

West Hills College Coalinga West Hills College Lemoore North District Center, Firebaugh Naval Air Station, Lemoore

West Hills

Community College District

2008-09

Final Adopted Budget

Report

Board of Trustees

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Steve Cantu
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Frank Gornick, Chancellor
Ken Stoppenbrink, Vice Chancellor Business
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COMMUNITY
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Office of the Chancellor
Frank Gornick
frankgornick@westhillscollge.com

West Hills College Coalinga

West Hills College Lemoore

North District Center, Firebaugh

Naval Air Station, Lemoore

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West Hills College Lemoore
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Vice Chancellor
of Business Services
Ken Stoppenbrink

Fellow Citizens,

In the pages that follow, you will find the West Hills Community College District proposed budget for the 2008-2009 fiscal year.

Budgets are another way of revealing what an organization values. How we spend our resources – both human and capital – demonstrate what is important and also illustrates how we are fulfilling our mission.

As you read this proposed budget, it becomes obvious that we are a college district that values our employees and students. Our budget supports our singular mission to provide the best education and training to the citizens of our service area.

This budget, and the budgets before it, have been able to support the efforts of our staff to do more with less during these difficult budget times. In a way, it is a vivid testimony to the hard work and dedication of the employees of the West Hills Community College District.

With this budget we have been able to maintain and, in some cases, surpass our innovative advantage over other colleges in the areas of technology and facilities.

Our Board of Trustees has asked us to maintain a prudent reserve that, if needed, will allow us to provide uninterrupted service to our students.

It is with a great enthusiasm that I am able to recommend this budget to you for review and adoption.

Regards,

Frank Gornick
Chancellor



**WEST
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Business Services Department
Ken Stoppenbrink, Vice Chancellor Business
kenstoppenbrink@westhillscollge.com

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Dear Constituents,

As a way of demonstrating how committed the West Hills Community College District is to providing the necessary resources to provide a quality education to our students I would like to highlight just a few areas.

In the way of human resources, this budget is providing a total of \$ 27.8 million in wages. These funds when spent will generate an additional \$ 83.4 million into our respective communities, using an income multiplier of 3 times. This income multiplier was based on an economic impact study conducted by Dr. William E. Piland of the San Diego State University in 2002. As you can see this budget goes beyond the district and impacts our communities in job creation and sales tax generation.

The total budget for our general unrestricted fund is \$ 34.6 million and the budget for our general restricted fund is \$ 12 million for a total budget of \$ 46.6 million.

This budget contains a capital projects amount of \$ 29.6 million which will have a similar impact as previously mentioned. Additionally, with the passage of Measure Q, in the amount of \$ 11.8 million in our northern area, we will be able to leverage these funds to obtain an additional \$ 20.2 million in matching funds from the state for a total impact to that community of \$ 32 million.

We also will be providing the voters of the Coalinga and Lemoore areas an opportunity to pass similar bonds in the amounts of \$ 11.6 million and \$ 31 million respectively, totaling \$ 42.6 million, during the November 2008 election. These bonds if passed will generate an additional \$ 105.6 million in matching funds from the state for an impact of \$ 148.2 million.

As you can see the dedication to education by our Board of Trustees is ongoing and we continue to plan for our future to serve the needs of students for generations to come.

Regards,



Ken Stoppenbrink
Vice Chancellor Business Services

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2008-09 Final Budget Report

2007-08 Current Budget Status Report and Final Budget for 2008-09

(December 2007): This year's budget started with an ominous warning out of the Governors Office that there were going to be mid year cuts and also a plan to deal with an anticipated \$ 14 billion shortfall in the next fiscal year. What precipitated this were revenue shortfalls due to lower than expected property taxes; sales tax as well as corporate and individual income tax receipts. Coupled with this were the additional expenditures created from the wildfires in Southern California. This information generated rumors that the Governor would declare a fiscal emergency under Proposition 58, which would trigger a special session of the Legislature and requires action within 45 days and prohibits any other legislative business from being discussed.

