

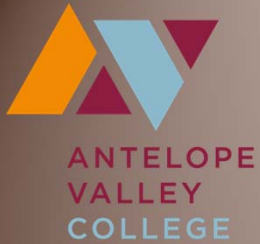
# 2018-2019 Adopted Budget



Board of Trustees

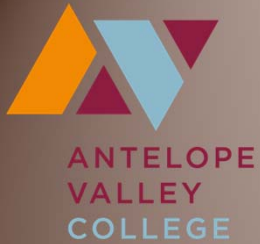
September 10, 2018

Diana Keelen, Executive Director of Business Services



# Topics

- Summary of Community College Budget
- Explanation of Funding Formula and Risks
- Status of Stability
- 17-18 Estimated Actuals & 18-19 Draft Adopted Budget
- Reserve levels



# Summary of Community College Budget

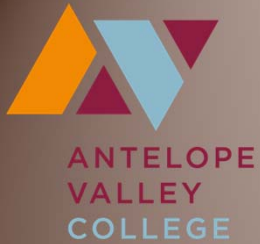
Ongoing Funding	
<u>Item</u>	<u>Amount</u>
Student-Centered Funding Formula	\$269 M
K-12 Component of Strong Workforce Program	\$164 M
Increase in Full-Time Faculty	\$50 M
California College Promise Program	\$46 M
Student Success Completion Grant Program	\$40.6 M
California Online Community College	\$20 M
Adult Education Data Systems	\$5 M
Financial Aid Technology Systems	\$5 M
NextUp Program	\$5 M
Course Identification Numbering System (C-ID)	\$0.685 M
Academic Senate	\$0.232 M



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# Summary of Community College Budget

One-Time Funding	
<u>Item</u>	<u>Amount</u>
California Online Community College	\$100 M
Online Education Initiative	\$35 M
Part-Time Faculty Office Hours	\$50 M
Deferred Maintenance and Instructional Support	\$28.5 M
Financial Aid Technology Systems	\$13.5 M
Legal Services for Undocumented Persons	\$10 M
Mental Health Services and Training	\$10 M
Pathways in STEM Fields	\$10 M
Hunger Free Campuses	\$10 M
El Camino College Public Safety Training Center	\$10 M
Veterans Resource Centers	\$8.5 M
Economic and Workforce Development Projects	\$8 M
Open Educational Resources	\$6 M
Reentry Grant Program	\$5 M
Career Readiness Training Program for Refugees	\$5 M
Norco College Early Childhood Education Center	\$5 M
Certified Nurse Assistant Training Programs	\$2 M
Backfill for Fire-Related Property Tax Declines	\$1.9 M
Los Angeles Valley College Family Resource Center	\$0.8 M
K-12 CTE Pathways Program	\$0.68 M



# Student-Focused Funding Formula

## Year 1:

70% Base (Enrollment) 3 year average FTES  
20% Supplemental Grant  
10% Student Success Initiative Grant

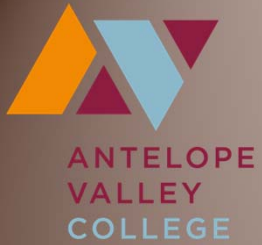
## Year 2:

65% Base (Enrollment)  
20% Supplemental Grant  
15% Student Success Initiative Grant

## Year 3:

60% Base (Enrollment)  
20% Supplemental Grant  
20% Student Success Initiative Grant

- Hold Harmless held to 2017-2018 levels plus COLA for 3 years
- Noncredit & CDCP separate
- Oversight Council created (Governor's Rep, Senate Rules Committee & Speaker)
- Basic Skills, SSSP & Student Equity Combined into one allocation called the Student Equity & Achievement Program

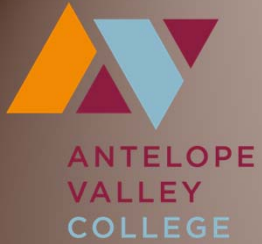


# Base

<b>BASE ALLOCATION: 70%</b>			
	<u>FTES</u>	<u>Funding Rate</u>	<u>Totals</u>
Credit	10,210.70	3,727.00	38,055,291
	<b>10,210.70</b>		
<b>Total Base Revenue</b>			<b>38,055,291</b>
Basic Allocation			6,526,207
<b>Subtotal Base</b>			<b>44,581,498</b>
<b>Other Base-Separate Allocation</b>			<b>1,945,468</b>

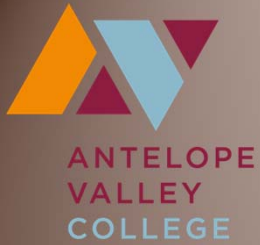
<b>Other Base-Separate Allocation</b>				<u>3 year average</u>	
	<u>Headcount</u>	<u>Rate</u>	<u>Total</u>		
Noncredit	2.25	3,347.49	7,532	2016-2017	10,523.45
				2017-2018	10,521.25
				2018-2019	10,521.25
				Average	<b>10,521.98</b>
				<i>Subtracting:</i>	
CDCP	43.87	5,456.67	239,384	<i>Special Admit</i>	302.6
Inmates in Corr	8.68	5,456.67	47,364	<i>Inmates</i>	8.68
Special Admit	302.6	5,456.67	1,651,188	<i>Growth</i>	0
			<b>1,945,468</b>		
<b>I. Total Base</b>				<b>46,526,966.53</b>	<b>10,210.70</b>



