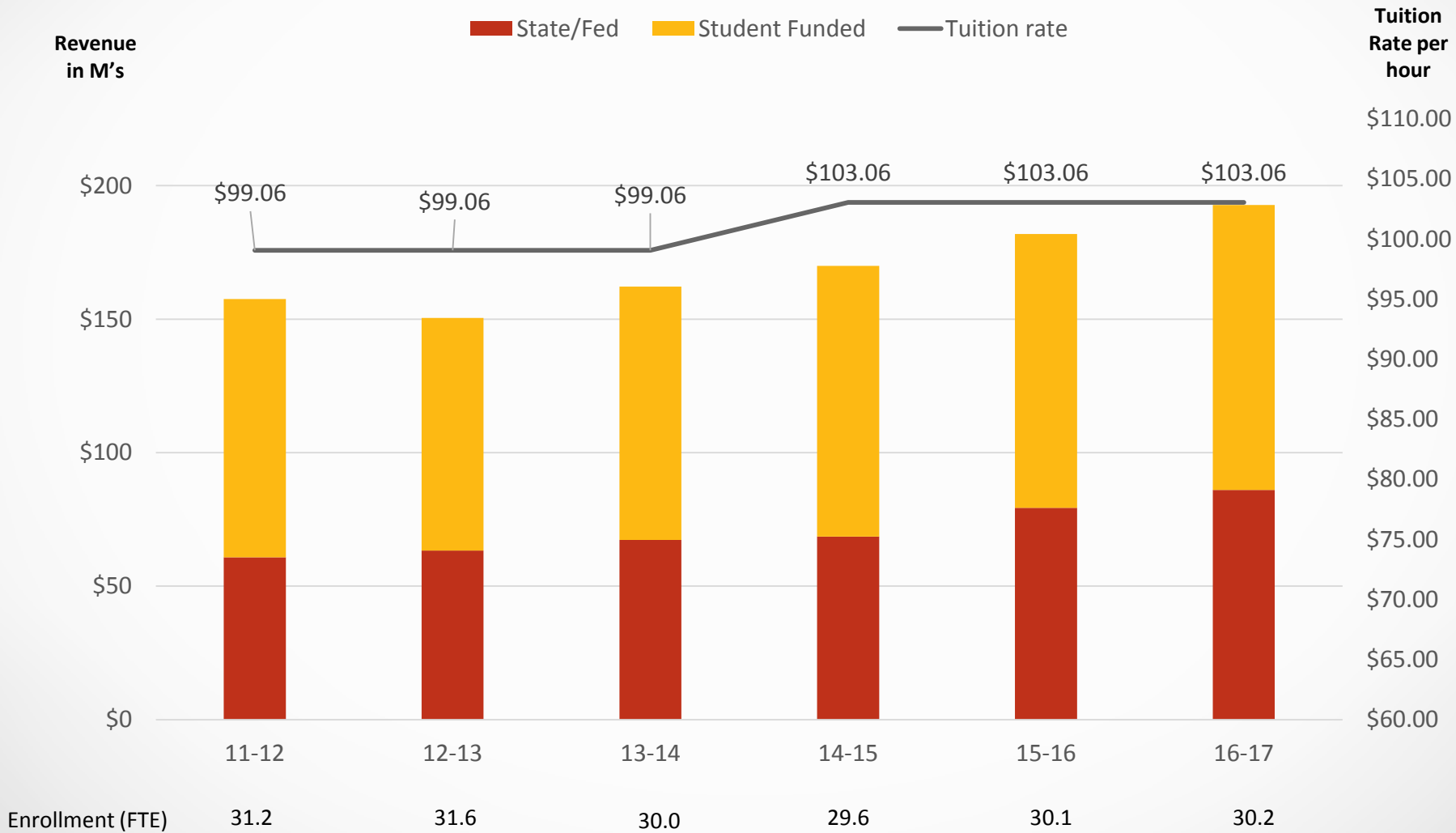
VALENCIA COLLEGE

# 2016 / 2017 Budget Overview

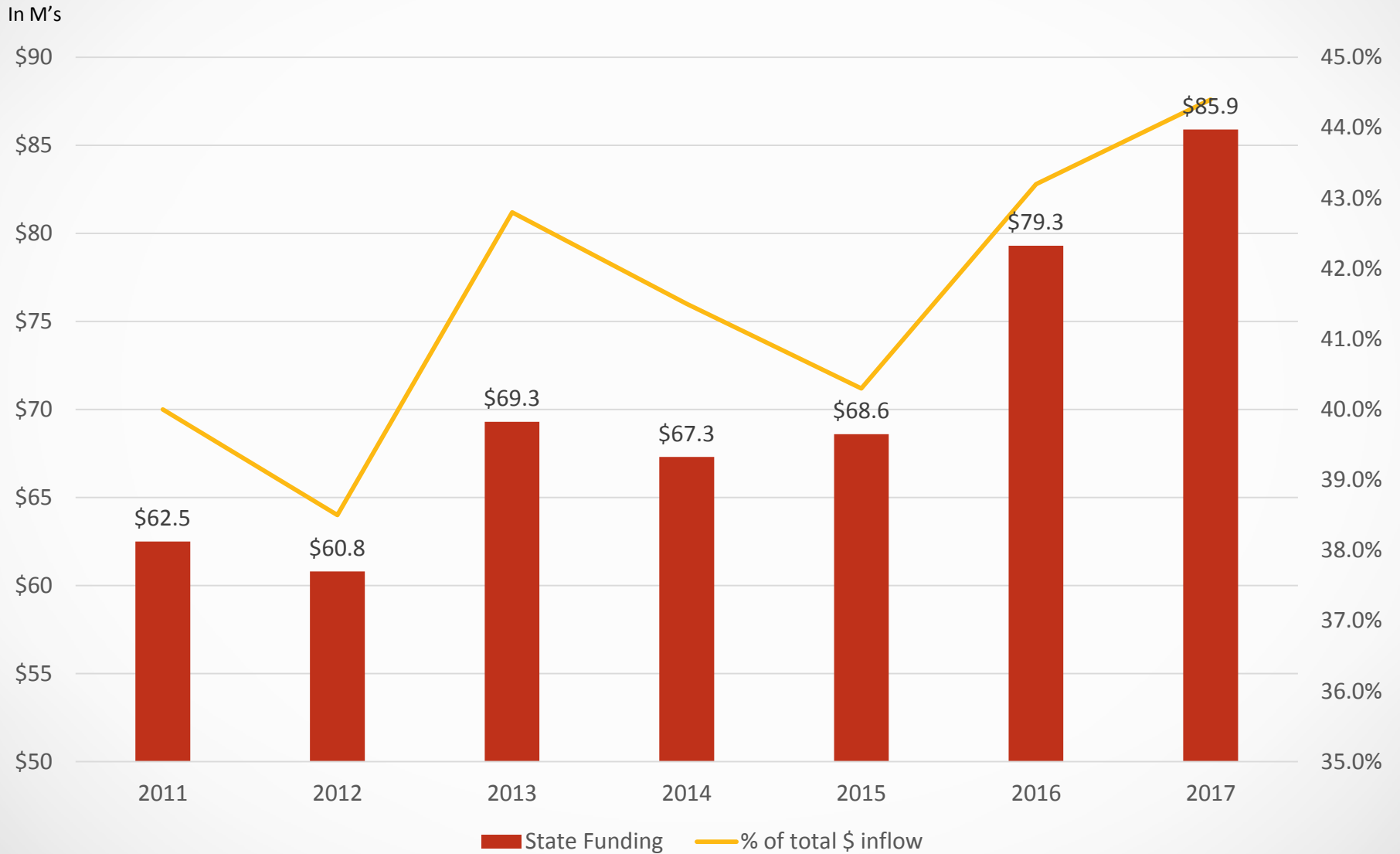
# Budget Design Concepts

- Build off 2015/2016 financial information (PYE)
- Match revenue to expenses
- Support and fund the basic health of the college
- Invest in strategic initiatives aimed at:
  - Improving learning
  - Community impact
- Invest in opportunities that:
  - Support future growth areas
  - Diversify the base