According to John Laird, D-Santa Cruz, "this is so big, there's no way we can do this by cuts alone or revenue adjustments." Assemblyman Roger Niello, R-Fair Oaks stated "we have to take a look at this year's budget as soon as possible and make any adjustments we can for this year, which will make it easier for us to make adjustments next year."

Fortunately for the WHCCD we took a proactive position for our budget and cut off expenditures effective February 1, 2008 and also made a decision to freeze any positions that were funded but unfilled. This action will provide an additional cushion for our ending balance to offset any cuts from the Governors Office.

(January 8, 2008): During the annual State of the State address, Governor Schwarzenegger announced a proposal for budget reform to deal with the \$ 14 billion budget gap for the 2008-09 fiscal year. This proposal will require an amendment to the Constitution that will tie expenditures to revenue fluctuations. The Governor also stated that our educational system needs more money to succeed.

(January 10, 2008): The Governor announced his proposed mid year cuts and forecast for the 2008-09 fiscal year. For the current year 2007-08 the community college system would take a cut of \$ 40 million out of the cut of \$ 400 million from Prop 98 funds. This amounts to about \$ 293,000 for WHCCD.

(March 28, 2008): The systems office announced that two counties had provided the wrong property tax information that had an impact of \$ 84.4 million to the budget. As a result of this reduction the WHCCD was hit with a \$ 445,000 reduction in the current fiscal year.

(March 28, 2008): The California Community College League announced that the Legislative Analyst Office is forecasting a shortfall of \$ 16 billion up from \$ 14.5 billion.

For the fiscal year 2008-09 Prop 98 funds would be reduced by \$ 4 billion of which \$ 400 million would be cut from the Community College System or \$ 2.9 Million from WHCCD in addition to the \$ 293,000 from the 2007-08 fiscal year. Growth would be 1.05% and COLA would be zero. The growth revenue would bring about \$ 235,000 in revenue to offset the proposed reductions from Prop 98.

(April 29, 2008): The Fresno Bee announced that the budget deficit has now grown to \$ 20.2 billion and that the May revise is going to be catastrophic.

(May 14, 2008): The Governor announced his plan to deal with what has now become the \$ 15 billion dollar deficit. The plan, if approved by the voters, will be to borrow from the lottery revenue over the next three years to balance the budget and if rejected by the voters would automatically implement a 1% sales tax to pay for the deficit. Also authorized was an increase in growth for the Community College System of 1.67% for growth and 0 for COLA.

(May 30, 2008): The Assembly Budget Sub-Committee recommends adjustments to the May revise. Recommendations to increase Prop 98 funds by \$ 2.3 billion for K-14; however, the revenue enhancements of \$ 6 billion will be released at a later date. Additionally, enrollment growth is to be funded at 2% vs. 1.67% and a COLA of 1.6% vs. Zero. These recommendations will now go to the full Assembly and from there to the conference committee.

(June 5, 2008): The Senate Budget Sub-Committee finalized their budget actions, which in many respects mirrored those of the Assembly. The key differences were that the Senate added \$ 3 billion in Prop 98 funds, which is \$ 700 million above that of the Assembly's. Cutting the Chancellors Office budget by \$ 200,000 vs. \$ 1 million that came out of the Assembly. The real question that has yet to be answered is how this is going to be funded. In both cases there is an assumption that revenues will be higher, but they fail to identify exactly what the sources of these revenues are. The next step will be for each of the two houses to take up the budget in their full budget committees and then move them on to the Budget Conference Committee.

(July 15, 2008): The Fresno Bee reported in its editorial section that the Senate unveiled its budget plan but did not include the lottery as a source of revenue to balance the \$ 15.2 billion deficit. Quoting Senate President Pro Tem Don Perata, "it's irresponsible to make a July budget contingent on a lottery vote that would come in November." Perata did go on to state that new taxes would be needed but declined to identify where these taxes would come from. The next step in the process will be for the conference committee to convene and reconcile any differences between the two chambers. "The clock is ticking on California's finances. If the bomb goes off, it will justifiably blow up a whole lot of political careers."

