



# 2020-2021 Adopted Budget Presentation Regular Board of Trustees Meeting

October 12, 2020

Sarah Miller, Chief Business Official

# Topics

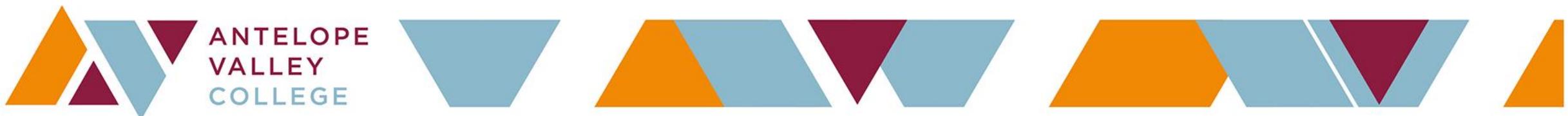
- Timeline
- Prior Year Recalculation
- 2019-2020 Draft Estimated Actuals
- Key Budget Points for Community College Budgets
- Budget Assumptions
- Deferrals & Cash Flow
- 2020-2021 Draft Budget
- 3-year Budget Projection
- FCMAT Deficit Spending
- Reserves



# Timeline

- Due to the impact of COVID-19 on the budget development process, Governor Newsom temporarily extended tax filing by 60 days. As a result, the California Community College Chancellor’s Office issued a guidance memorandum on May 13, 2020 extending dates as follows:

College District Financial Reporting Requirement	Regulatory Due Date	New Due Date	CCR Title 5 Section
Submit tentative budget to county officer.	1-Jul	1-Aug	58305(a)
Make available for public inspection a statement of prior year receipts and expenditures and current year expenses.	15-Sep	31-Oct	58300
Hold a public hearing on the proposed budget. Adopt a final budget.	15-Sep	31-Oct	58301 58305(c)
Complete its adopted annual financial and budget report and make public.	30-Sep	15-Nov	58305(d)
Submit an annual financial and budget report to Chancellor’s Office.	10-Oct	30-Nov	58305(d)
Submit the annual audit report to the Chancellor’s Office.	31-Dec	28-Feb	59106



# Prior Year Recalculation Student Centered Funding Formula (SCFF)

- Antelope Valley College received an increase in the February 2020 recalculation due to the demographic component of the new Student Centered Funding Formula (SCFF)
- Due to limitation of funding, SCFF was not fully implemented in 2018-2019
- 2018-2019 Second Period Apportionment showed revenue using 2017-2018 as a base plus no more than 8.13%
- Two scenarios in the 2019-2020 adopted budget showing the P2 figures versus the SCFF implementation
- February 2020 recalculation implemented funding for SCFF
- AVC received an additional \$8 million above budgeted levels. SCFF incorporated in AVC budgets for 2020-2021.



