



2016 -2017 Draft Tentative Budget Overview

**Budget Committee
May 25, 2016**

Presented by:

- Diana Keelen, Executive Director of Business Services



2015-2016 Highlights

- Assumed 3.28% growth; actual enrollment flat
- Tentative Agreement negotiated that includes 2% on schedule, 2% off schedule and an increase to the H&W cap for employees to \$14K
- Unrestricted:
 - Hired 7 Full time Faculty, Hired 7 classified and 1 CMS position
 - Funded \$501K in ongoing resource allocation requests
 - Funded all critical one time funding requests \$876,100
- Hired additional staff to support Equity & SSSP



2015-2016 FTES

2015-2016 FTES	Plan
FTES Target	
2014-2015 Base FTES	11,292
2011-2012 Restoration FTES	79
Growth FTES	255
Potential Funded FTES	11,626
2% Above Funded Target	11,859
2014-2015 FTES Needed to Borrow	47
Total FTES Target to including making up borrowing	11,906
2015-2016 FTES	Attainment
2015-2016 Actual FTES at P2. Includes 5% Estimate for Positive Attendance	11,173
2014-2015 Make up for Borrowing	-47
Total FTES towards 2015-2016	11,126
2015-2016 Potential Borrowing	500
Funded FTES	11,626



2015-2016 Estimated Actuals

	<u>2015-2016</u>
Beg. Balance	\$10,478,975
Revenue	\$71,362,483
Expenses	\$67,998,754
Total Ending Fund Balance	\$13,842,704
Surplus/(Deficit)	\$ 3,363,729
One Time Committed Funds & Assigned Reserves	\$(3,397,256)
Unassigned Ending Fund Balance	\$10,445,448
Reserve %	15.4%



2016-2017 Governor's May Revision

Item	2015-2016 Enacted	2016-2017 January Proposed Augmentation	AVC's Estimated Portion (Jan)	2016-2017 May Revision	AVC's Estimated Portion (May)	2016-2017 AVC Change from January to May 2015
Ongoing Funds						
Cost-of-living adjustment %	1.02%	0.47%	0.47%	0.00%	0.00%	-0.47%
Cost-of-living adjustment \$	\$ 61,000,000	\$ 29,300,000	\$ 298,762	0.00%	\$ -	\$ (298,762)
Categorical COLA \$	\$ 2,500,000	\$ 1,300,000		0.00%		\$ -
Enrollment Restoration/Growth %	3.00%	2.00%	0.00%	2.00%	0.00%	0.00%
Enrollment Restoration/Growth \$	\$ 156,500,000	\$ 114,700,000	\$ -	\$ 114,700,000	\$ -	\$ -
Basic Allocation	\$ 266,700,000	No Augmentation	\$ -	\$ 75,000,000	\$ 765,000	\$ 765,000
Student Success and Support Program (SSSP)	\$ 299,200,000	No Augmentation	\$ -	No Augmentation	\$ -	\$ -
Implementation of Student Equity Plans	\$ 155,000,000	No Augmentation	\$ -	No Augmentation	\$ -	
Institutional Effectiveness	\$ 17,500,000	\$ 10,000,000	\$ -	\$ 10,000,000	\$ -	
Apprenticeship Programs	\$ 52,000,000	\$ 1,800,000	\$0	\$ 1,660,000	\$0	\$ -
TTIP	No Augmentation	\$ 3,000,000	\$0	\$ 8,000,000	\$0	\$ -
Workforce & CTE Pathways	No Augmentation	\$ 248,000,000	?	\$ 248,000,000	?	\$ -
One-Time Funds						
Open Educational Resources (OER) and Sero Textbook Cost Initiatives	N/A	\$ 5,000,000	?	\$ 5,000,000	?	0
Adult Ed Tech Assist	N/A	N/A	?	\$ 5,000,000	?	
Online Education Initiative	N/A	N/A	?	\$20,000,000	?	
Mandate Backlogs	\$ 604,000,000	\$ 76,300,000	\$ 1,350,510	\$ 105,500,000	\$ 1,867,350	\$ 516,840
Deferred Maintenance & Instructional Equipment	\$ 148,000,000	\$ 289,000,000	\$ 2,858,013	\$ 219,400,000	\$ 2,169,716	\$ (688,297)
Other						
Adult Ed (Tied to partnerships)	\$ 500,000,000	No Augmentation	\$0	No Augmentation	\$0	
Prop 39	\$ 38,800,000	\$ 45,200,000	?	\$ 49,300,000	?	