# Supplemental

## **SUPPLEMENTAL ALLOCATION: 20%**

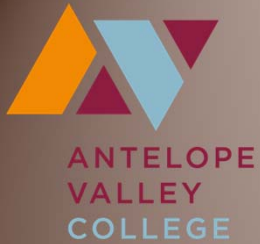
<b><u>2016-2017 Headcount</u></b>	<b><u>Head Count</u></b>	<b><u>Funding Rate</u></b>	<b><u>Totals</u></b>
Pell Grant	7,777	919	7,147,063
AB540	510	919	468,690
Promise Grant	14,027	919	12,890,813
<b>//. Total Supplemental</b>			<b>20,506,566</b>



# Success/Equity

<b>STUDENT SUCCESS ALLOCATION: 10%</b>							
<b>2016-2017 Data</b>	<b>"Outcomes"</b>			<b>Pell Only</b>			<b>Totals</b>
	<b>Headcount</b>	<b>Funding Rate</b>	<b>Totals</b>	<b>Headcount</b>	<b>Funding Rate</b>	<b>Totals</b>	
Associate Degrees	1,303	1,320	1,719,960	869	500	434,066	
Associate Degree for Transfer	430	1,760	756,800	306	666	203,796	
Credit Certificates	895	880	787,600	622	333	207,126	
Nine or More Units of CTE	2,138	440	940,720	1,421	167	236,597	
Transfer	1,052	660	694,320	585	250	146,104	
Transfer Level Math & English	206	880	181,280	122	333	40,626	
Regional Living Wage	907	440	399,080	449	167	74,759	
<b>Totals</b>			<b>5,479,760</b>			<b>1,343,072</b>	
<b>Promise Only</b>							
	<b>Headcount</b>	<b>Funding Rate</b>	<b>Totals</b>				
	1,086	333	361,638				
	370	444	164,280				
	753	222	167,166				
	1,796	111	199,356				
	829	167	138,029				
	157	222	34,854				
	653	111	72,483				
			<b>1,137,806</b>				
<b>III Student Success Allocation</b>			<b>7,960,638</b>				





# AVC's Student-Focused Funding Formula 2018-2019

Year 1:

70% Base (Enrollment) 3 Year Average FTES	\$ 46,526,967
20% Supplemental Grant (Pell, AB540 & Promise Grant)	\$ 20,506,566
10% Student Success Initiative Grant (Completion/Pell & Promise)	\$ 7,960,638

Total Computational Revenue \$ 74,994,170

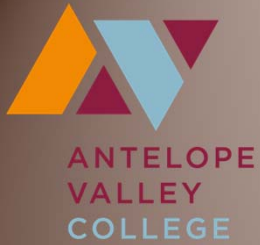
Remove:

Student Fees	(\$2,435,743)
Property Taxes	(\$6,740,080)
Education Protection Account	(\$8,983,536)

\*Apportionment \$56,834,811

Difference from 2018-2019 Tentative Budget +\$4,438,553

~Future years depend upon # in categories and rates, linked to state-wide totals and is difficult to predict



# AVC's Student-Focused Funding Formula 2018-2019-Risks

- Several multi-college districts are taking a large hit with this revised funding formula
- Those who are in hold harmless situation include:

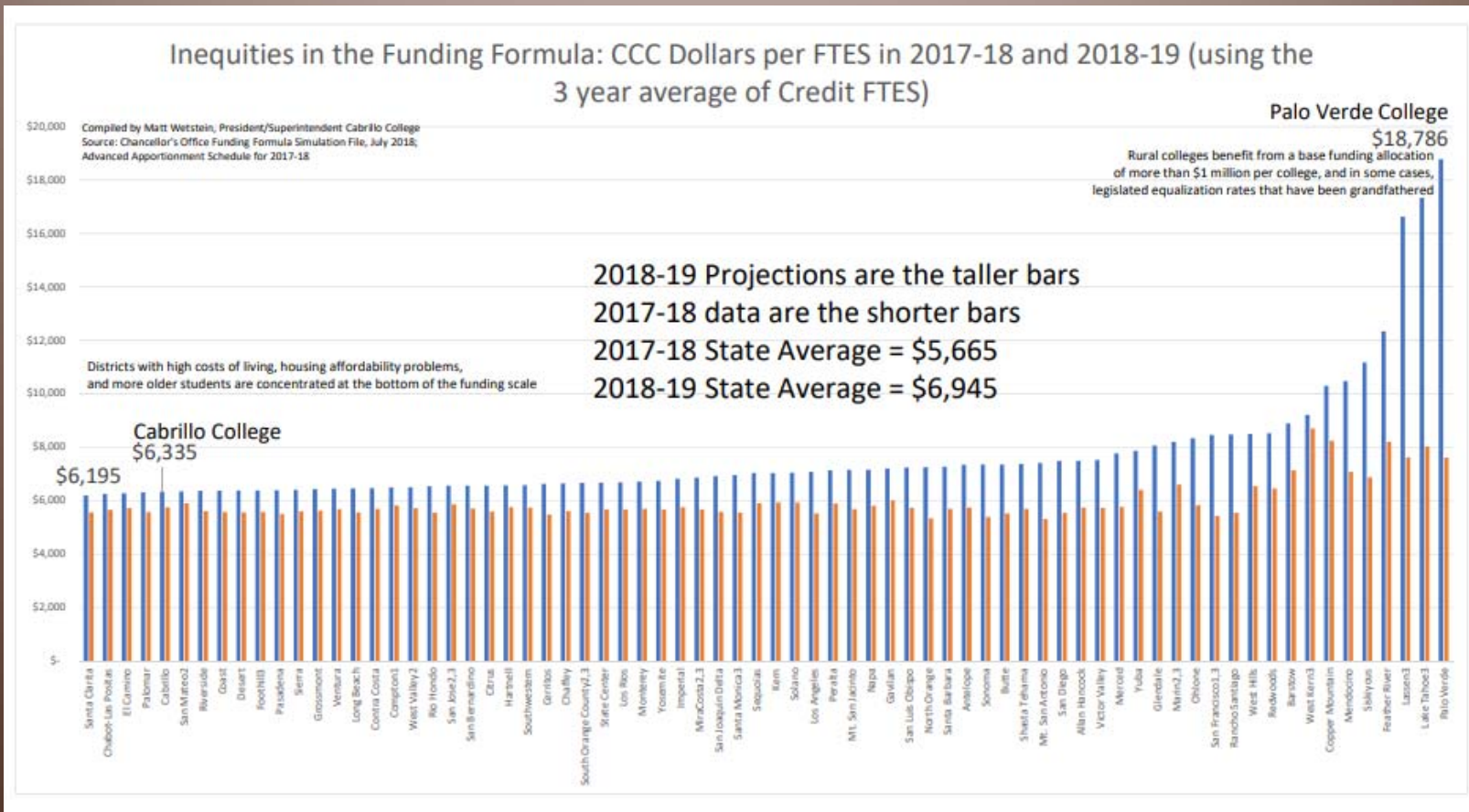
Chabot-Las Positas	Palomar
Contra Costa	Redwoods
Foothill DeAnza	San Francisco
Long Beach	San Mateo
Glendale	Santa Monica
Los Rios	Solano
Marin	Sonoma
Monterey	South Orange
North Orange	West Valley
Ohlone	



