



2015 -2016 Presentation of the Tentative Budget

**June 8, 2015 Board of Trustees
Regular Meeting**

Presented by:

- Diana Keelen, Executive Director of Business Services



2014-2015 Accomplishments

- District Implemented a Comprehensive Resource Allocation Process that ties to Institutional Planning
- Banner Enterprise System Implementation
- Bachelor's Degree in Airframe Manufacturing Technology
- Funding the Retiree Health Liability



2014-2015 Unrestricted Estimated Actuals

Beg. Balance	\$ 9,401,773
Revenue	\$ 61,612,870
Expenses	\$ 61,361,945
Ending Balance	\$ 9,652,698
Surplus/(Deficit)	\$ 250,925
Reserve %	15.7%

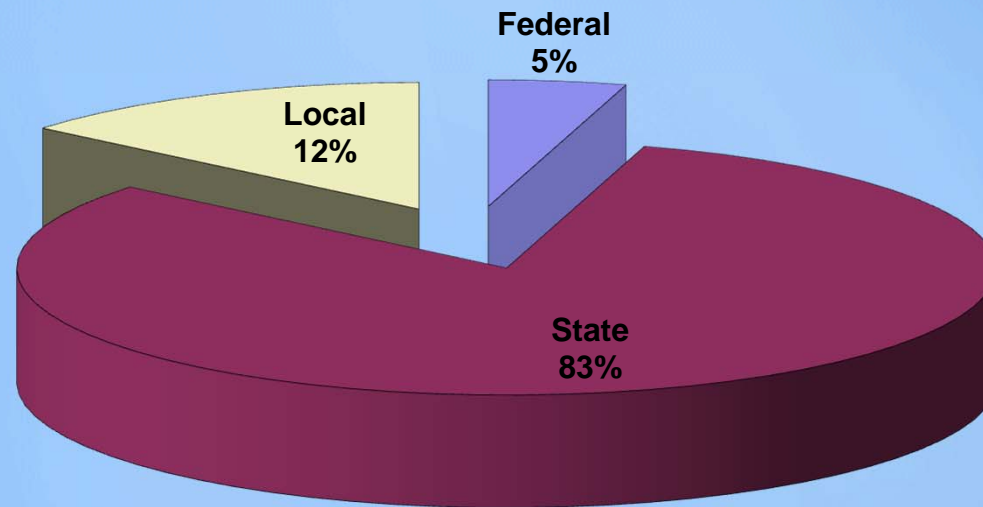


May Revision Highlights

Item	2014-2015 Enacted	2015-2016 January Proposed Augmentation	AVC's Estimated Additional Portion (Jan)	2015-2016 May Revision	AVC's Estimated Additional Portion (May)
Ongoing Funds					
Cost-of-living adjustment %	0.85%	1.58%	1.58%	1.02%	1.02%
Cost-of-living adjustment \$	\$47,300,000	\$94,400,000	\$944,409	\$61,000,000	\$ 625,583
Categorical Program COLA	\$0	\$0	?	\$2,500,000	?
Enrollment Restoration/Growth %	2.75%	2.00%	2.00%	3.00%	3.15%
Enrollment Restoration/Growth \$	\$140,400,000	\$106,900,000	\$1,072,690	\$156,500,000	\$1,689,354
Student Success and Support Program (SSSP)	\$199,183,000	\$299,183,000	\$928,138	\$299,183,000	\$928,138
Implementation of Student Equity Plans	\$70,000,000	\$170,000,000	\$1,259,512	\$185,000,000	\$1,259,512
Operating Costs	\$0	\$125,000,000	\$1,349,478	\$266,700,000	\$2,908,397
Full-Time Faculty Hiring	\$0	\$0	\$0	\$75,000,000	?
One-Time Funds					
Career Technical Education Enhancement Fund	\$50,000,000	\$48,000,000	?	\$48,000,000	?
Mandate Backlogs	\$49,500,000	\$353,000,000	?	\$627,800,000	?
Deferred Maintenance & Instructional Block Grant	\$148,000,000	No Augmentation	\$0	\$148,000,000	\$1,465,147
Basic Skills & Student Outcomes Transformation Program	No Augmentation	No Augmentation	\$0	\$60,000,000	?
Innovation Awards	\$50,000,000	\$25,000,000 (CSU Only)	\$0	\$50,000,000	\$0
Remaining Apportionment Deferrals	\$600,000,000	\$94,500,000 (would eliminate deferrals)	\$1,023,543 (included in apportionment figures)	\$94,500,000 (would eliminate deferrals)	\$1,023,543 (included in apportionment figures)
Other					
Proposition 39	\$37,500,000	\$39,600,000	?	\$38,700,000	?
Adult Education	\$25,000,000 (for planning grants)	\$500,000,000	?	\$500,000,000	?
CTE Incentive Award	\$250,000,000 (CCPT)	\$250,000,000	?	\$250,000,000	?