# Revenue / Tuition Rates



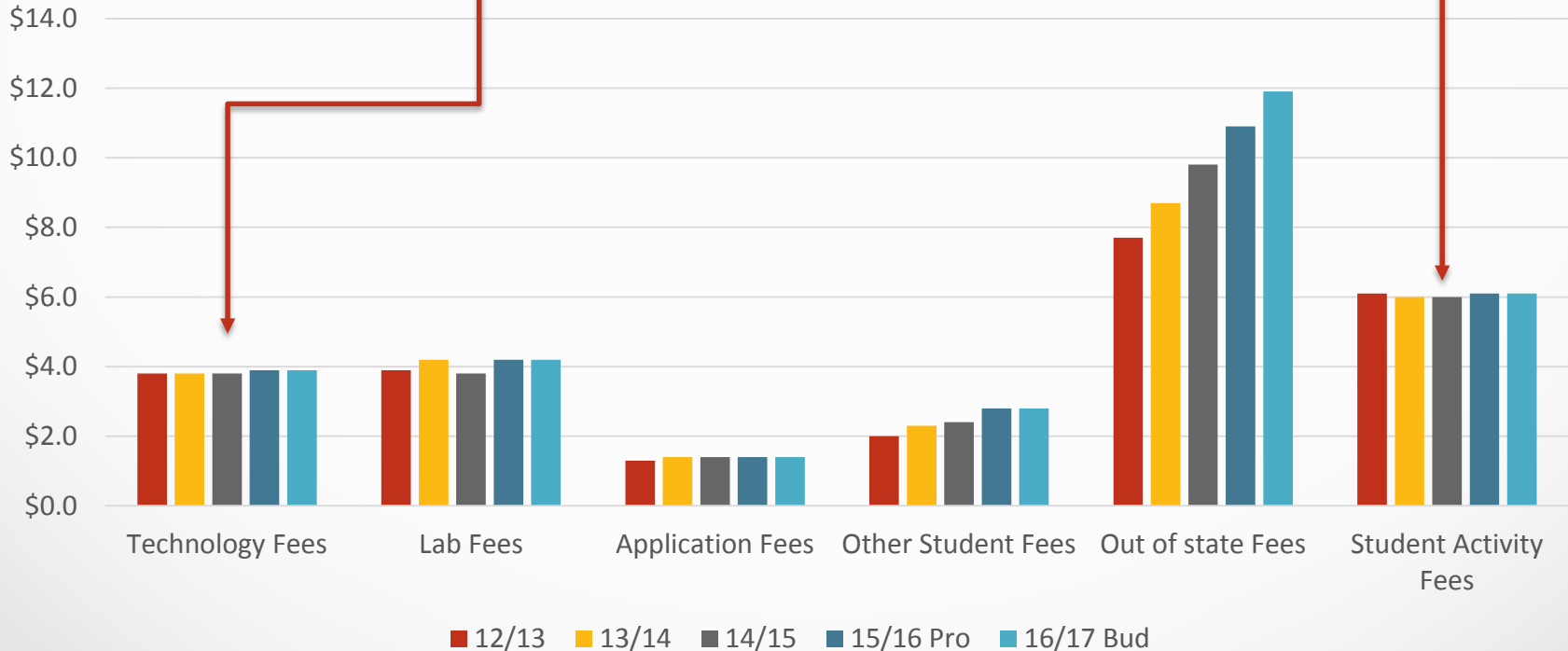
# State Funding Support



# Tuition Breakdown

	Tuition	Technology	Student Activity	Financial Aid	Capital Imp.	Total
Amount	\$82.66	\$3.83	\$7.07	\$3.83	\$5.67	\$103.06
Fund	1	1	2	5	7	

In Millions



# Revenue - PYE to Budget Baseline

	<u>\$'s In M's</u>
<b>Projected Year end</b>	\$183.0
State Funding - Prior year Non-reoccurring	<u>-\$3.0</u>
<b>Baseline for 2016/2017 Budget</b>	<u>\$180.0</u>
 <b>2016 / 2017 Budget Impacts (incremental growth)</b>	
<b>Volume (international students)</b>	\$1.0
 <b>Continuing Education</b>	
Intensive English	\$0.4
Advanced Manufacturing	\$0.5
Construction	\$0.5
Fire Program	\$0.4
Other	\$0.3
<b>Total Continuing Education</b>	\$2.1
<b>Investment Income</b>	\$0.2
<b>Total State est. appropriations</b>	<u>\$9.7</u>
<b>Total Funding Adjustments to Budget</b>	<u>\$13.0</u>
<b>Total Budget</b>	<u><u>\$193.0</u></u>