# 2019-2020 Draft Unrestricted Estimated Actuals

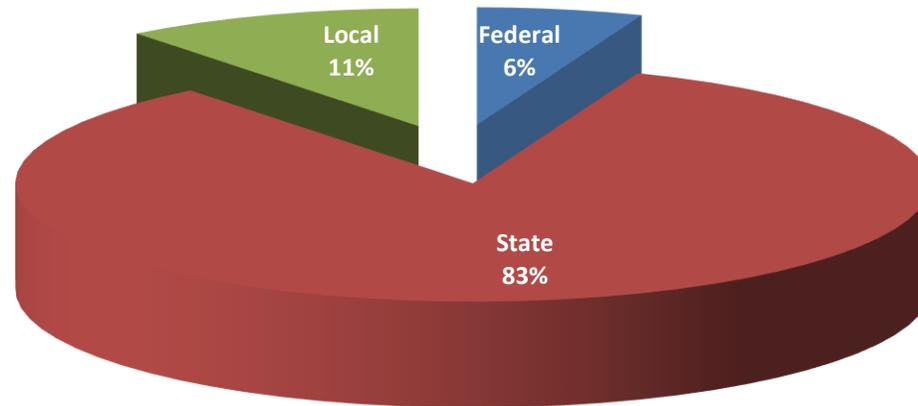
## 2019-2020 Estimated Actuals

<b>BEGINNING FUND BALANCE</b>	14,332,545
Total Revenue	88,924,082
Total Expenditures & Other Outgo	79,043,892
Total Ending Fund Balance	24,212,735
Surplus/(Deficit)	9,880,190
Assigned Aside for Categorical Salaries + Benes	-500,000
Reserved for OPEB Trust/Cash flow deferrals	-6,200,000
Assigned for Emergency Reserve Up to 3% Goal (Per AP 6305)	0
Reserved for Pension Stabilization (Per BP 6250)	0
<b>Unassigned Ending Fund Balance</b>	<b>17,512,735</b>
Reserve % (Per BP 6200) 12% min/15% goal	22.2%

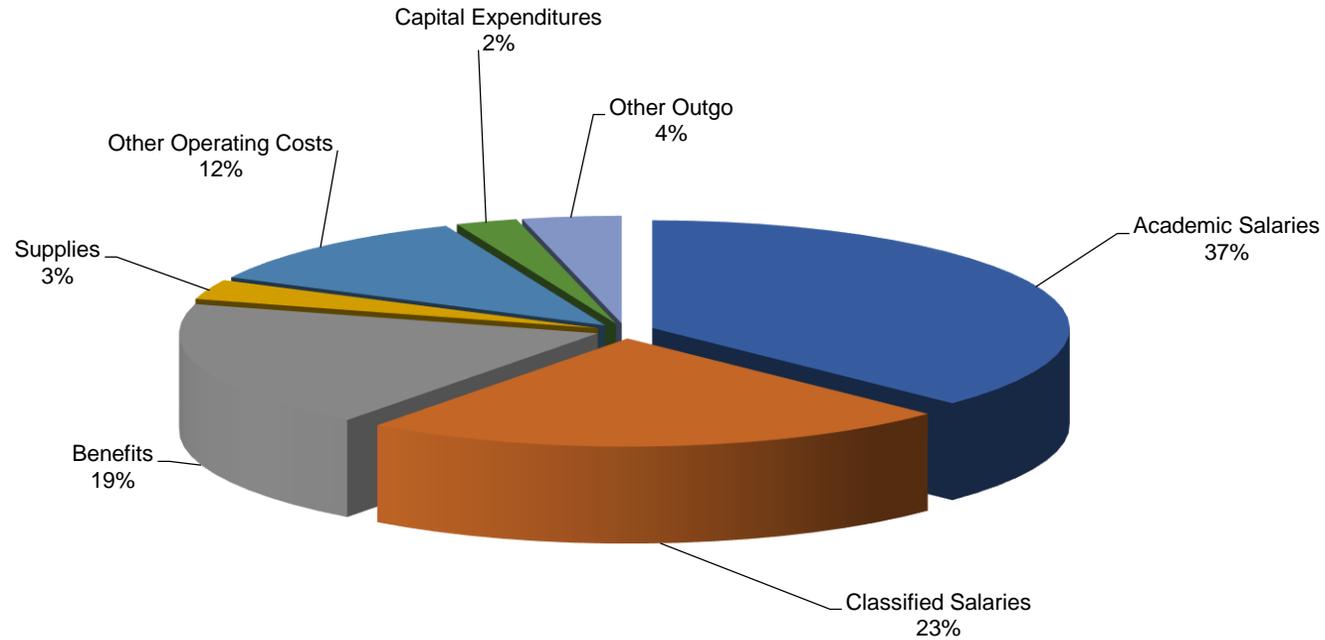
\*Includes a 2% revenue deficit on Total Computational Revenue (TCR)



