

2018-2019 Adopted Budget

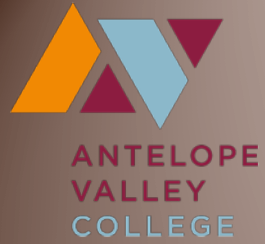


Classified Negotiations
September 11, 2018

Diana Keelen, Executive Director of Business
Services

Topics

- Summary of Community College Budget
- Explanation of Funding Formula and Risks
- Status of Stability
- 17-18 Estimated Actuals & 18-19 Draft Adopted Budget
- Reserve levels



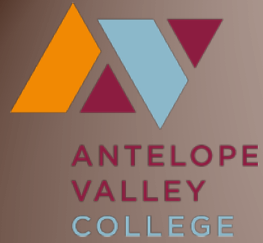
Summary of Community College Budget

Ongoing Funding	
<u>Item</u>	<u>Amount</u>
Student-Centered Funding Formula	\$269 M
K-12 Component of Strong Workforce Program	\$164 M
Increase in Full-Time Faculty	\$50 M
California College Promise Program	\$46 M
Student Success Completion Grant Program	\$40.6 M
California Online Community College	\$20 M
Adult Education Data Systems	\$5 M
Financial Aid Technology Systems	\$5 M
NextUp Program	\$5 M
Course Identification Numbering System (C-ID)	\$0.685 M
Academic Senate	\$0.232 M



Summary of Community College Budget

One-Time Funding	
<u>Item</u>	<u>Amount</u>
California Online Community College	\$100 M
Online Education Initiative	\$35 M
Part-Time Faculty Office Hours	\$50 M
Deferred Maintenance and Instructional Support	\$28.5 M
Financial Aid Technology Systems	\$13.5 M
Legal Services for Undocumented Persons	\$10 M
Mental Health Services and Training	\$10 M
Pathways in STEM Fields	\$10 M
Hunger Free Campuses	\$10 M
El Camino College Public Safety Training Center	\$10 M
Veterans Resource Centers	\$8.5 M
Economic and Workforce Development Projects	\$8 M
Open Educational Resources	\$6 M
Reentry Grant Program	\$5 M
Career Readiness Training Program for Refugees	\$5 M
Norco College Early Childhood Education Center	\$5 M
Certified Nurse Assistant Training Programs	\$2 M
Backfill for Fire-Related Property Tax Declines	\$1.9 M
Los Angeles Valley College Family Resource Center	\$0.8 M
K-12 CTE Pathways Program	\$0.68 M



Student-Focused Funding Formula

Year 1:

70% Base (Enrollment) 3 year average FTES

20% Supplemental Grant

10% Student Success Initiative Grant

Year 2:

65% Base (Enrollment)

20% Supplemental Grant

15% Student Success Initiative Grant

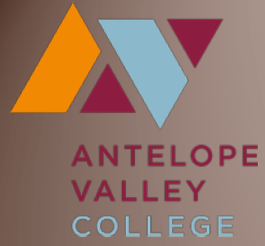
Year 3:

60% Base (Enrollment)

20% Supplemental Grant

20% Student Success Initiative Grant

- Hold Harmless held to 2017-2018 levels plus COLA for 3 years
- Noncredit & CDCP separate
- Oversight Council created (Governor's Rep, Senate Rules Committee & Speaker)
- Basic Skills, SSSP & Student Equity Combined into one allocation called the Student Equity & Achievement Program



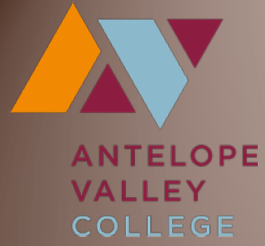
Base

BASE ALLOCATION: 70%			
	<u>FTES</u>	<u>Funding Rate</u>	<u>Totals</u>
Credit	10,210.70	3,727.00	38,055,291
	10,210.70		
Total Base Revenue			38,055,291
Basic Allocation			<u>6,526,207</u>
Subtotal Base			44,581,498
Other Base-Separate Allocation			1,945,468
Other Base-Separate Allocation			
	<u>Headcount</u>	<u>Rate</u>	<u>Total</u>
Noncredit	2.25	3,347.49	7,532
CDCP	43.87	5,456.67	239,384
Inmates in Corr	8.68	5,456.67	47,364
Special Admit	302.6	5,456.67	1,651,188
			1,945,468
I. Total Base			46,526,966.53
			10,210.70