(July 29, 2008): The Community College League of California issued an update on the delayed vote for the budget. The differences between the Governors budget and the Legislature's budget is a 2.43 % COLA vs. no COLA, 2% enrollment growth vs. 1.67%,

no cuts to categorical programs vs. an average cut of 7% and preservation of the Cal Grant program vs. cutting 42,000 from this program.

(July 31, 2008): The Governor ordered layoffs for 22,000 part-time and temporary workers instituted a hiring freeze and lowered the pay of the minimum-wage state workers from the higher state level to the federal one.

(August 4, 2008): The Wall Street Journal reported that the stalemate between the democrats and republicans' remains and that as a result the cost to borrow funds will result in higher interest rates being paid to provide the necessary cash flow to keep the state in business. "For his part, Mr. Schwarzenegger remained hopeful, saying last week; "I will continue to work with the legislative leaders and negotiate the budget and...I remain optimistic that we can get a budget in the next few days."

At the time the budget for the district was sent to print there was still no budget adopted by the State so the jury is out as to when we will be able to determine the full impact of any budget reached by the legislature.

2008-09 WHCCD Budget

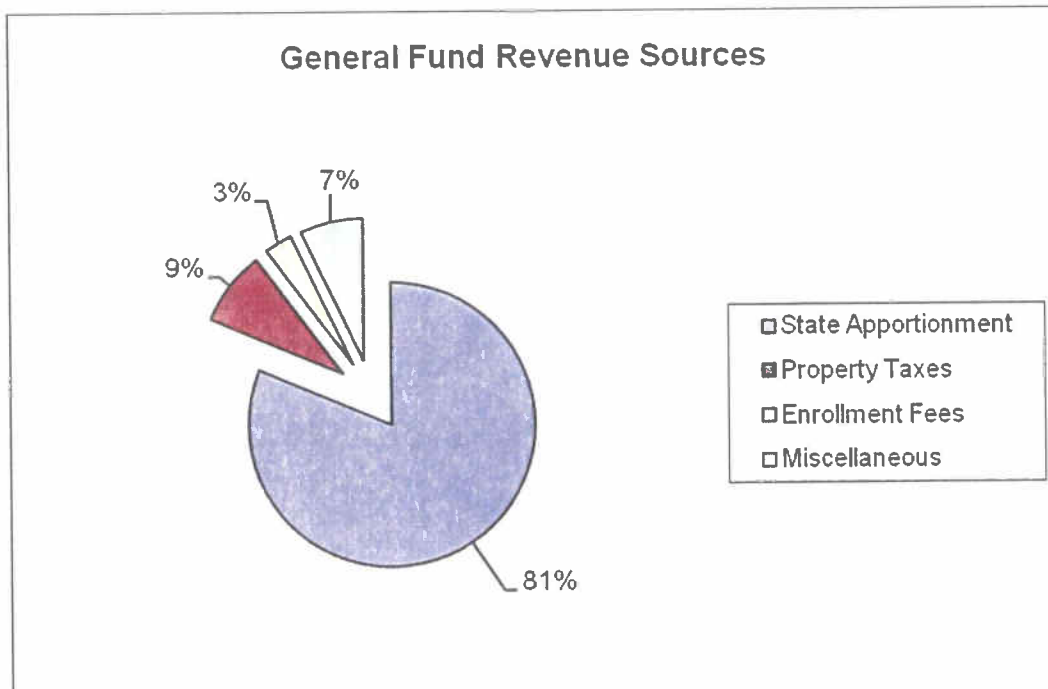
The 2008-09 adopted final budget is based on the most current revenue assumptions as announced by the Governor. Additionally, assumptions by the district include an estimated savings from expenditures in the current 07-08 fiscal year of about \$ 1.5 million and a decrease in expenses for the 08-09 fiscal year of \$ 2 million.

