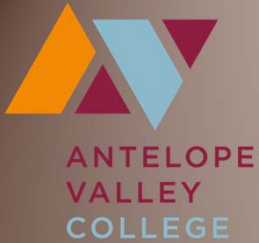


# 2017-2018 Adopted Budget



Opening Day  
August 18, 2017

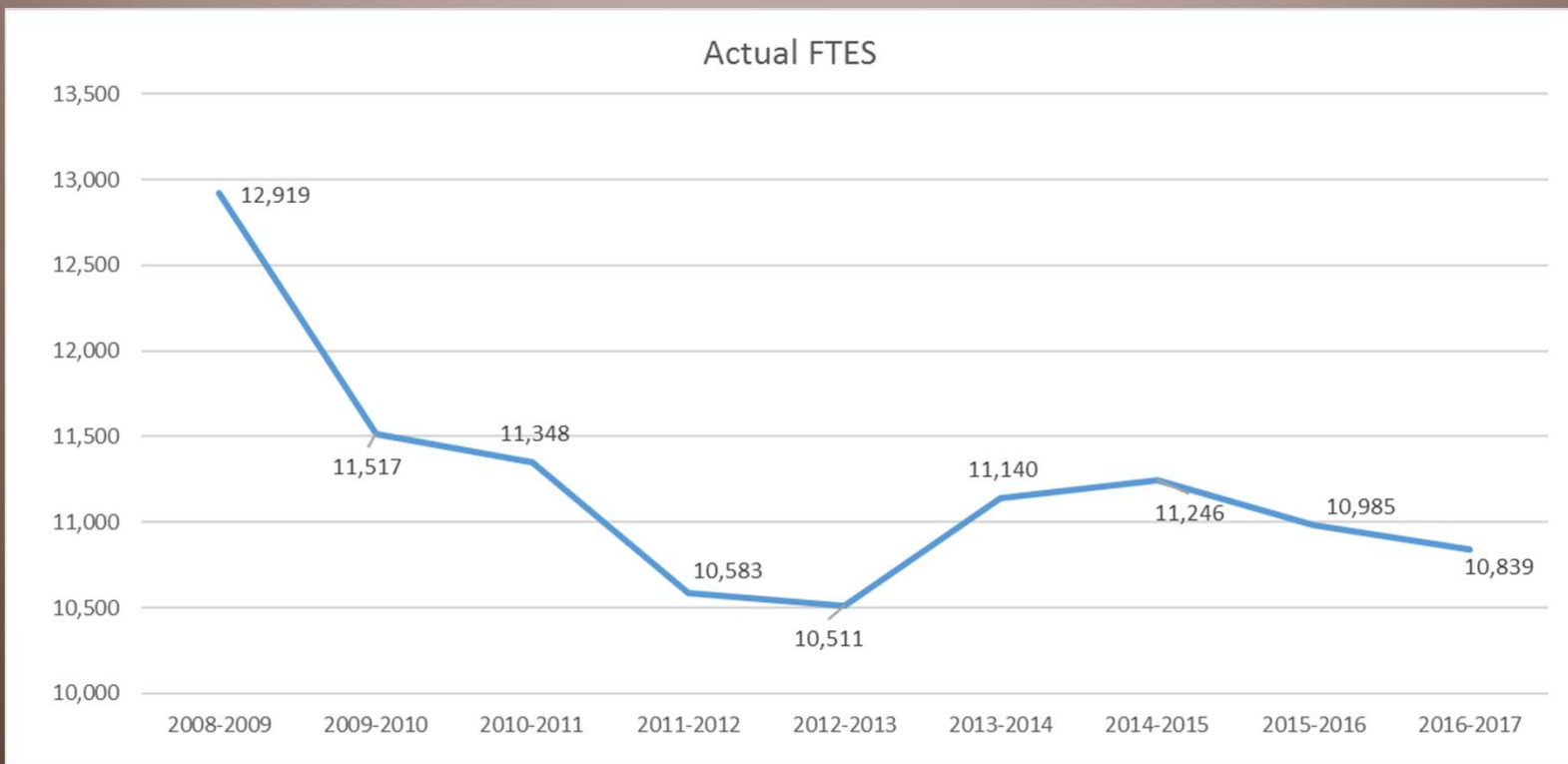
Diana Keelen, Executive Director of Business  
Services