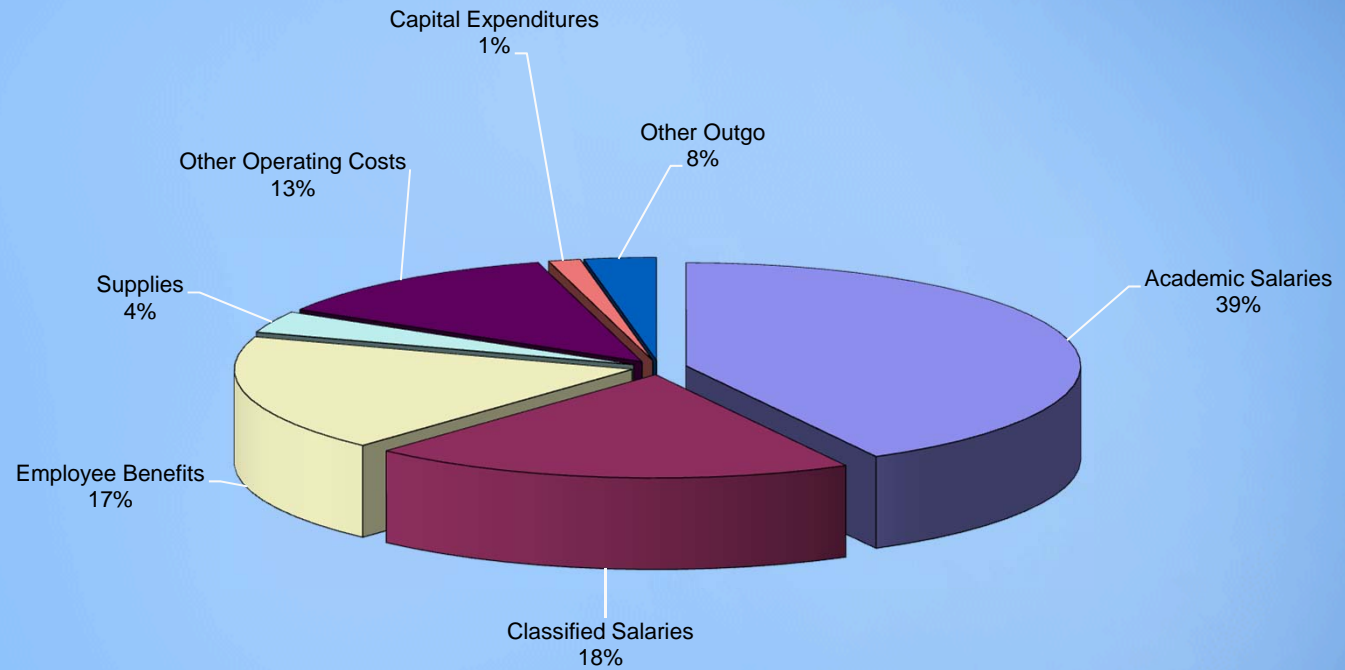


2015-2016 General Fund Revenue





2015-2016 General Fund Expenses





2015-2016 AVC Tentative Budget Highlights

Restoration of Cuts	Fiscal Year	Workload %	Apportionment	Base	FTES	Growth	New Base	Fiscal Year Funded Levels
2011-2012 Workload Reduction	2011-2012	-7.74%	(\$3,965,475)	11,371	-872		10,499	2005-2006 & 2006-2007
2011-2012 Workload Restoration	2012-2013				120		10,619	2006-2007 & 2007-2008
2011-2012 Workload Restoration	2013-2014				298		10,902	2006-2007 & 2007-2008
2011-2012 Workload Restoration Estimate	2014-2015				391		11,293	2009-2010 & 2010-2011
2011-2012 Workload Restoration Estimate	2014-2015				63	293	11,649	
2011-2012 Workload Left to be Restored					0	293		



