

MONEY TROUBLE

VVC could face \$3.5 million budget deficit

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VICTORVILLE * Rising operating costs at Victor Valley College coupled with the reduction of state revenues in the past several years means the school could face a budget deficit of \$3.5 million by 2014-15.

In light of the college's looming deadline to report its financial plans to the Accrediting Commission for Community and Junior Colleges, VVC's Board of Trustees and administrators are scrambling to decide how cuts will be made. The board in conjunction with the administration must determine how they will eliminate the future deficit in order to comply with the commission's sanctions.

VVC Vice President and Chief Financial Officer G.H. Javaheripour presented a proposal that includes \$1.5 million in cuts this year, as well as additional funding coming in from a cost-of-living adjustment and enrollment growth funds. He warned that VVC's deficit could grow to \$6.4 million by 2016-17 if the college doesn't implement cuts soon.

"I've been warning this college and its administration for years that this day would come," he said. "We have to curtail our spending. We've got to analyze expenditures and see where they are. ... I think all employee groups are going to need to give, including administration."

Employee salaries and benefits this year made up approximately 82 percent of the college's \$54.8 million in expenditures, amounting to 91 percent of its total \$49.75 million in revenue, according to budget data. Javaheripour said the salaries as a portion of expenses is at the state average. But by 2016-17, classified and academic salaries and benefits will equal 95 percent of the college's total revenues and 84 percent of its projected expenses. Other major expenses include about \$6.3 million in services and operations and \$830,000 in supplies and software.

In a rare move, VVC spokesman Bill Greulich stood in front of the board at Tuesday's meeting and said the college is relying on its leadership in order to make the necessary cuts.

The board recently filled a vacant fifth seat with High Desert lawyer Brandon Wood. Former Acting President Peter Allan was also officially named interim president this week after serving in the position since May. Both appointments are expected to create stability and continuity while the college seeks a new permanent president and is in the accreditation reporting process.

"There has been no money spent by this college that hasn't been approved through you," Greulich told the board. "It's time for you to tell us what you want us to do. No more beating around the bush, no more taking time to think about it. It's your turn to lead. Tell us what you think needs to be done to resolve this problem. Tell us now, so that the leadership of this college can make it happen."

Javaheripour told the trustees that VVC cannot "grow its way out" of its budget issues. The bulk of VVC's funding is predetermined by the state, which funds every community college with a

certain amount per full-time student equivalent. However, the number of FTEs funded does not necessarily correlate with the student enrollment demand, he said. For example, in 2012-13 and every year until 2016-17, the college will enroll around 45 students more than they are allocated funding for by the state.

The college was allotted state funds for 9,418 FTEs this year, a 1 percent increase from the previous year, he said. VVC also projects FTE funding will increase by 1 percent for the next few years as the state economy continues to improve. Greulich said more money could also come from Proposition 30 and a cost-of-living adjustment, which would work to offset the college's projected deficits.

The ACCJC identified unfunded FTEs as one of its issues with the college's finances. But Javaheripour said those additional students allow VVC to be designated as a "mid-size" college, which earns them an additional \$1 million in state funds.

Claude Oliver, vice president of the Academic Senate at VVC, presented an eight-year budget report to the board this week, which details the college's past actions to balance its budget by using unrestricted reserves. The college maintains approximately \$23 million in a Guaranteed Investment Certificate account. The college was cautioned by the ACCJC not to continue to use one-time funding and unrestricted reserves in order to balance its budget.

According to an editorial submitted to the Daily Press by Allan, the board will meet Sept. 23 to continue their budget discussions. From those discussions, the final ACCJC report will be created and is due on Oct. 15.

The report will determine if the college is relieved of its probationary status or if the commission will take harsh actions against VVC, including stripping it of its accreditation.



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PHOTOS BY DAVID PARDO, PRESS DISPATCH

Victor Valley College Vice President and Chief Financial Officer G.H. Javaheripour goes over income, fixed income and one-time income in comparison with general expenses and one-time expenses, and describes how the college will incur a \$3.5 million budget deficit during a budget workshop at the college on Tuesday.

VVC projected deficits

\$3.55M
2014-15
\$6.15M
2015-16
\$6.45M
2016-17

Source: Victor Valley College District Budget Workshop



PHOTOS BY DAVID PARDO, PRESS DISPATCH

Victor Valley College American government professor Dino Bizonelos teaches students about presidential elections and the legal process of how federal agencies must work with local law enforcement agencies in handling criminal cases.



Victor Valley College Interim President Peter Allan reviews the college's budget during a workshop held at the college on Tuesday.