# General Fund 2019-2020 Revenue



# General Fund 2019-2020 Expenditures



# Antelope Valley College 2019-2020 Estimated Actuals

2019-2020 Estimated Actuals										
Fund	Name	Beginning Balance	Revenue	Expenditures	Ending Balance	Committed/Assigned Reserves	Surplus/Deficit	Unassigned Balance	Reserve	% of Overall Budget
	<i>General Fund</i>									
10	Unrestricted	14,332,545	88,924,082	79,043,892	24,212,735	(6,700,000)	9,880,190	17,512,735	22.2%	39.06%
13 & 14	Restricted	1,878,334	20,371,395	20,931,102	1,318,627		(559,707)			10.34%
21	Bond Interest & Redemption	13,599,065	28,072,115	18,714,892	22,956,288		9,357,223			9.25%
41	Capital Outlay Fund	4,374,078	2,518,446	5,249,248	1,643,276		(2,730,802)			2.59%
42	Revenue Bond Construction	91,850,781	96,670,752	38,377,274	150,144,259		58,293,477			18.96%
51	Enterprise Operations/Auxiliary Services	674,184	630,739	763,630	541,293		(132,891)			0.38%
33	Child Development Center	312,980	806,071	834,163	284,889		(28,091)			0.41%
72	Student Rep	342,718	39,441	11,857	370,302		27,584			0.01%
74	Financial Aid	1,030,858	37,685,000	38,036,118	679,740		(351,118)			18.79%
75	Scholarships & Loan	31,112	422,924	420,956	33,081		1,968			0.21%
<b>Antelope Valley College Estimated Actuals</b>			<b>276,140,965</b>	<b>202,383,133</b>			<b>73,757,832</b>			<b>100.00%</b>

# Key Points for Community College Budgets

- Significant impacts to revenue due to COVID-19 & State shut down
- As opposed to cuts, the state is deferring \$1.5 billion in payments
- No COLA; 19-20 rates remain in place for 20-21 SCFF funding
- SCFF hold harmless for majority of districts extended to 23-24
- Investment in Pension buy down
  - CalSTRS: goes from 18.41% to 16.15% in 20-21 and 17.9% to 16.02% in 21-22
  - CalPERS: goes from 22.67% to 20.7% in 20-21 and from 24.6% to 22.84% in 21-22

# Chancellor's Office Joint Analysis Other Key Points

- Student Equity and Achievement Program: Need to establish campus food pantries in order to receive funding
- Classified Employees: Must maintain all classified employees in nutrition, transportation and custodial in 2020-2021
- Short-Term Workforce Training Programs: Expedites short term career tech courses to address COVID-19 impacts
- Fifty Percent Law: Exempts COVID-19 related expenses in Current Cost of Education (CCE) through June 2021
- Student Aid: Redirects \$15 million in Dreamer's funding to provide emergency financial aid for undocumented students; also fully funds Cal Grant program and provides \$250 thousand for a student loan working group
- Consolidation Proposal Deferred: Defers to a later date the consolidation of multiple, disparate funding streams for system support and accountability
- Capital Outlay: AVC's Gym Renovation on state approved funding list

# Deferrals

- System total \$1.043 billion deferred into 2021-2022; AVC portion is \$13,460,108

Programs	Amount Certified	Jul-20 Payment	Aug-20 Payment	Sep-20 Payment	Oct-20 Payment	Nov-20 Payment	Dec-20 Payment	Jan-21 Payment	Feb-21–Jun-21 Payments	Total Payments
STATE GENERAL APPORTIONMENT	56,613,859	7,038,674	4,468,994	8,630,750	7,192,292	6,473,063	3,596,146	5,753,832	0	43,153,751

- Student Equity & Achievement categorical funding also being deferred

Programs	Amount Certified	Jul-20 Payment	Aug-20 Payment	Sep-20-June-21 Payment
STUDENT EQUITY AND ACHIEVEMENT	5,979,526	478,362	58,116	0

- Cash flow template created for monthly monitoring
- Proposing a set aside of 2019-2020 ending balance in 2020-2021, which will mitigate TRAN borrowing



# Deferrals & Cash flow

- Feb 2021 - Jun 2021 payments deferred; Planned Repayment schedule as follows:

Deferral Repayments (General Fund Apportionment)

DistName	Certification	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021 thru Jun 2022	Total YTD
Statewide Totals	\$ 1,043,770,794	\$ 208,754,150	\$ 208,754,155	\$ 208,754,167	\$ 208,754,155	\$ 208,754,167	\$ -	\$ 1,043,770,794
<b>Antelope Valley CCD</b>	<b>13,460,108</b>	<b>2,692,021</b>	<b>2,692,022</b>	<b>2,692,022</b>	<b>2,692,021</b>	<b>2,692,022</b>	-	<b>13,460,108</b>

- The plan included the potential for federal stimulus funding to be received in October 2020, which would release \$791 million of deferred funds to Districts; challenge in doubling up payments if federal funding not achieved. Due to Congress unable to reach a deal, federal stimulus funding is not anticipated until after the November 2020 election.