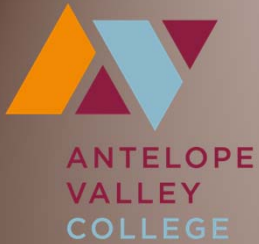


# Topics

- Stability
- 2016-2017 Estimated Unrestricted Fund Actuals
- 2017-2018 Enacted Budget
- 2017-2018 Unrestricted Fund Expenditure Changes
- 2017-2018 Estimated Unrestricted Fund Adopted Budget
- Grants & Categorical Programs Trend
- STRS & PERS Projections
- 3 Year Budget Projection

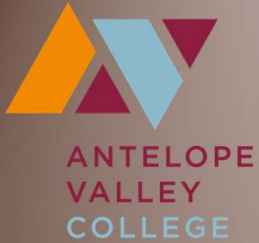
# Actual FTES





# Stability

- What does stability mean?
- Stability is a term used to describe a district not meeting the base funding target set by the Chancellor's Office. It allows districts to basically rebench FTES and have 3 years to make up the FTES to the original base funding level.
- Stability funding is a higher priority than growth funds. The Chancellor's Office will allocate stability funding first before apportioning growth funds.
- Our base year started in 2015-2016. Year 1 is 2016-2017, Year 2 is 2017-2018 and Year 3 is 2018-2019. After that, our funded base is set and we have to then gain FTES through growth.
- Most important note is the impact to revenue. 1 FTES is equal to roughly \$5K. Re-benching FTES means that you also re-bench revenue.
- The reserve will help buffer the impact of stability in the short-term.



# Stability

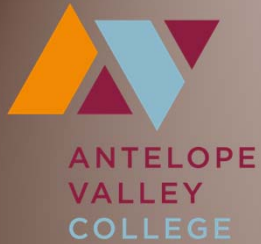
- Several other community colleges are in the same process. Survey shows out of 22 responses, 18 are on stability or entering stability (as of 8/10/17).
- 2015-2016
  - Reassigned 672 FTES from Summer 2016 to 2015-2016 to capture growth funds. Base funding became 11,657.
- 2016-2017
  - Actual FTES came in at 10,839.  
Headcount figures flattened; however, FTES dropped. Indicator of hiring and slightly better economy.
  - Our reported FTES was 10,167 after the reduction of 672 FTES from the Summer 2016 shift.
  - Shifted 400 FTES from Summer 2017 to 2016-2017 to re-bench FTES to 10,567. This assumes our actual FTES will be 10,967 in 2017-2018 so there is enough to cover the 400 FTES that was reassigned in Summer 2017.
  - Enrollment target is 2% above funded levels.  $10,967 \times 1.02 = 11,186$  FTES target as a goal.





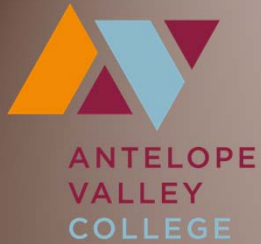
# 2016-2017 Unrestricted Estimated Actuals

<b>Beg. Balance</b>	<b>\$20,877,692</b>
<b>Revenue</b>	<b>\$63,898,434</b>
<b>Expenses</b>	<b>\$69,962,498</b>
<b>Ending Fund Balance</b>	<b>\$14,813,628</b>
<b>Surplus/(Deficit)</b>	<b>\$(6,064,064)</b>
<b>One Time Committed Funds &amp; Assigned Reserves</b>	<b>\$(1,113,364)</b>
<b>Unassigned Ending Fund Balance</b>	<b>\$13,700,264</b>
<b>Unassigned Reserve %</b>	<b>20%</b>