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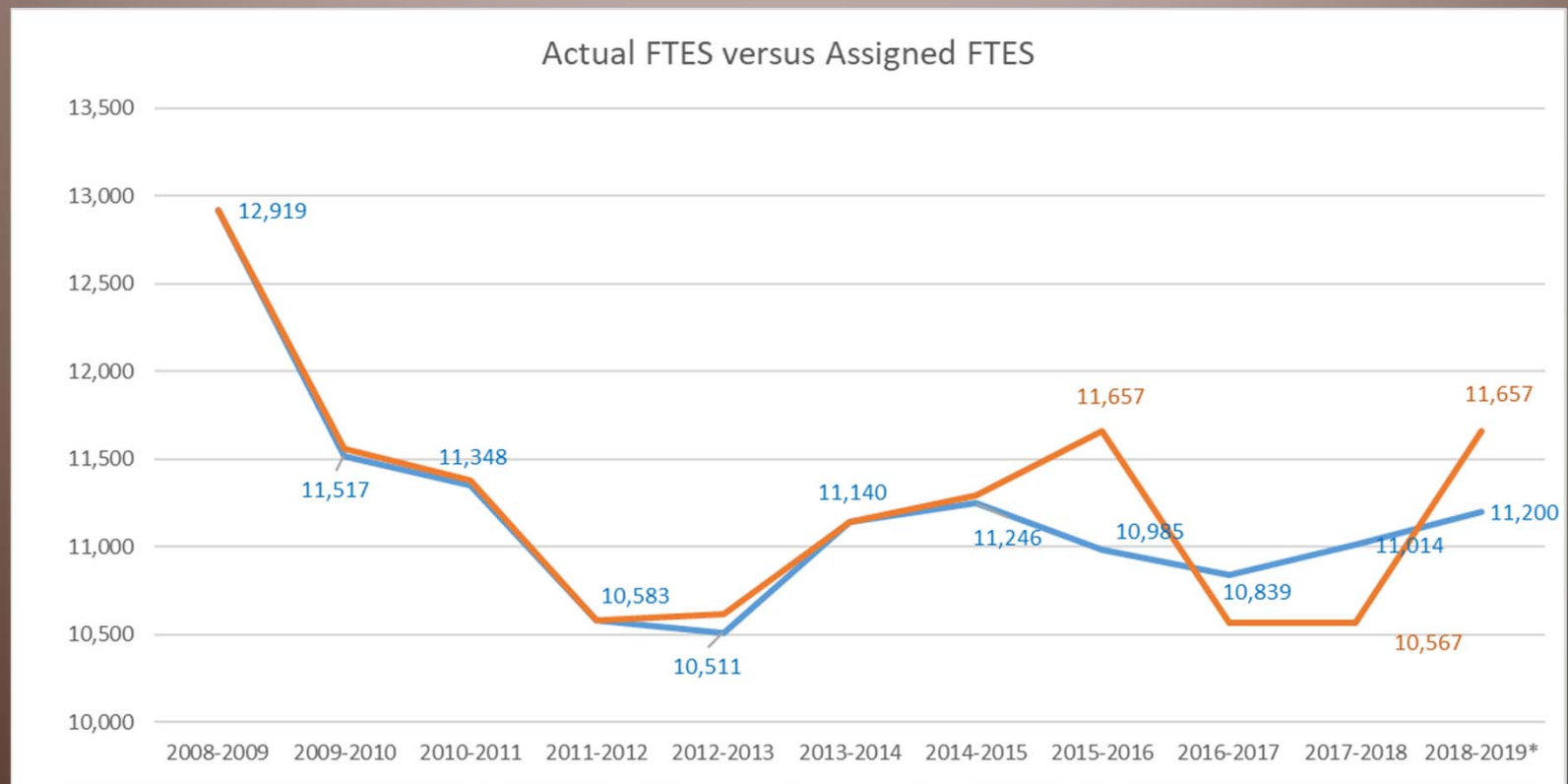
# AVC's Student-Focused Funding Formula 2018-2019-Risks

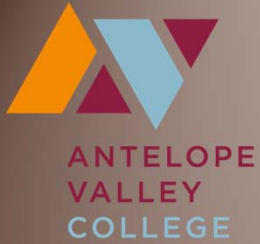
- There is already a coalition being formed from districts to change the funding formula
- Need to exercise caution in future years. As quickly as this was changed, it can be changed again.



