

2016 -2017 Draft Tentative Budget Overview

**Enrollment Management 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% |