<u>3 year average</u>	
2016-2017	10,523.45
2017-2018	10,521.25
2018-2019	10,521.25
Average	10,521.98
Subtracting:	
Special Admit	302.6
Inmates	8.68
Growth	0

Definitions - Base

Metric	Definition	Simulation Notes
Credit Full-Time Equivalent Students (FTES)	Three-year rolling average of funded FTES. Specifically, average equal to the sum of the annually funded credit FTES from the current year, the prior year, and the year prior to the prior year, all divided by three. Credit FTES for these purposes excludes FTES of special admit students and inmates in correctional facilities.	Simulation uses the three-year average of 2016-17 actual credit FTES, 2017-18 P2 credit FTES, and a proxy for 2018-19 credit FTES. (2018-19 credit FTES replicates the P2 2017-18 actual FTES). For 2018-19, noncredit FTES, including CDCP FTES, is assumed to be the same as the FTES reported for 2017-18 at P2. For 2018-19, growth is assumed to be the same amount as growth in 2017-18. This total is then reduced by the special admit students FTES and inmates in correctional facilities FTES.
Basic Allocation	Number of colleges and comprehensive centers in the community college district (with funding consistent with the basic allocation formula established by the Board of Governors as of the 2015-16 fiscal year).	Simulation uses the number of colleges and centers funded as of the 2017-18 second principal apportionment, adjusted by the COLA appropriated in 2017-18 (1.56 percent), the base increase appropriated in 2017-18 (2.9 percent), and the COLA budgeted in 2018-19 (2.71 percent).
Special Admit Students FTES	Funded FTES generated by students who meet the requirements of ECS 76002, 76003, and 76004	Simulation assumes, in 2018-19, the same FTES as reported for 2016-17.
Inmates in Correctional Facilities FTES	Funded FTES generated by students who meet the requirements of ECS 84810.5(a).	Simulation assumes, in 2018-19, the same FTES as reported for 2016-17. Data is labeled "incarcerated" FTES in Data Mart.



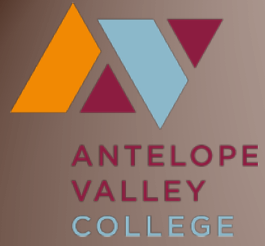
Supplemental

SUPPLEMENTAL ALLOCATION: 20%

<u>2016-2017 Headcount</u>	<u>Head Count</u>	<u>Funding Rate</u>	<u>Totals</u>
Pell Grant	7,777	919	7,147,063
AB540	510	919	468,690
Promise Grant	14,027	919	12,890,813
//. Total Supplemental			20,506,566

Definitions - Supplemental

Metric	Definition	Simulation Notes
Pell Grant Recipients	Headcount of all students in the prior year who were recipients of financial aid under the Federal Pell Grant program.	Simulation assumes, in 2018-19, the same unduplicated count of Pell Grant recipients in a district as reported for 2016-17.
AB 540 Students	Headcount of all students in the prior year who were granted an exemption from nonresident tuition pursuant to ECS 68130.5.	Simulation assumes, in 2018-19, the same unduplicated count of AB 540 students in a district as reported for 2016-17.
California College Promise Grant Recipients	Headcount of all students in the prior year who were received a fee waiver pursuant to Section 76300.	Simulation assumes, in 2018-19, the same unduplicated count of California College Promise Grant recipients in a district as reported for 2016-17.



Success/Equity

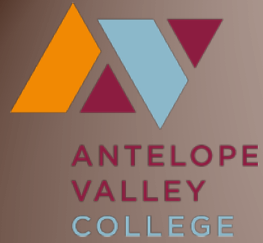
STUDENT SUCCESS ALLOCATION: 10%							
2016-2017 Data	"Outcomes"			Pell Only			Totals
	Headcount	Funding Rate	Totals	Headcount	Funding Rate	Totals	
Associate Degrees	1,303	1,320	1,719,960	869	500	434,066	
Associate Degree for Transfer	430	1,760	756,800	306	666	203,796	
Credit Certificates	895	880	787,600	622	333	207,126	
Nine or More Units of CTE	2,138	440	940,720	1,421	167	236,597	
Transfer	1,052	660	694,320	585	250	146,104	
Transfer Level Math & English	206	880	181,280	122	333	40,626	
Regional Living Wage	907	440	399,080	449	167	74,759	
Totals			5,479,760			1,343,072	
Promise Only							
	Headcount	Funding Rate	Totals				
	1,086	333	361,638				
	370	444	164,280				
	753	222	167,166				
	1,796	111	199,356				
	829	167	138,029				
	157	222	34,854				
	653	111	72,483				
			1,137,806				
III, Student Success Allocation			7,960,638				