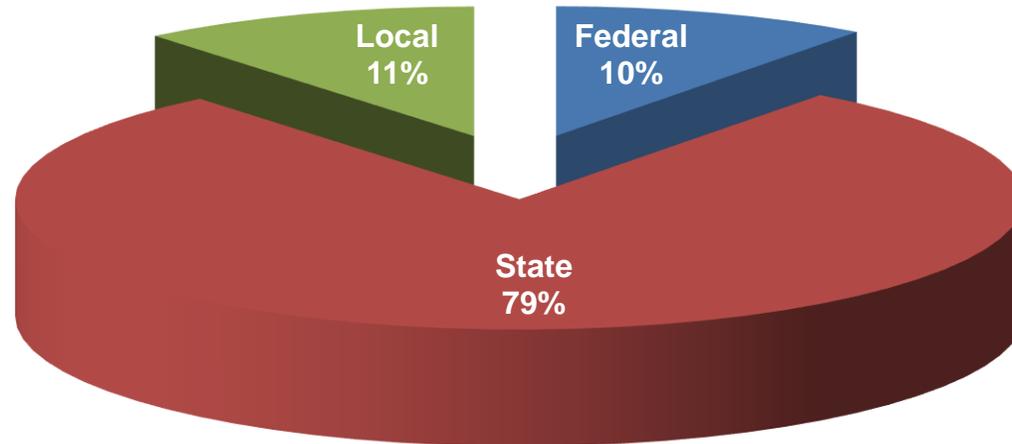


# 2020-2021 Unrestricted Fund Draft Budget

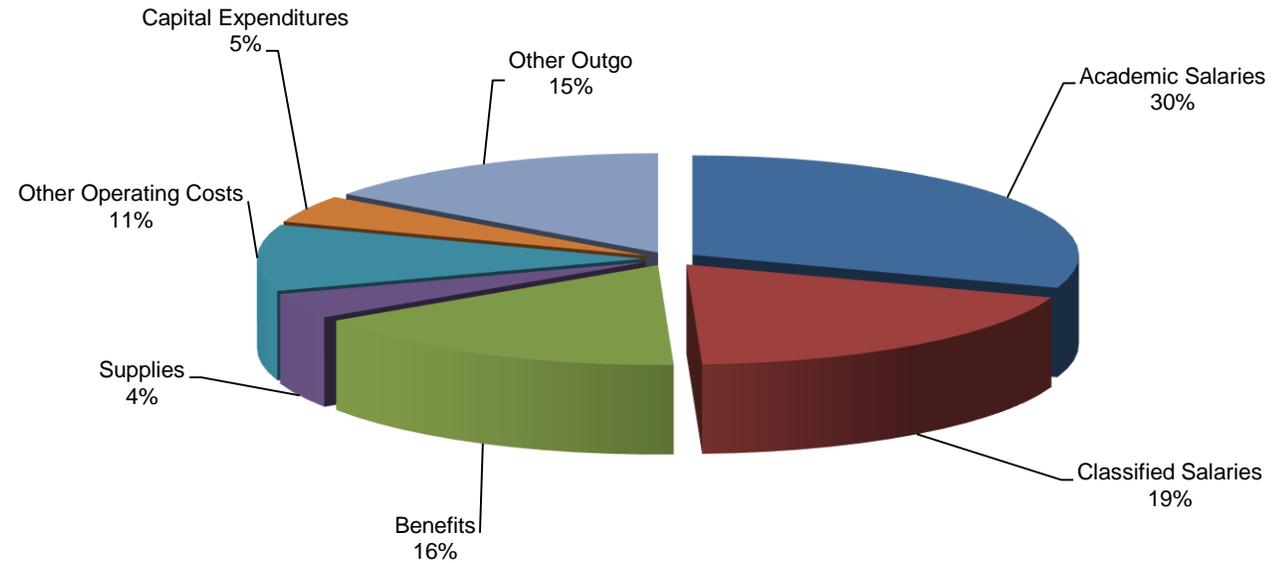
2020-2021 Adopted Budget  
10% State Revenue Reduction