FTES Calculations		FTES Calculations	
2007-08 FTES based on Districts P-2 (Second Period Apportionment) report to the State on April 30, 2008.		2007-08 FTES based on Districts P-A (Annual Principal Apportionment) report as of July 15, 2008.	
Campus:	FTES:	Campus:	FTES:
Coalinga College:	1,616	Coalinga College:	1,616
Lemoore College:	3,082	Lemoore College:	3,082
NDC:	352	NDC:	352
TOTAL:	5,050	TOTAL:	5,050

2008-09 Tentative Budget Assumptions		2008-09 Final Budget Assumptions	
2008-09 FTES estimates based on a 1.67% growth factor.		2008-09 FTES estimates based on a 2% growth factor.	
Campus:	FTES:	Campus:	FTES:
Coalinga College:	1,518	Coalinga College:	1,523
Lemoore College:	2,999	Lemoore College:	3,008
NDC:	617	NDC:	619
TOTAL:	5,134	TOTAL:	5,150
COLA:	ZERO	COLA:	ZERO
Summary		Summary	
Total Projected Revenue: \$ 34,528,873		Total Projected Revenue: \$ 34,684,523	
Total Projected Expenses: \$ 32,655,253		Total Projected Expenses: \$ 33,039,206	
Est. Marginal Surplus: \$ 1,873,620		Est. Marginal Surplus: \$ 1,645,317	

General Fund Revenues/Other Funds

The General Fund consists of two resources- “Unrestricted” and “Restricted” as well as Other Funds, which include Cafeteria; CDC; Farm; Residence Halls; Foundation and Capital Projects. The Unrestricted Funds for WHCCD accounts for 37.29% of the budget; General Fund Restricted accounts for 12.85% and All Other Funds account for the remaining balance of 49.86%



2008-09 BEGINNING FUND BALANCE

Using the mid year revision budgeted ending balance from the 2007-08 fiscal year of \$ 1,734,771 plus an estimated savings of \$ 1,500,000 would provide the district with an estimated beginning balance of \$ 3,217,033.

RESERVE FUND FOR POST-RETIREMENT BENEFITS

The district currently has a reserve fund set aside in an irrevocable trust in the amount of \$ 1,000,000 towards their unfunded liability of \$ 6.2 million, which is due over the next 30 years. The districts annual required contribution, (ARC), amounts to \$ 246,000. The district is well positioned to meet the post retirement benefits as the ARC is funded for the next 4 years. Additionally, the district has committed to fund the \$ 6.2 million liability in the amount of \$ 300,000 per year.

RESERVES

In keeping with the districts reserve minimum of 5% we need to have an ending balance for the 2008-09 fiscal year of \$ 1,573,374; however, we have forecasted an ending balance of \$ 1,645,317, which is 5.23%.

2008-09 BUDGETED EXPENDITURES

The unrestricted General Fund Budget includes the following major functional uses:

Salaries: \$ 17,897,631

This expenditure base for salaries includes all the COLA adjustments, step raises and any changes in Class placement for educational units.

Benefits: \$ 5,644,314

These expenditures include increases in health insurance, workers compensation, unemployment, retiree benefits and mandated costs.

Supplies/Materials: \$ 679,556

These expenditures include expenses such as books, instructional supplies, duplicating services, instructional software, food supplies, and feed for animals.

Other expenses & Services: \$ 5,295,688

These expenditures include items such as depreciation, consulting, travel, mileage, recruitment, liability insurance, utilities, postage, audit expenses, leases and advertising.

Capital Outlay: \$ 337,837

These expenses cover equipment purchases such as library books, AV equipment, computers, furniture and furniture. This fund does not include any of our capital projects, which are funded from our Fund 41 Capital Outlay.

Other Outgo: \$ 4,829,497

These expenditures include all the inter funds transfers, financial aid grants, ASB Scholarships, interest expenses and the district reserves.

Total Expenditure Budget: \$ 34,684,523