Definitions - Success

Metric	Definition	Simulation Notes
Associate Degrees	Count of all Chancellor's Office approved associate degrees granted (excluding associate degrees for transfer granted) based on prior year data.	Simulation assumes, in 2018-19, the same count of all associate degrees granted in a district as reported for 2016-17.
Baccalaureate Degrees	Count of all Chancellor's Office approved baccalaureate degrees granted based on prior year data.	Because no data is included in 2016-17, no counts are included in simulation.
Associate Degrees for Transfer	Count of all Chancellor's Office approved associate degrees for transfer granted based on prior year data.	Simulation assumes, in 2018-19, the same count of all associate degrees for transfer granted in a district as reported for 2016-17.
Credit Certificates	Count of all Chancellor's Office approved -credit certificates requiring 16 or more units granted based on prior year data.	Simulation assumes, in 2018-19, the same count of all associate degrees granted in a district as reported for 2016-17. Uses data about the number of certificates 18 units or greater granted. The minimum number of units for a high-unit certificate to 16 units.
Completion of Transfer-Level Mathematics and English	Count of all first-time students who successfully complete both transfer-level math and English courses within the same district within the first academic year (summer, fall, and spring) of enrollment based on prior year data.	Simulation assumes, in 2018-19, the same count in a district as reported for 2016-17.
Successful Transfer to Four-Year University	Count of all students who successfully transferred to a four-year university based on prior year data.	Simulation assumes, in 2018-19, the same count in a district as reported for 2016-17. # of students with at least 12 credits who were enrolled in 2015-16, were not found enrolled in 2016-17, and were enrolled at any four-year university in 2016-17.
Completion of Nine CTE Units	Count of all students who successfully completed nine or more career technical education (CTE) units within the same district based on prior year data. CTE courses are SAM A, B, C courses or all courses with a CTE TOP Code.	Simulation assumes, in 2018-19, the same count in a district as reported for 2016-17.
Regional Living Wage	Count of all students who obtained a regional living wage within one year of community college completion based on prior year data.	Simulation assumes, in 2018-19, the same count in a district as reported for 2016-17. For this simulation, the measure considers the number of non-transfer students who were enrolled in 2015-16, exited, and had earnings at or above the living wage for the primary county within district boundaries for one adult in 2016-17. The measured uses the Insight Center for Community Economic Development Self-Sufficiency Tool.

Definitions - Equity

Metric	Definition	Simulation Notes
Pell Grant Recipients	Outcomes for all students who received a fee waiver pursuant to Section 76300.	Measure includes all students who ever received a Pell Grant at any district. Calculation uses system-wide data. Chancellor's Office data is available from 1992 to present.
California College Promise Grant Recipients	Outcomes for all students who received financial aid under the Federal Pell Grant program.	Measure includes all students who ever received a California College Promise Grant (or, previously, a Board of Governors fee waiver) at any district. Calculation uses system-wide data. Chancellor's Office data is available from 1992 to present.



AVC's Student-Focused Funding Formula 2018-2019

Year 1:

70% Base (Enrollment) 3 Year Average FTES	\$ 46,526,967
20% Supplemental Grant (Pell, AB540 & Promise Grant)	\$ 20,506,566
10% Student Success Initiative Grant (Completion/Pell & Promise)	\$ 7,960,638

Total Computational Revenue \$ 74,994,170

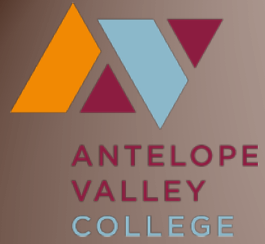
Remove:

Student Fees	(\$2,435,743)
Property Taxes	(\$6,740,080)
Education Protection Account	(\$8,983,536)

*Apportionment \$56,834,811

Difference from 2018-2019 Tentative Budget +\$4,438,553

~Future years depend upon # in categories and rates, linked to state-wide totals and is difficult to predict