# 2017-2018 Enacted Budget Ongoing Funds

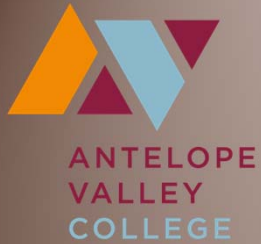
Item	2016-17 Enacted Totals	2017-18 Governor's January Proposal	2017-18 May Revision	Conference Committee	Notes
<b>Ongoing Funds</b>					
<b>Cost of Living Adjustment (COLA)</b>	0%	\$94.1 M (1.48%)	\$97 M (1.56%)	\$97 M (1.56%)	
<b>Enrollment Growth</b>	2%	\$79.3 M (1.34%)	\$57.8 M (1%)	\$57.8 M (1%)	Allows the system to serve around 24,000 more students.
<b>Base Augmentation</b>	\$75 M	\$23.6 M	\$183.6 M	\$183.6 M	
<b>Student Success and Support Program (SSSP)</b>	No Augmentation	No Augmentation	No Augmentation	No Augmentation	
<b>SSSP - Equity</b>	No Augmentation	No Augmentation	No Augmentation	No Augmentation	
<b>Workforce &amp; CTE Pathways</b>	\$248 M	No Augmentation	No Augmentation	No Augmentation	
<b>Basic Skills</b>	\$30M	No Augmentation	No Augmentation	No Augmentation	
<b>Part-Time Faculty Office Hours</b>	\$3.6 M	No Augmentation	No Augmentation	\$5 M	
<b>COLA for EOPS, DSPS, Cal Works, Childcare Tax Bailout</b>	0%	\$5.6 M (1.48%)	\$5.6 M (1.56%)	\$5.6 M (1.56%)	
<b>Full-Time Student Success Grants</b>	\$41.2 M	No Augmentation	\$5 M	\$25 M	Full-time, Cal Grant B recipients
<b>Completion Incentive Grants</b>				\$25 M	For student who complete Education Plan and take 15 units.
<b>Financial Aid Administration</b>				\$1 M	
<b>Online Education</b>	No Augmentation	\$10 M	\$10 M	\$10 M	



# 2017-2018 Enacted Budget One Time Funds

Item	2016-17 Enacted Totals	2017-18 Governor's January Proposal	2017-18 May Revision	Conference Committee	Notes
<b>One-Time Funds</b>					
Guided Pathways		\$150 M	\$150 M	\$150 M	Amends trailer bill language: (1) clarify the Guided Pathways four pillar framework; (2) clarify the funds will be used for release time, professional development, and technology solutions; (3) CO authority to require program criteria, qualitative and quantitative indicators; and (4) requires annual report. More TBL details to come.
Integrated Library Systems		\$6 M	\$6 M	\$6 M	
Deferred Maintenance & Instructional Equipment		\$43.7 M	\$135.8 M	\$76.8 M	Will be released in 2017-2018
COLA Mandates Block Grant				\$0.5 M	One-Time
Prop 39 Clean Energy Job Creation Fund		\$52.3 M	\$46.5 M	\$46.5 M	
EEO Program		None	\$1.82 M	\$1.82 M	One-time from FON penalties
Veterans Resource Center				\$7 M	\$5 M one-time, including \$2 M one-time for Norco, plus \$5 M ongoing with TBL.
Campus Sexual				\$2.5 M	One-time
Academic Senate				\$1 M	One-time for the development of C-ID system
Hunger Free				\$2.5 M	One-time
Economic Workforce Development Grants				\$8 M	Workforce incentive grants for regions with high unemployment (one-time)
Umoja				\$2.5 M	
Mental Health				\$4.5 M	One-time
Compton College				\$11.3 M	
Innovation Awards		\$20 M	\$20 M	\$20 M	Focus areas to be determined by CCC Chancellor, TBL with criteria.