# Status of Stability

- 2017-2018 was Year 2 of Stability. Must recoup FTES in 2018-2019, Year 3.





# 2017-2018 AVC Estimated Actuals

2017-2018 Estimated Actuals										
Fund	Name	Beginning Balance	Revenue	Expenditures	Ending Balance	Committed/ Assigned Reserves	Surplus/Deficit	Unrestricted Balance	Reserve	% of overall budget
	General Fund									
10	Unrestricted	15,584,418	65,796,131	71,677,240	9,703,309	(400,073)	(5,881,109)	9,303,236	13.0%	41.40%
13 & 14	Restricted	3,479,803	16,929,732	17,471,053	2,938,482		(541,321)			10.09%
21	Bond Interest & Redemption	15,407,577	15,168,284	13,079,237	17,496,624		2,089,047			7.55%
41	Capital Outlay Fund	3,886,710	3,338,292	2,256,041	4,968,962		1,082,252			1.30%
42	Revenue Bond Construction	132,817,085	2,710,586	27,801,303	107,726,368		(25,090,717)			16.06%
51	College Store	922,675	738,041	1,002,604	658,111		(264,564)			0.58%
52	Cafeteria	(88,365)	474,509	331,062	55,082		143,447			0.19%
33	Child Development Center	1	912,085	782,325	129,762		129,760			0.45%
72	Student Rep	298,342	40,059	16,655	321,746		23,404			0.01%
74	Financial Aid	860,683	38,434,407	38,500,691	794,399		(66,283)			22.24%
75	Scholarships & Loan	6,369	247,912	227,109	27,172		20,803			0.13%
Antelope Valley College Budget			144,790,039	173,145,320			(28,355,281)			100.00%



## 2017-2018 Unrestricted Estimated Actuals

<b>Beg. Balance</b>	<b>\$15,584,418</b>
<b>Revenue</b>	<b>\$65,796,131</b>
<b>Expenses</b>	<b>\$71,677,240</b>
<b>Ending Fund Balance</b>	<b>\$9,703,309</b>
<b>Surplus/(Deficit)</b>	<b>\$(5,881,109)</b>
<b>One Time Committed Funds &amp; Assigned Reserves</b>	<b>\$(400,073)</b>
<b>Unassigned Ending Fund Balance</b>	<b>\$9,303,236</b>
<b>Unassigned Reserve %</b>	<b>13.0%</b>