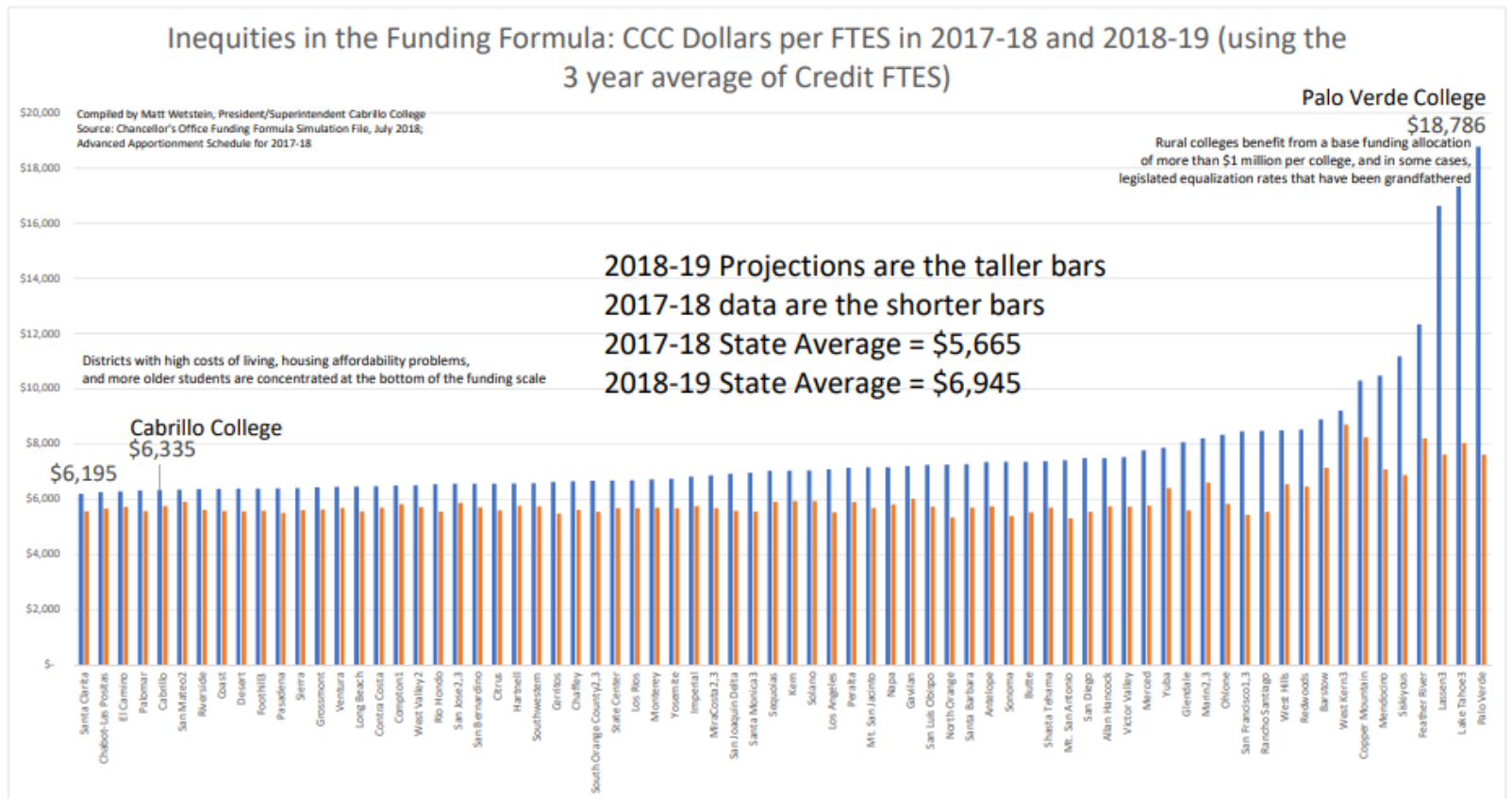
AVC's Student-Focused Funding Formula 2018-2019-Risks

- Several multi-college districts are taking a large hit with this revised funding formula
- Those who are in hold harmless situation include:

Chabot-Las Positas	Palomar
Contra Costa	Redwoods
Foothill DeAnza	San Francisco
Long Beach	San Mateo
Glendale	Santa Monica
Los Rios	Solano
Marin	Sonoma
Monterey	South Orange
North Orange	West Valley
Ohlone	