# Major Unrestricted Fund Expenditure Changes

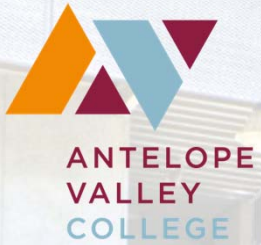
Exhibit A				
2016-2017 Budget Changes to 2017-2018 Adopted Budget				
	Change	Increase	Decrease	Total
1	Increase in Step & Column Estimates	\$ 356,511		
2	Notification to change board elections to even years	\$ 67,000		
3	Increase in OPEB Actuarial Study Costs to implement GASB 74/75	\$ 7,000		
4	Security Contract Increase including 2 additional Sheriffs for Palmdale	\$ 160,867		
5	Minimum Wage Increase from \$10 to \$11 Jul-Dec 2017 & \$11 to \$12 Jan-Jun 2018	\$ 153,510		
6	Decrease in liability insurance 20%. Moved from SIRMA to SWACC		\$ (130,129)	
7	Removal of 2% one time off schedule salary increase		\$ (1,017,174)	
8	Removal of Central Plant Payment		\$ (510,994)	
9	Administrative Assistant for Palmdale Center Dean	\$ 72,222		
10	Removal of one-time approved resource allocation funds 16-17		\$ (250,000)	
11	1.56% COLA on salaries & benefits	\$ 794,563		
12	Reclassification of classified & confidential employees	\$ 64,961		
13	Faculty retirements & replacement difference	\$ 187,953		
14	Palmdale Center Rent (\$500K covered by Palmdale Redevelopment funds) \$463K covered by Lancaster Redevelopment	\$ -		
15	Increase in Utilities Expense & Desert Haven increase	\$ 96,480		
16	STRS increase from 12.58% to 14.43%	\$ 433,766		
17	PERS increase from 13.05% to 15.53%	\$ 434,266		
18	5% of categorical salaries reserve	\$ 154,740		
19	Resource Allocation Funding Ongoing Staffing	\$ 452,211		
20	Reduction in Hourly Budget from Ongoing Staffing		\$ (31,697)	
21	25% reduction in hourlyls		\$ (320,000)	
21	Resource Allocation Funding Ongoing Non Staffing	\$ 81,375		
22	Resource Allocation Funding One-Time	\$ 98,875		
23	Sport Physicals with Drug Testing	\$ 16,000		
24	CDC Shade Structure-Deemed unsuitable by facilities	\$ 25,000		
25	Set aside for 4.5% H&W increase subject to negotiations	\$ 286,797		
26	Library Books and other reference materials (includes Palmdale)	\$ 75,000		
	<b>Total Increase (Decrease)</b>	<b>\$ 4,019,097</b>	<b>\$ (2,259,994)</b>	<b>\$ 1,759,103</b>