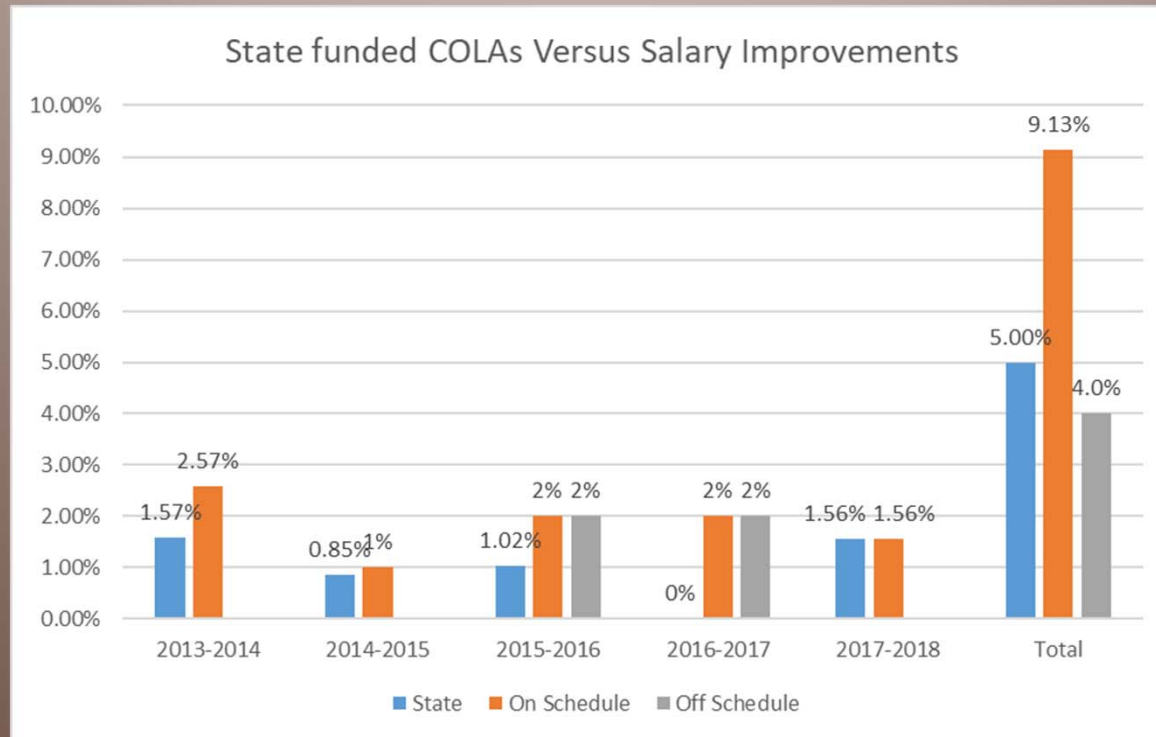
# PERS/STRS

Year	PERS Employer	STRS Employer	Combined Total
2013-2014	11.44%	8.25%	<b>19.69%</b>
2014-2015	11.77%	8.88%	<b>20.65%</b>
2015-2016	11.85%	10.73%	<b>22.58%</b>
2016-2017	13.89%	12.58%	<b>26.47%</b>
2017-2018	15.53%	14.43%	<b>29.96%</b>
2018-2019	18.10%	16.28%	<b>34.38%</b>
2019-2020	20.80%	18.13%	<b>38.93%</b>
2020-2021	23.80%	19.10%	<b>42.90%</b>

- CalPERS changed long-term discount rate from 7.5% to 7%. For CalPERS employers, means greater volatility in employer contributions. It is projected that Employer Obligations will increase to over 27% in 2024-2025.

Source: *CalPERS Finance & Administration Agenda item 8b dated April 18, 2017.*  
<https://www.calpers.ca.gov/docs/board-agendas/201704/financeadmin/item-8b-00.pdf>

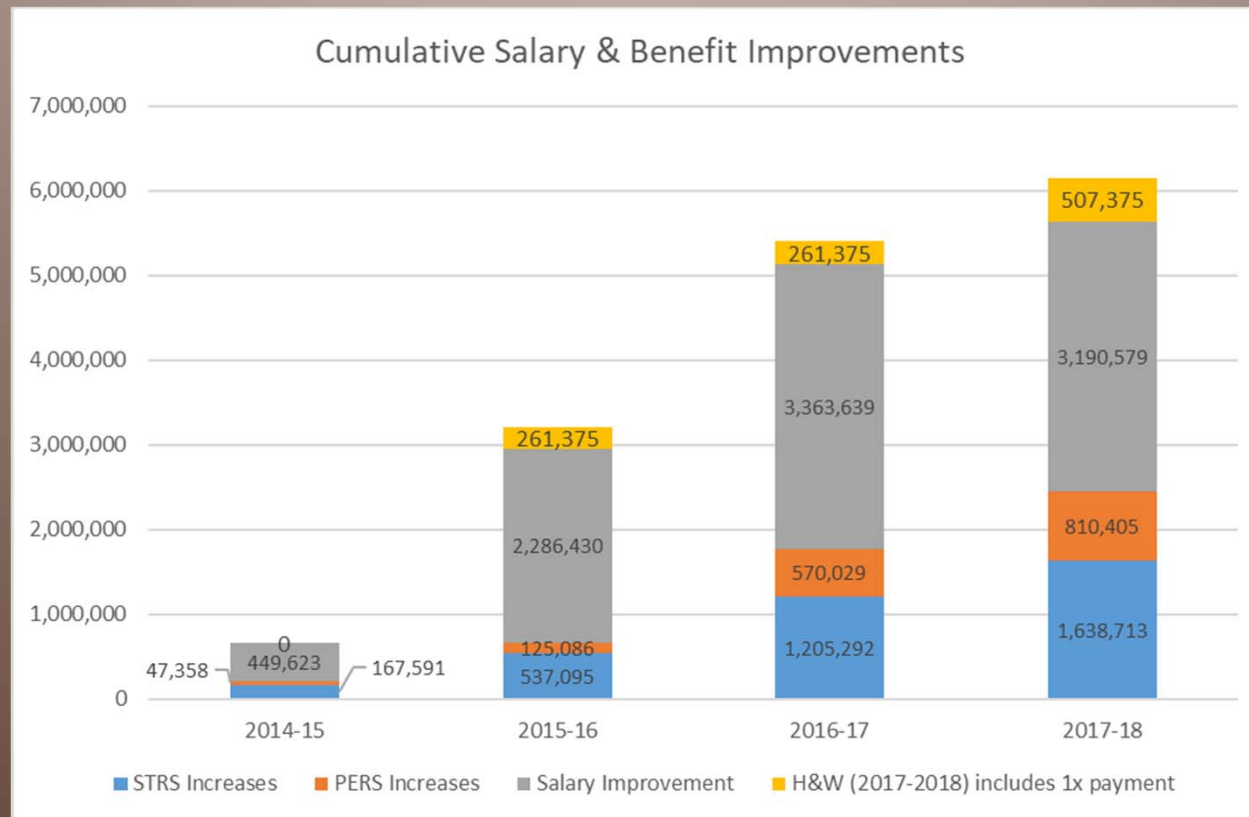
# Salary Improvement versus COLA

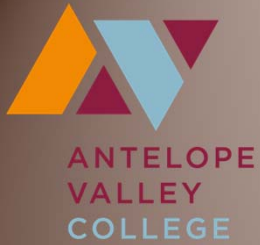


Since 2013-2014, COLA funding has been 5%  
 The District has given out 9.13% in on going  
 salary increases and 4% in one-time  
 compensation increases (excluding step &  
 column and H&W).