<b>BEGINNING FUND BALANCE</b>	24,212,735
Total Revenue	74,050,818
Total Expenditures & Other Outgo	82,750,761
Total Ending Fund Balance	15,512,793
Surplus/(Deficit)	-8,699,943
Assigned Aside for Categorical Salaries + Benes	-500,000
Reserved for OPEB Trust/Cash flow deferrals	0
Assigned for Emergency Reserve Up to 3% Goal (Per AP 6305)	-100,000
Reserved for Pension Stabilization (Per BP 6250)	0
<b>Unassigned Ending Fund Balance</b>	<b>14,912,793</b>
Reserve % (Per BP 6200) 12% min/15% goal	18.0%

# General Fund 2020-2021 Revenue



# General Fund 2020-2021 Expenditures



# Antelope Valley College 2020-2021 Budget

2020-2021 Adopted Budget										
Fund	Name	Beginning Balance	Revenue	Expenditures	Ending Balance	Committed/Assigned Reserves	Surplus/Deficit	Unassigned Balance	Reserve	% of Overall Budget
	<i>General Fund</i>									
10	Unrestricted	24,212,735	74,050,818	82,750,761	15,512,793	(600,000)	(8,699,943)	14,912,793	18.0%	30.04%
13 & 14	Restricted	1,318,627	38,539,818	38,461,340	1,397,104		78,478			13.96%
21	Bond Interest & Redemption	22,956,288	11,467,846	19,919,201	14,504,933		(8,451,355)			7.23%
41	Capital Outlay Fund	1,643,276	2,356,282	2,923,068	1,076,491		(566,785)			1.06%
42	Revenue Bond Construction	150,144,259	3,343,497	88,181,535	65,306,220		(84,838,038)			32.01%
51	Enterprise Operations/Auxiliary Services	541,293	871,431	906,958	505,766		(35,527)			0.33%
33	Child Development Center	284,889	887,437	887,437	284,889		0			0.32%
72	Student Rep	370,302	35,837	25,000	381,138		10,837			0.01%
74	Financial Aid	679,740	40,996,581	40,974,974	701,347		21,607			14.87%
75	Scholarships & Loan	33,081	465,218	465,203	33,096		15			0.17%
<b>Antelope Valley College Budget</b>			<b>173,014,766</b>	<b>275,495,477</b>			<b>(102,480,711)</b>			<b>100.00%</b>

# Multi-Year Budget Assumptions

- 10% TCR Reduction in 2020-2021
- 5% TCR Reduction in 2021-2022 & 2022-2023
- Flat enrollments over the next 3 years (so far ~520 FTES reduction in Summer & Fall 2020). Revenue reductions to help cover shortfalls in FTES.
- Step & Column Increases
- Adjusted Pension Rates
- No resource allocation funding; waiting for a better state funding picture



# 3-Year Unrestricted Fund Projection

	2020-2021 Adopted Budget 10% State Revenue Reduction	2021-2022 Projected Budget 5% State Revenue Reduction	2022-2023 Projected Budget 5% State Revenue Reduction
<b>BEGINNING FUND BALANCE</b>	24,212,735	15,512,793	9,013,903
Total Revenue	74,050,818	78,045,112	78,045,112
Total Expenditures & Other Outgo	82,750,761	84,544,002	85,036,376
Total Ending Fund Balance	15,512,793	9,013,903	2,022,639
Surplus/(Deficit)	-8,699,943	-6,498,890	-6,991,264
Assigned Aside for Categorical Salaries + Benes	-500,000	-500,000	-500,000
Reserved for OPEB Trust/Cash flow deferrals	0	0	0
Assigned for Emergency Reserve Up to 3% Goal (Per AP 6305)	-100,000	-100,000	-100,000
Reserved for Pension Stabilization (Per BP 6250)	0	0	0
<b>Unassigned Ending Fund Balance</b>	<b>14,912,793</b>	<b>8,413,903</b>	<b>1,422,639</b>
Reserve % (Per BP 6200) 12% min/15% goal	18.0%	10.0%	1.7%