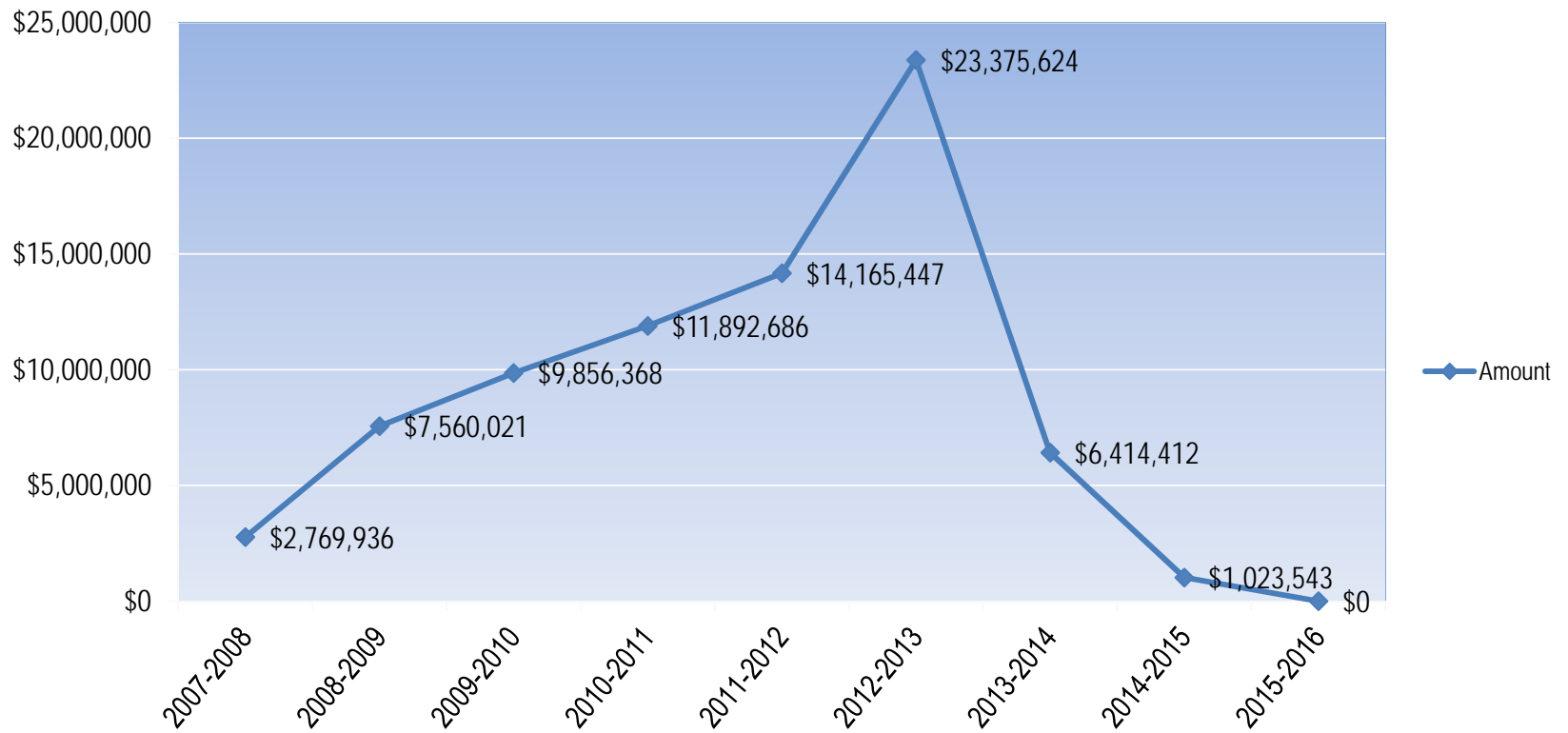
2015-2016 AVC Tentative Budget Highlights