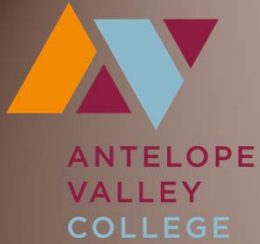
# Salary Improvement versus COLA





# 2018-2019 Adopted Budget

2018-2019 Adopted Budget										
Fund	Name	Beginning Balance	Revenue	Expenditures	Ending Balance	Committed/ Assigned Reserves	Surplus/Deficit	Unrestricted Balance	Reserve	% of overall budget
	General Fund									
10	Unrestricted	9,703,309	78,118,046	73,409,267	14,412,088	(500,000)	4,708,779	13,912,088	19.0%	38.90%
13 & 14	Restricted	2,938,482	17,715,751	18,588,991	2,065,243		(873,240)			9.85%
21	Bond Interest & Redemption	17,496,624	16,764,954	20,693,536	13,568,042		(3,928,582)			10.96%
41	Capital Outlay Fund	4,968,962	3,112,621	5,766,772	2,314,810		(2,654,151)			3.06%
42	Revenue Bond Construction	107,726,368	1,459,304	29,456,505	79,729,167		(27,997,201)			15.61%
51	College Store	658,111	952,080	892,945	717,246		59,135			0.47%
52	Cafeteria	55,082	(55,082)	0	(0)		(55,082)			0.00%
33	Child Development Center	129,762	796,306	809,598	116,469		(13,293)			0.43%
72	Student Rep	321,746	40,059	50,000	311,806		(9,941)			0.03%
74	Financial Aid	794,399	38,752,058	38,825,614	720,843		(73,556)			20.57%
75	Scholarships & Loan	27,172	259,282	238,465	47,989		20,817			0.13%
Antelope Valley College Budget			157,915,378	188,731,693			(30,816,314)			100.00%



# 2018-2019 Unrestricted Budget Changes

Exhibit A to Unrestricted Fund 2017-2018 Budget Changes to 2018-2019 Adopted Budget				
	Change	Increase	Decrease	Total
1	Increase in Step & Column Estimates	\$ 368,271		
2	Elections	\$ 400,000		
3	Security Contract Increase of 5% per year	\$ 98,013		
4	Minimum Wage Increase	\$ 170,000		
5	One-time Mandated Cost Funds Completed Projects		\$ (823,753)	
6	One-time H&W Cap Removal of \$500 per person		\$ (246,000)	
7	Facilities hazardous waste disposal increase	\$ 15,000		
8	Increasing in baseline for nursing hazardous waste dispose & laundry	\$ 3,300		
9	Increase in Utilities Expense	\$ 96,480		
10	STRS increase from 14.43% to 16.28%	\$ 519,273		
11	Academic Senate Baseline Budget Increase	\$ 2,000		
12	PERS increase from 15.53% to 18.10%	\$ 381,565		
13	Removal of 17-18 One Time Funding		\$ (82,859)	
14	Increase in Fox Hangar Rent	\$ 1,200		
15	18-19 One Time Resource Allocation Requests \$7,500 +	\$ 250,000		
16	Ongoing Resource Allocation	\$ 250,000		
17	18-19 One Time Resource Allocation Requests under \$7,500	\$ 200,000		
18	ITS Baseline Ongoing Funding for Refresh/Updates/New Tech	\$ 200,000		
	<b>Total Increase (Decrease)</b>	<b>\$ 2,955,102</b>	<b>\$ (1,152,612)</b>	<b>\$ 1,802,490</b>

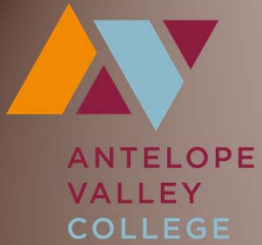


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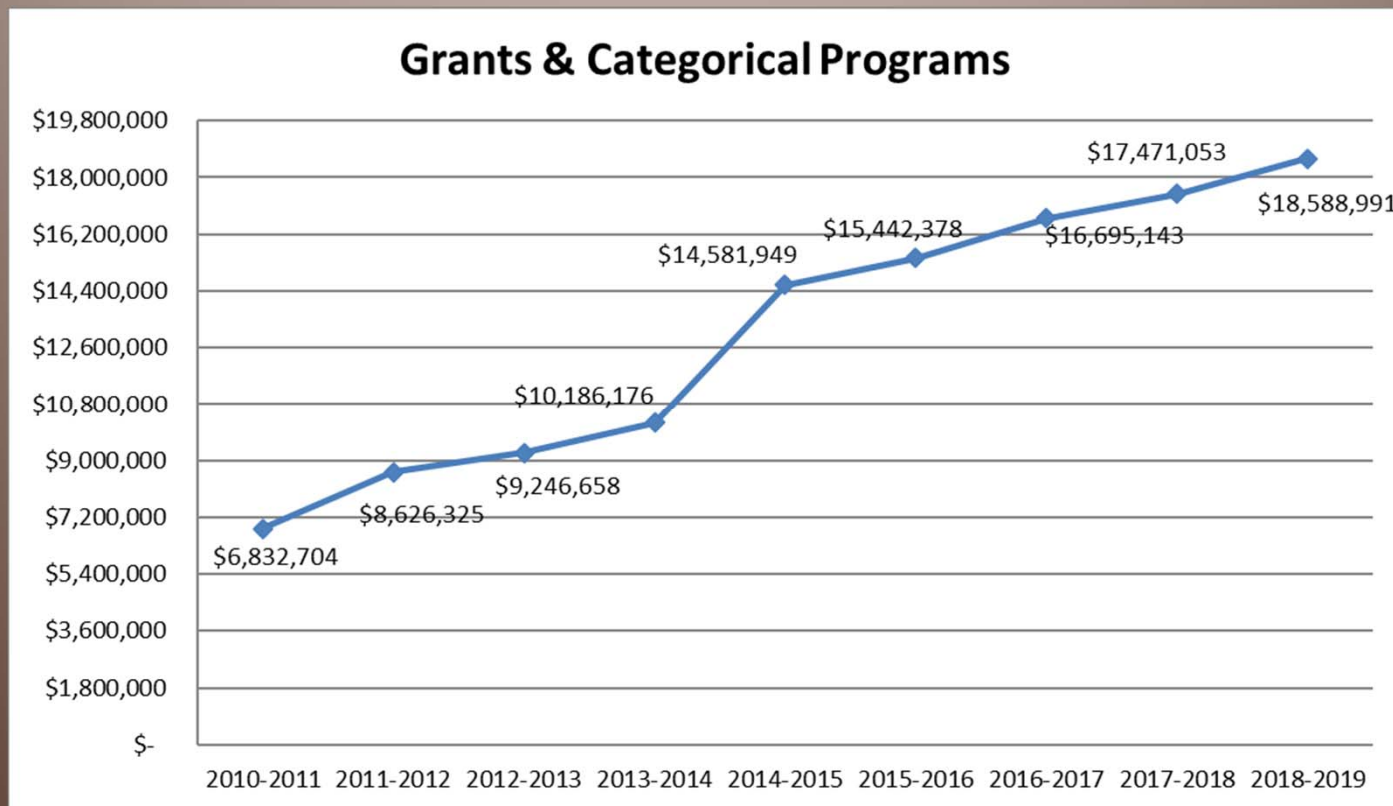
## 2018-2019 Adopted Budget