2016-2017 FTES

2016-2017 FTES	Plan
FTES Target	
2016-2017 Base FTES	11,626
Potential Funded FTES w/ 3.01% growth	11,976
2% Above BaseTarget (not including growth)	11,859
2015-2016 FTES Needed to Borrow	500
Total FTES Target to including making up borrowing	12,359

- 3.01% Growth available to AVC
- 350 FTES or \$1,657,347
- Not assuming growth in estimates because of large # to make up 15-16 FTES



2016 – 2017 Highlights

- Revenues:
 - May revise issued
 - The “Un-COLA”. USDOC released the Implicit Rate Deflator; used to calculate statutory COLA for K-14. Deflator is 0.0029%. Estimates were 0.47%, May revise shows 0% COLA, categorical COLA also removed = \$30.6M
 - Base Augmentation of \$75M, January release showed \$0
 - 2% growth in budget, AVC not assuming growth
 - Funding for one time mandated costs assumed ~\$500K
 - Scheduled maintenance & block grant reduced. Went from \$289M to \$219.4M. No match required.
- Expenses
 - Includes TA, 2% on schedule, 2% off schedule
 - Resource allocation funding and Palmdale staffing set aside
 - STRS/PERS increases
 - Minimum wage increase to \$10 per hour
 - Hiring an additional dean – AA reorg

Aesop Fable

- Governor's press packet included the Aesop fable—the Grasshopper and the Ant. The lesson learned in the fable is that the ant is wise to stock up during the summer and plan for the winter, compared to the grasshopper who played through the summer and is not prepared when winter comes. The fable concludes, “It is best to prepare for the days of necessity.”



2016-2017 “Draft Tentative Budget”

	<u>2016-2017</u>
Beg. Balance	13,842,704
Revenue	68,594,469
Expenses	70,279,207
Total Ending Fund Balance	12,157,966
Surplus/(Deficit)	(\$1,684,738)
One Time Committed Funds & Assigned Reserves	(\$1,076,457)
Unassigned Ending Fund Balance	\$11,081,509
Reserve %	15.8%



3 Year Budget Projection

		2017-2018 Projected Budget	2018-2019 Projected Budget	2019-2020 Projected Budget
BEGINNING FUND BALANCE		12,157,966	8,960,298	4,793,669
REVENUE				
8100-8200	Federal	20,909	20,909	20,909
8600-8700	State	57,909,537	57,909,537	57,909,537
8800	Local	<u>9,681,079</u>	<u>9,681,079</u>	<u>9,681,079</u>
<u>Total Revenue</u>		67,611,526	67,611,526	67,611,526
REVENUE PLUS BEGINNING FUND BALANCE		79,769,492	76,571,823	72,405,194
EXPENDITURES				
1100-1400	Academic Salaries	31,825,526	32,143,781	32,465,219
2100-2400	Classified Salaries	13,148,869	13,267,109	13,386,531
3100-3800	Employee Benefits	14,485,583	15,075,057	15,778,691
4100-4700	Supplies	1,347,952	1,347,952	1,347,952
5100-5800	Other Operating Costs	7,925,522	7,853,390	7,985,522
6100-6700	Capital Expenditures	208,750	208,750	208,750
<u>Total Expenditures</u>		68,942,201	69,896,038	71,172,664
7100-7600	Other Outgo	1,866,993	1,882,117	1,901,118
<u>Total Expenditures & Other Outgo</u>		70,809,194	71,778,155	73,073,782
Ending Fund Balance		8,960,298	4,793,669	(668,588)
Surplus/(Deficit)		(3,197,668)	(4,166,629)	(5,462,257)
One Time Committed Funds		0	0	0
Assigned Aside for Categorical Salaries + Benes		(363,166)	(517,906)	(517,906)
Unassigned Ending Fund Balance		8,597,132	4,275,762	(1,186,494)
Reserve %		12.1%	6.0%	-1.6%