Revenue Adjustment	Percentage	Amount	Source
2007-2008	0.32%	(\$180,331)	Exhibit E dated 2/23/09
2008-2009	1.19%	(\$678,322)	Exhibit E dated 3/18/10
2009-2010	0.00%	\$0	Exhibit E dated 2/17/11
2010-2011	0.32%	(\$185,559)	Exhibit E dated 2/7/12
2011-2012	1.94%	(\$1,036,074)	Exhibit E dated 2/12/13
2012-2013	0.23%	(\$122,201)	Exhibit E dated 2/20/14
2013-2014	0.45%	(\$254,874)	Exhibit E dated 4/13/15
Total		(\$2,457,361)	



2015-2016 AVC Tentative Budget Highlights

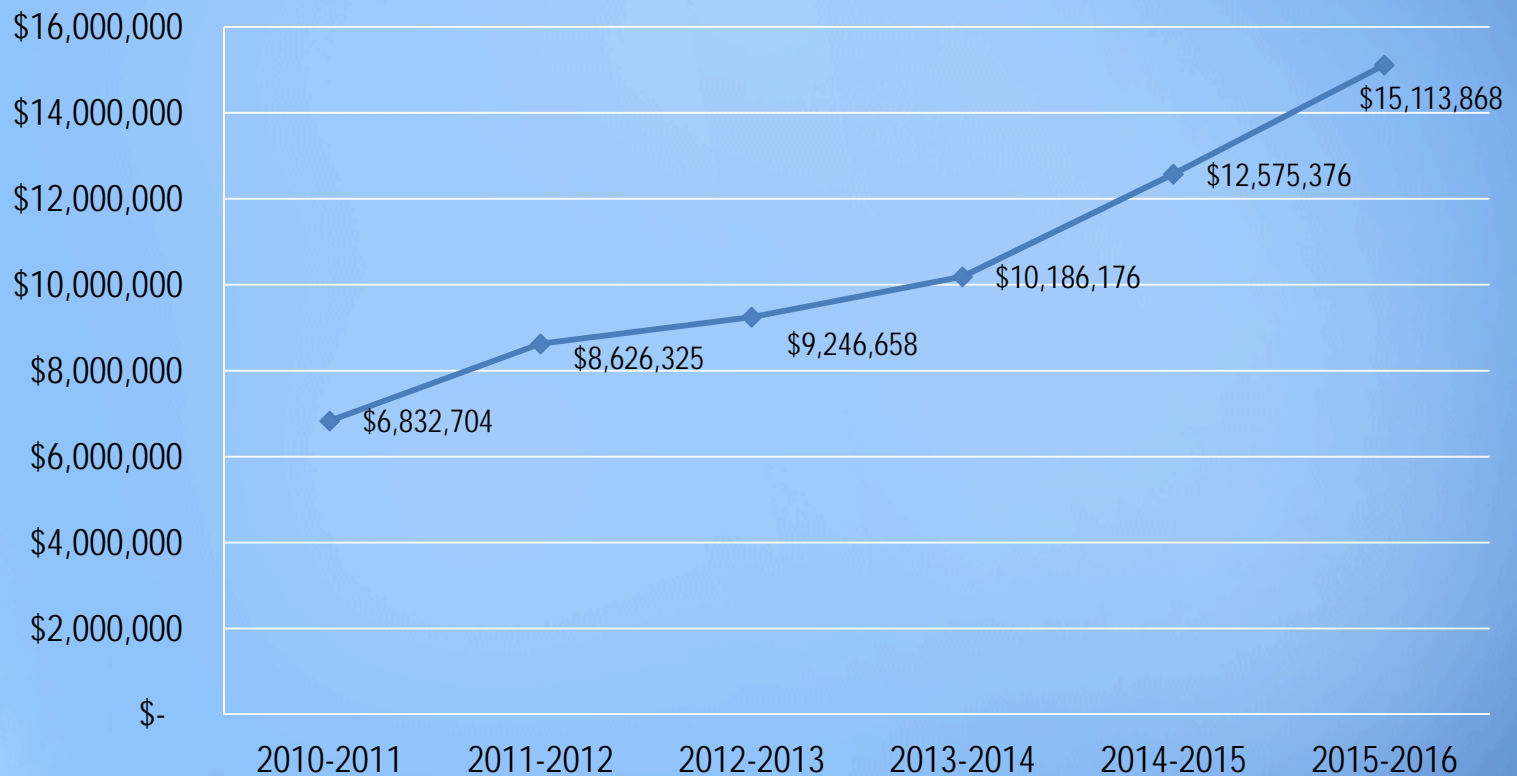
Antelope Valley College Deferrals Trend





2015-2016 AVC Tentative Budget Highlights

Grants & Categorical Programs





2015-2016 AVC Tentative Budget Revenue Highlights

- 1.02% COLA
- 3.15% Restoration/Growth funding
- Additional scheduled maintenance/
Instructional equipment
- Additional funding for SSSP & Student
Equity
- 0.5 % Revenue Deficit Estimate



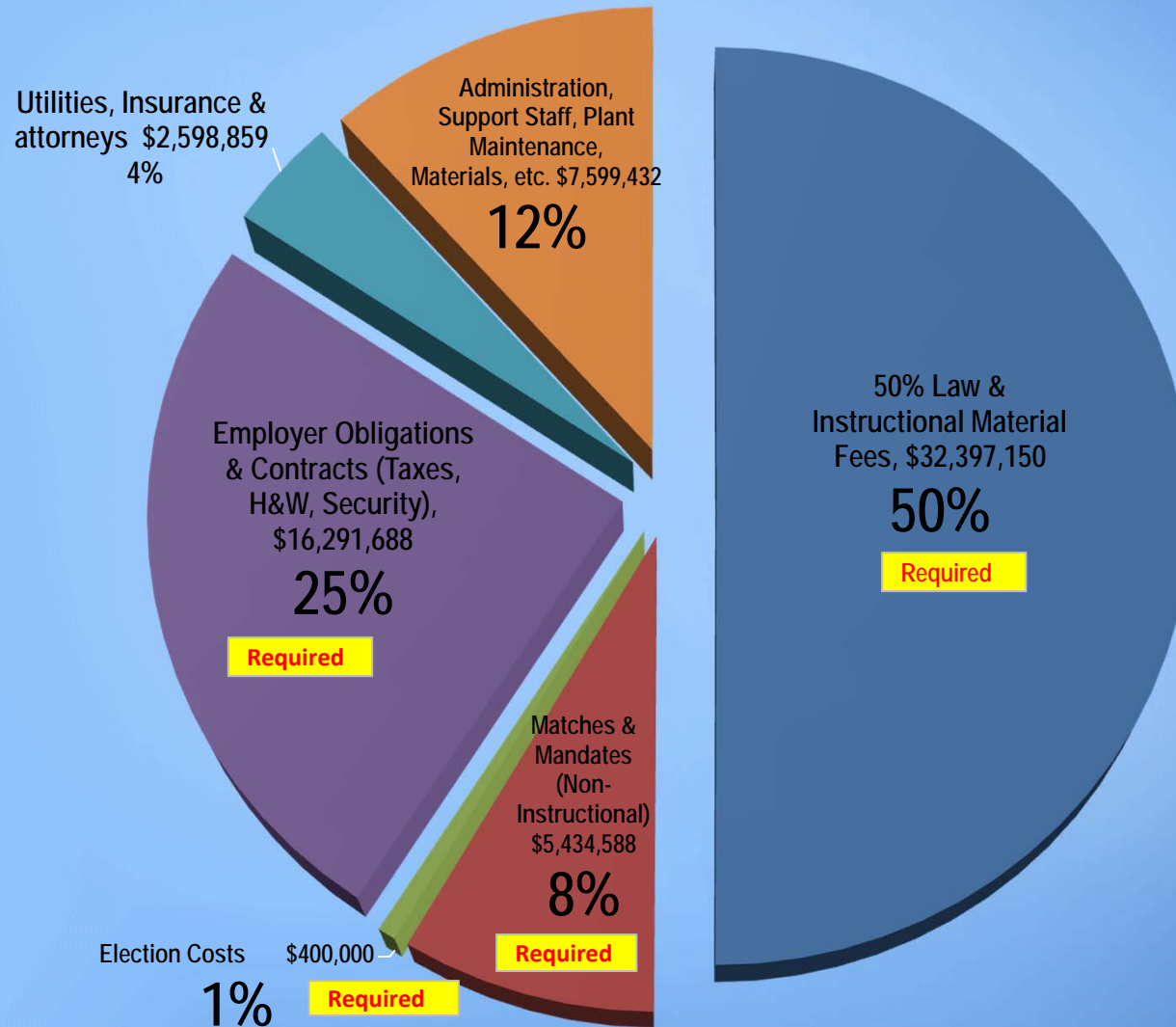
2015-2016 AVC Tentative Budget Expense/Investment Highlights