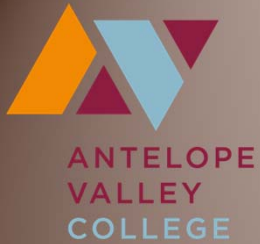
<b>Beg. Balance</b>	<b>\$9,703,309</b>
<b>Revenue</b>	<b>\$78,118,046</b>
<b>Expenses</b>	<b>\$73,409,267</b>
<b>Ending Fund Balance</b>	<b>\$14,412,088</b>
<b>Surplus/(Deficit)</b>	<b>\$4,708,779</b>
<b>One Time Committed Funds &amp; Assigned Reserves</b>	<b>\$(500,000)</b>
<b>Unassigned Ending Fund Balance</b>	<b>\$13,912,088</b>
<b>Unassigned Reserve %</b>	<b>19.0%</b>

(For further breakdown, please see sections 5-1 & 6-1 through 6-3 in adopted budget)



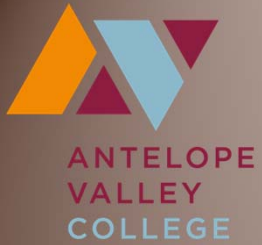
# 2018-2019 AVC Draft Restricted Fund Trend



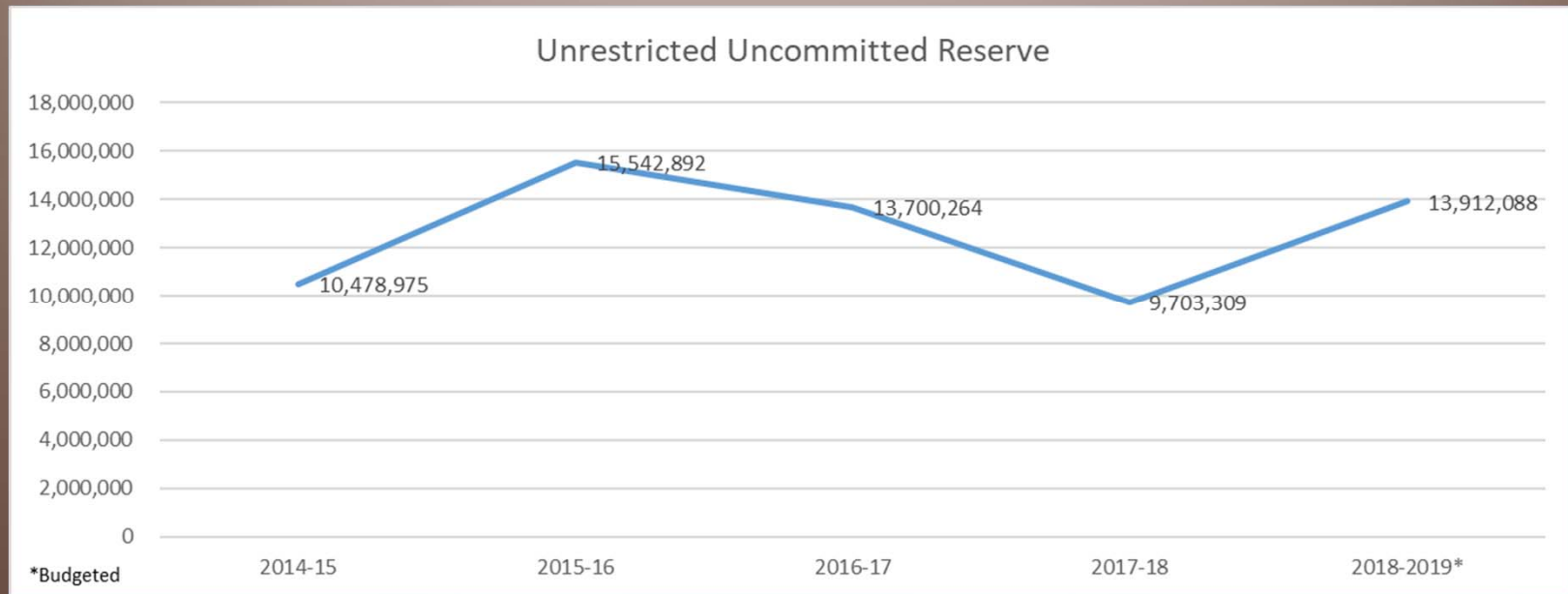


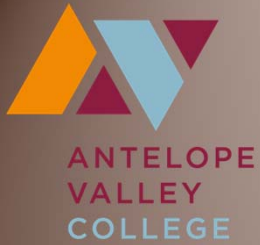
# What's Up with the Reserve

- The reserve is a one-time funded savings account
  - BP6200 requires a *minimum* reserve level of 8%
- % = Level of acceptable risk
  - **Can we support a significant reduction in revenue over the course of a year?** 97% of unrestricted revenue is funded by the State, which is based on estimates of capital gains & taxes, which has boom and bust cycles. In 2011-2012, the District received a nearly 8% workload reduction.
  - **Can we pay our bills if we do not receive our money on time?** District spends over \$6 million a month on average. Takes \$12 million reserve to cover 60 days of cash. Just came from an era of deferrals with interest and borrowing costs.