# Roll Forward - Expenses

## Projected Year End

Normal Activity net of Retirement Incentive  
Retirement Incentive (total payout)  
Health Care Adjustment

\$'s In M's

\$177.7

\$7.5

-\$4.0

## Projected Year End

\$181.2

Health Care Adjustment to Fund Balance

\$4.0

## Budget Requests

Prior Year Commitments / Current Year Adjustments  
Operational Adjustments to Budget  
Strategic Initiatives  
Cost to continue

-\$2.5

\$6.6

\$7.4

\$0.3

## Proposed Budget

\$193.0



# Prior Year Adj./Commitments (\$2.5M)

- \$4.0M – Health Care Accounting adjustment
  - Successful self insurance approach
  - Adjustment to prior year risk based assumptions

Used to support long term investment opportunities

- (\$1.2M) – One time purchases made in 2015/16 that are put back into the budget (e.g. software licenses, chiller replacement, specific maintenance issues)
- \$2.3M – Commitments made in 15/16 that will affect 16/17 (e.g. open auditor role, Life Map (1/2 year rollover), extensive open positions due to RIP)
- \$.4M - Grant Sustainment – Commitments for grant related positions moving into fund 1
- (\$8.0M) - Retirement Incentive Plan
  - One time adjustment due to payout (\$7.5M)
  - Salary savings (\$.5M)

(\$6.5M)

# Budget – Expenses (\$6.6M)

## Operational Investment in basic health of the college

Wage Increase \$3.8

Position Evaluation \$0.5

New Faculty \$1.7

Non-Faculty Additions \$0.6

**Total Operational Adjustments to Baseline** \$6.6M

# Strategic Initiatives – (\$7.4 M)

- **\$.6M On-Line Learning** – Focuses on improving on-line curriculum and faculty skills (9 positions, operating expenses to support program).
- **\$.6M Adv. Manufacturing** – Costs to build on the new continuation education program (capital and adjunct support).
- **\$.5M Life Map** – Yr. 2 of program guiding existing students in programmatic and life decisions (21 positions – start January 2017).
- **\$.5M Data Security** – Focused effort to enhance data security.
- **\$.4M CE / Construction** – Technical skill programs supporting job growth in the construction field (capital and adjunct support).
- **\$.7M CE/ Other** – Technical skill programs supporting job growth in fire safety, intensive English, emergency responders (capital and adjunct support).

# Strategic Initiatives (\$7.4M) (cont.)

- **\$.3M Marketing support** – Awareness increase for varied programs
- **\$.3M Poinciana Start up expenses** – Full year of executive Dean and other miscellaneous start up costs
- **\$.2M Downtown UCF** – Executive Dean and Operations Manager.
- **\$.2M Ag Sciences** – Support of hydroponics and aquaponics program.
- **\$.1M Tech Express** – 2 advisors to coordinate with OCPS on connecting Orlando Tech College to Valencia.
- **\$.3.0M Learning Laboratory** – Financial support to build replicative training facility to support continuing education jobs growth initiative.

# Financial health of the college

## Fund Balances (year end)

– Fund 1 (Operating Fund)	=	\$20.1M**
– Fund 2 (Student Activities)	=	\$ 2.4M
– Fund 3 (Auxiliary)	=	\$17.5M
– Fund 4 (Endowment)	=	\$13.9M
– Fund 7 (Capital Projects)	=	\$42.8M
– Total of Funds	=	\$96.7M

\*\*Est % of unencumbered fund balance = 9.97%

# Conclusion

- **Revenue growth**
  - No student fee increases
  - Growth through mix
  - Investment returns in job focused areas
  - Recognition by state (equity & performance \$'s)\*\*
- **Investment growth**
  - Strong return to the mission
  - Sustained revenue growth opportunities
  - New community based locations
  - Ventures into high return potential opportunities
  - Support the inherent cost of growth
- **Financial Health**
  - Remains strong

\*\* Pending final numbers from State