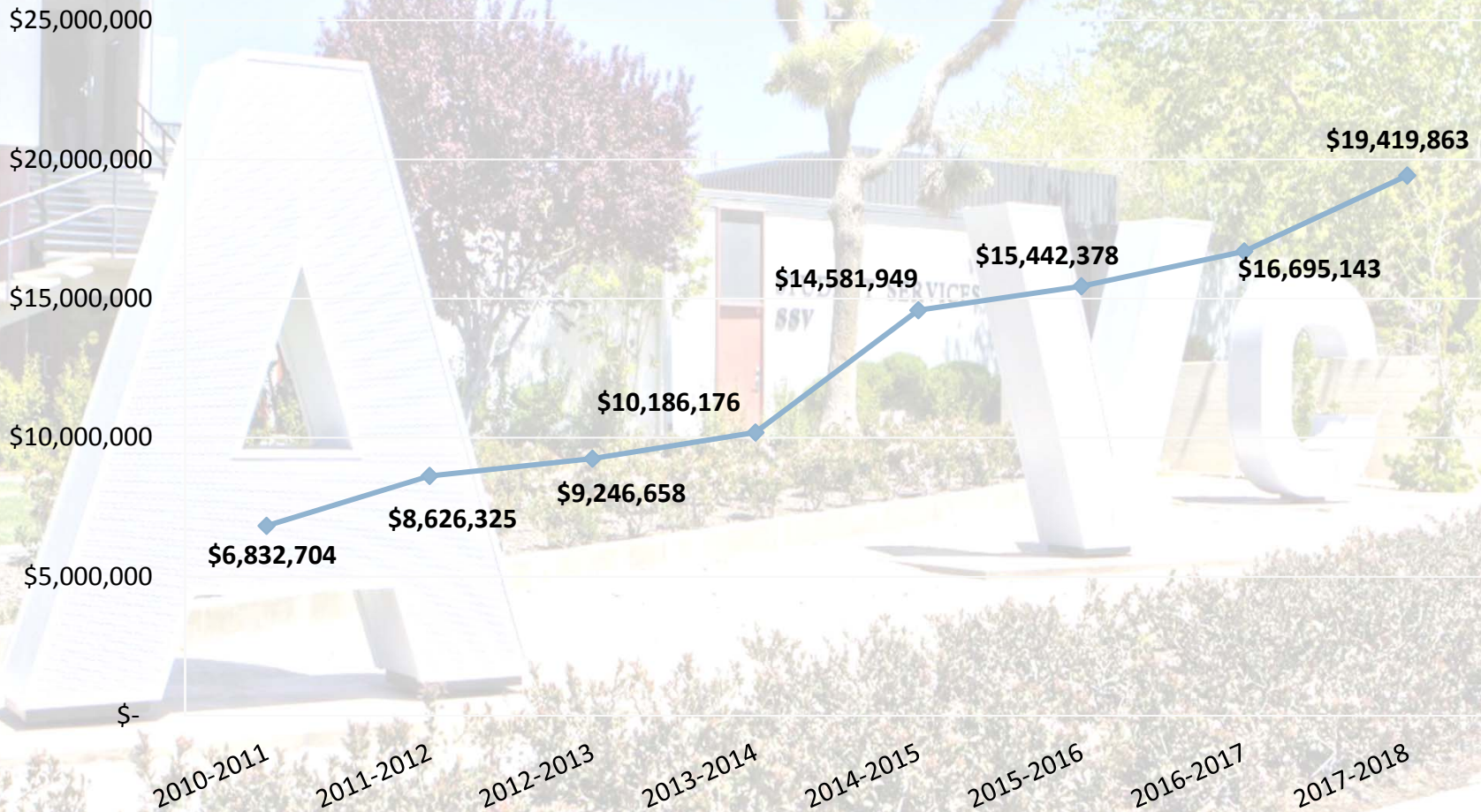
# 2017-2018 Unrestricted Adopted Budget

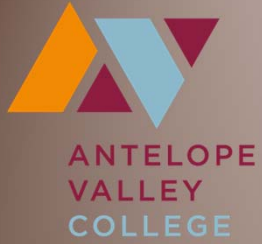
<b>Beg. Balance</b>	<b>14,813,628</b>
<b>Revenue</b>	<b>65,775,955</b>
<b>Expenses</b>	<b>71,703,604</b>
<b>Ending Fund Balance</b>	<b>8,885,979</b>
<b>Surplus/(Deficit)</b>	<b>(5,927,649)</b>
<b>One-Time Committed Funds &amp; Assigned Reserves</b>	<b>(400,073)</b>
<b>Unassigned Ending Fund Balance</b>	<b>8,485,906</b>
<b>Reserve %</b>	<b>12%</b>





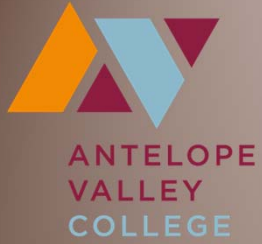
# Grants & Categorical Programs





# STRS

	Employer
2013-2014	8.25%
2014-2015	8.88
2015-2016	10.73
2016-2017	12.58
2017-2018	14.43
2018-2019	16.28
2019-2020	18.13
2020-2021	19.1



# PERS

	Employer
2013-2014	11.44%
2014-2015	11.77
2015-2016	11.85
2016-2017	13.89
2017-2018	15.53
2018-2019	18.1
2019-2020	20.8
2020-2021	23.8





# 3 Year Budget Projection

	2018-2019	2019-2020	2020-2021
Begin Balance	8,885,979	4,127,738	-1,551,898
Revenues	67,697,609	66,950,109	66,950,109
Expenditures	72,205,850	72,629,746	73,673,199
Ending Balance	4,127,738	-1,551,898	-8,274,988
Surplus/Deficit	-4,508,241	-5,679,636	-6,723,089
Assigned	-500,000	-500,000	-500,000
Unassigned	3,627,738	-2,051,898	-8,774,988
Unassigned Reserve %	5.0%	-2.8%	-11.9%