  - Government Finance Officers Association (GFOA) best practice is 16.7% reserve levels. (source: <http://www.gfoa.org/appropriate-level-unrestricted-fund-balance-general-fund>)
  - **Can we cover a significant event that would cause our expenditures to increase?**
    - 87% of expenses are required: either dictated by the CA legislature, contractual obligations or we have little control over (utilities, insurance, attorneys, etc.)
    - Disaster reimbursements can take up to 2 years-need immediately available cash
  - **Can the reserve be supported over the next 3 years using prudent fiscal management practices?** **Reference: California Community Colleges Sound Fiscal Management Self-Assessment Checklist handout.** (STRS employer obligations is expected to increase to over 19% by 2021 and PERS increasing to over 27% by 2023.)
  - 2017-2018 average budgeted reserve levels for CCC is 17.4% (source: Chancellor's Office Fiscal Data Abstract and Fiscal Trend Analysis)



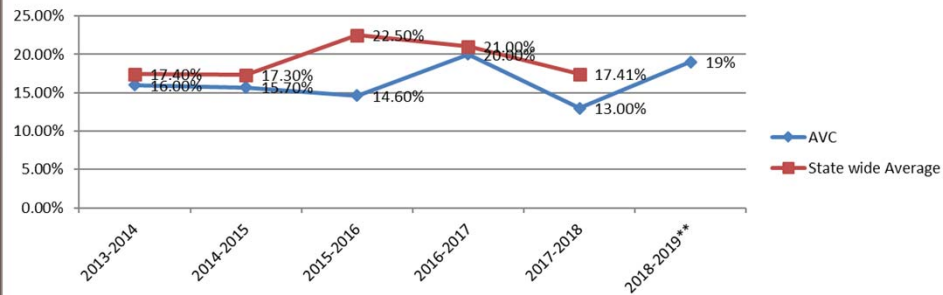
# Unrestricted Uncommitted Reserve Levels



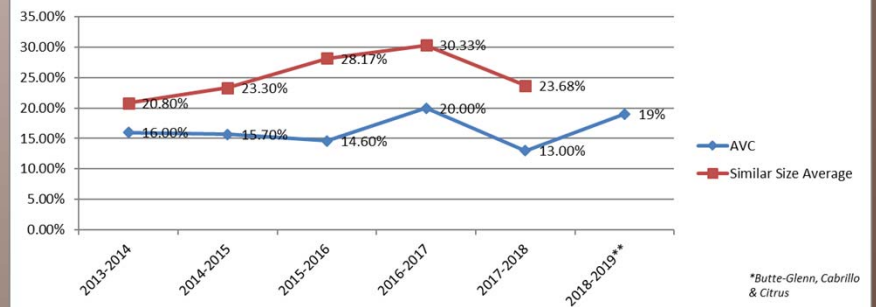


# Unrestricted Fund Balance Comparables

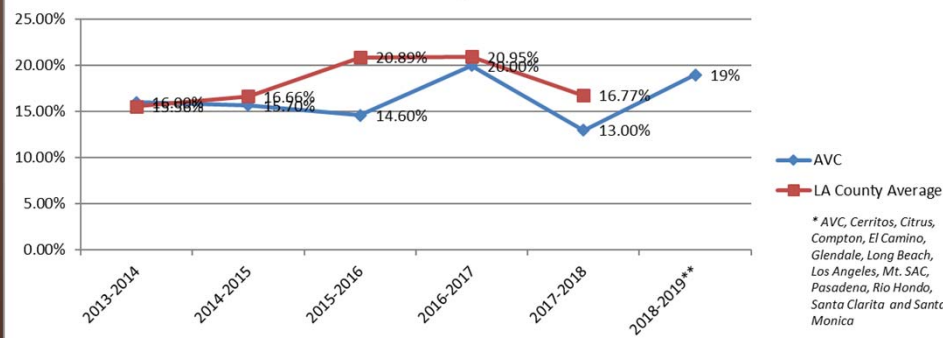
**Unrestricted Ending Fund Balance Reserve Statewide Average to AVC**



**Unrestricted Ending Fund Balance Reserve Similarly Sized Districts\* to AVC**



**Unrestricted Ending Fund Balance Reserve LA County\* Average to AVC**



**Similar Sized School Reserves (17-18 budgeted for other districts)**