- Increase in course offerings
- 1 % Rate increase on top of salaries
- H&W from \$13,385.10 to \$14,000
- Biennial Elections \$400K
- STRS increase from 8.88% to 10.48%
- PERS increase from 11.77% to 11.847%
- Resource Allocation Funding, \$1,450K ongoing and \$500K one-time funding
- Plan to renovating new Palmdale location & existing Foxfield hangar



2015-2016 AVC Tentative Budget Highlights

2015-2016 "Unrestricted" Tentative Budget Expenses





2015-2016 AVC Tentative Budget Highlights

50% Compliance

Instructional Salaries & Benefits

Current Cost of Education	-	Exclusions (Replacement equipment, rentals, restricted* programs, auxiliary programs, etc.)	=	%
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Example:

26,000,000	-	25,000	=	50.02%
52,000,000				

What happens if you hire a counselor or librarian?

Counselor or Librarian at \$80K

26,000,000	-	25,000	=	49.95%
52,080,000				

*When hiring counselors on restricted funds, it's neutral to the 50% compliance because it's an exclusion



2015-2016 AVC Unrestricted Tentative Budget Highlights

Beg. Balance	9,652,698
Revenue	66,390,036
Expenses	66,381,579
Ending Balance	9,661,154
Surplus/(Deficit)	\$8,456
Reserve %	14.6%