# FCMAT Checklist on Deficit Spending

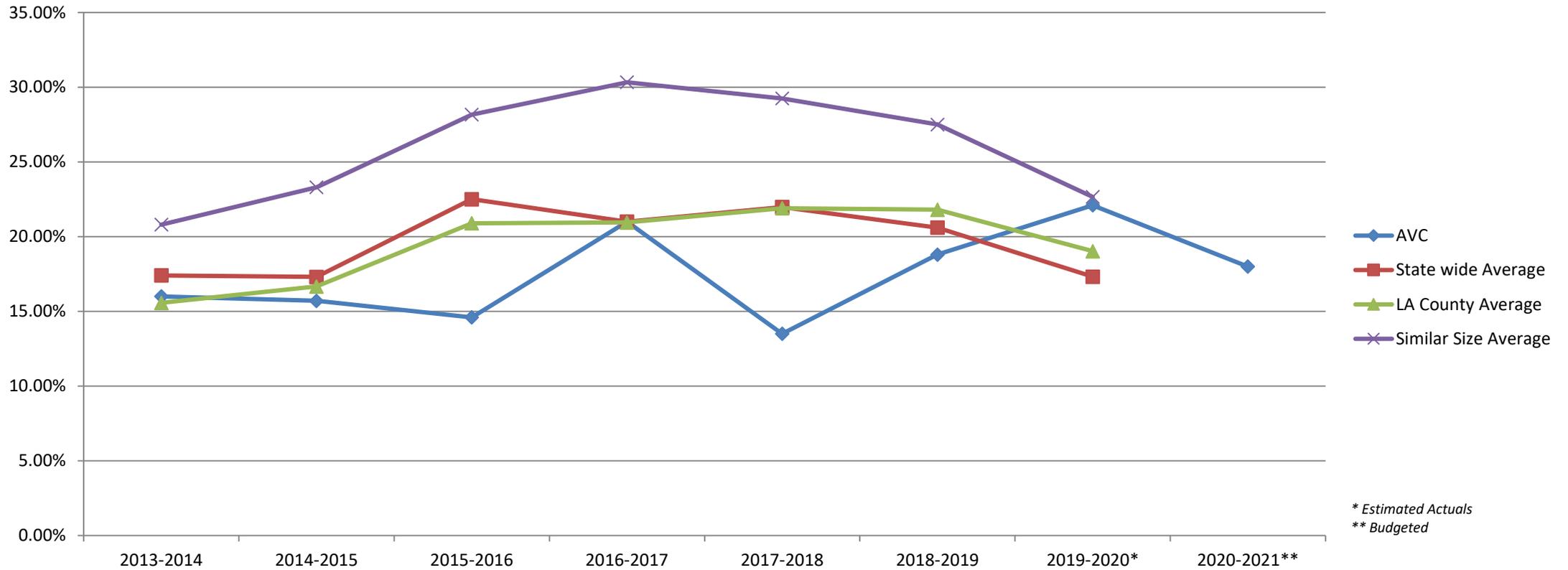
There is a section in the FCMAT Fiscal Risk Health Analysis for Community Colleges checklist that covers deficit spending:

## Deficit Spending

- 7.1 Is the district avoiding a structural deficit in the current and two subsequent fiscal years? (A structural deficit is when ongoing unrestricted expenditures and contributions exceed ongoing unrestricted revenues.)
- 7.2 If the district has deficit spending in the current or two subsequent fiscal years, has the board approved and implemented a plan to reduce and/or eliminate deficit spending?
- 7.3 Has the district decreased deficit spending over the past two fiscal years?

# Reserves

## Unrestricted Ending Fund Balance Reserve Comparables



\* Estimated Actuals  
\*\* Budgeted