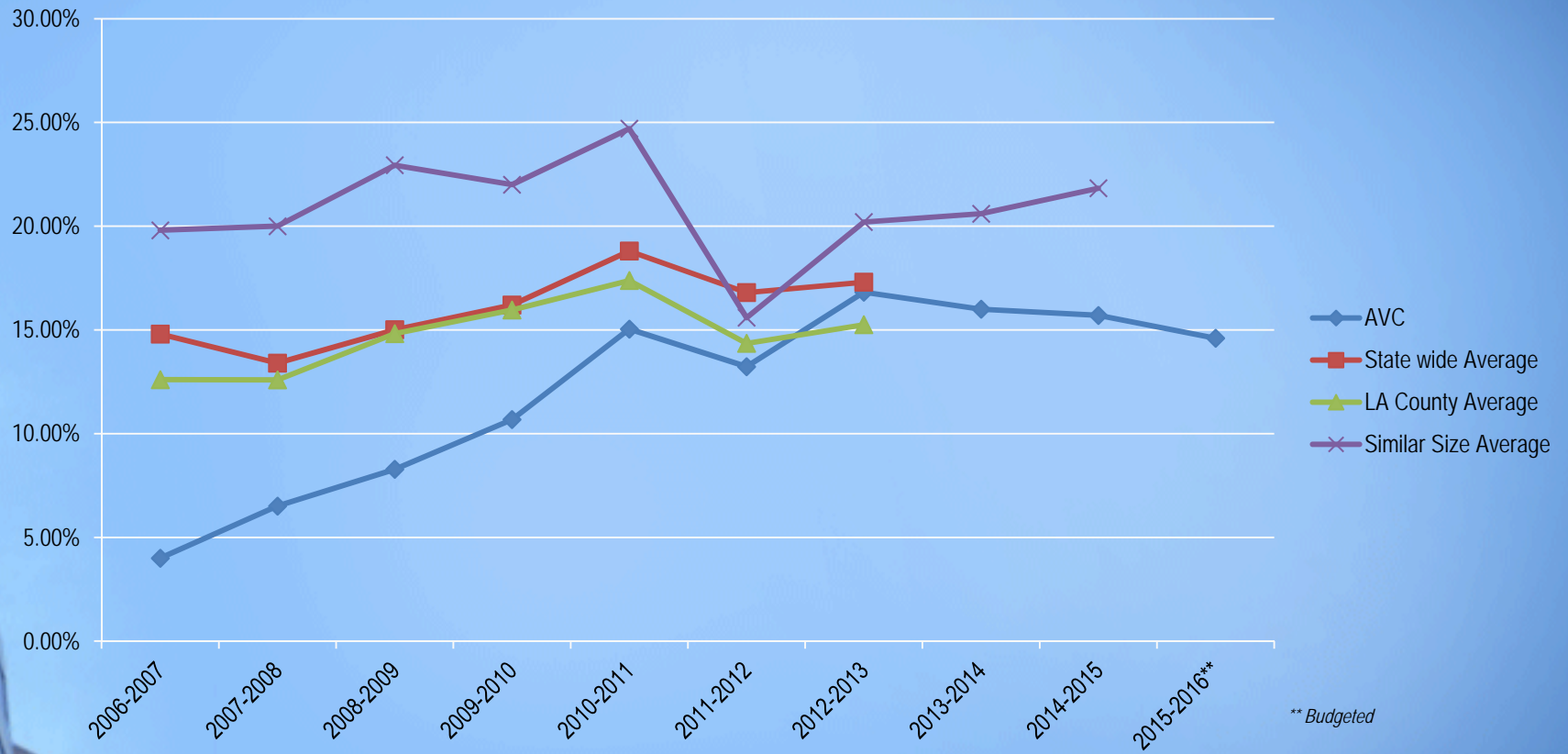
What's Up With the Reserve

- The reserve is a one-time funded savings account
- % = Level of acceptable risk
 - **Can we support a significant reduction in revenue over the course of a year?** 80% of revenue is funded by the State, which is based on estimates of capital gains & taxes, which has boom and bust cycles. In 2011-2012, we received a nearly 8% workload reduction-all taken from one semester
 - **Can we pay our bills if we do not receive our money on time?** District spends over \$5 million a month on average. \$9 million reserve does not cover 60 days of cash
 - **Can we cover a significant event that would cause our expenditures to increase?**
 - 88% 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?** (STRS going up to over 19% by 2021 (over \$450K each year, step & column is approximately \$300K per year.)
- 2012-2013 Average CCC reserve level was over 17%, in 2005-2006 Average CCC reserve level was 12% *(source: Chancellor's Office Fiscal Data Abstract)*



Reserve Comparables

Unrestricted Ending Fund Balance Reserve Comparables



** Budgeted



3 Year Budget Trend

	2016-2017 Projected Budget	2017-2018 Projected Budget	2018-2019 Projected Budget
Beginning Balance	9,661,154	9,369,613	7,749,600
Revenue	65,804,163	65,804,163	65,804,163
Expenditures	66,095,704	67,424,176	67,932,654
Ending Fund Balance	9,369,613	7,749,600	5,621,109
Reserve %	14.2%	11.5%	8.3%
Surplus/(Deficit)	-291,541	-1,620,013	-2,128,491



2015-2016 Goals

- Budget Committee to Develop an Integrated Resource Allocation Model to include other funding sources
- Work on Reducing Dependence on LACOE
- Relocate the Palmdale Center to support long-term growth
- Improve the Facilities at Foxfield
- Explore Revenue Generating Ideas



Summary

- Continued Investment in Education, even though Prop 30 not likely to be extended
- Finally restored from 2011-2012 cuts with a small amount of growth
- No more deferrals!
- Funding for plant maintenance & instructional equipment
- Exercise caution in future years due to flat enrollment projections