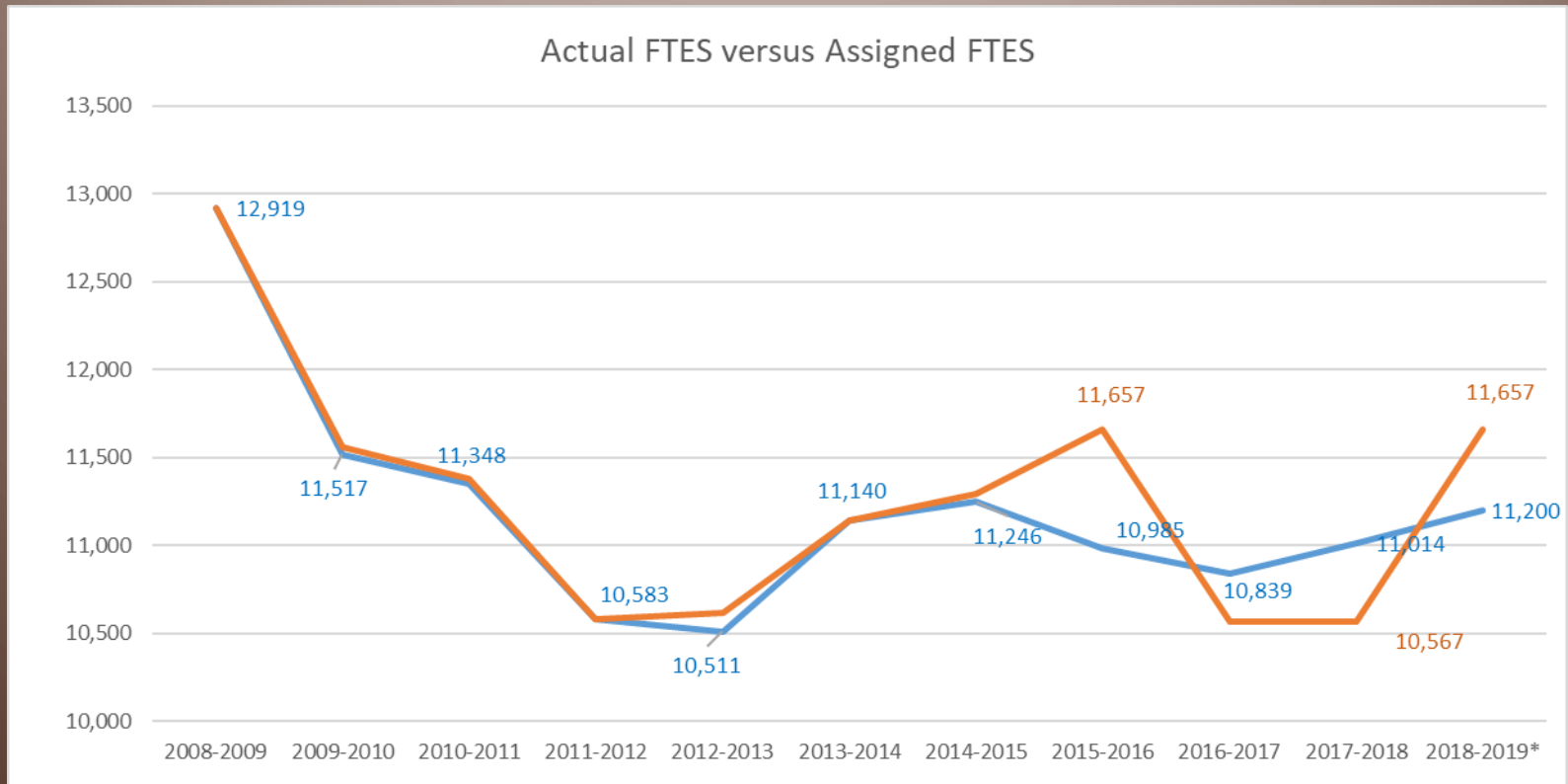
AVC's Student-Focused Funding Formula 2018-2019-Risks

- There is already a coalition being formed from districts to change the funding formula
- Need to exercise caution in future years. As quickly as this was changed, it can be changed again.



Status of Stability

- 2017-2018 was Year 2 of Stability. Must recoup FTES in 2018-2019, Year 3.



2017-2018 Unrestricted Estimated Actuals

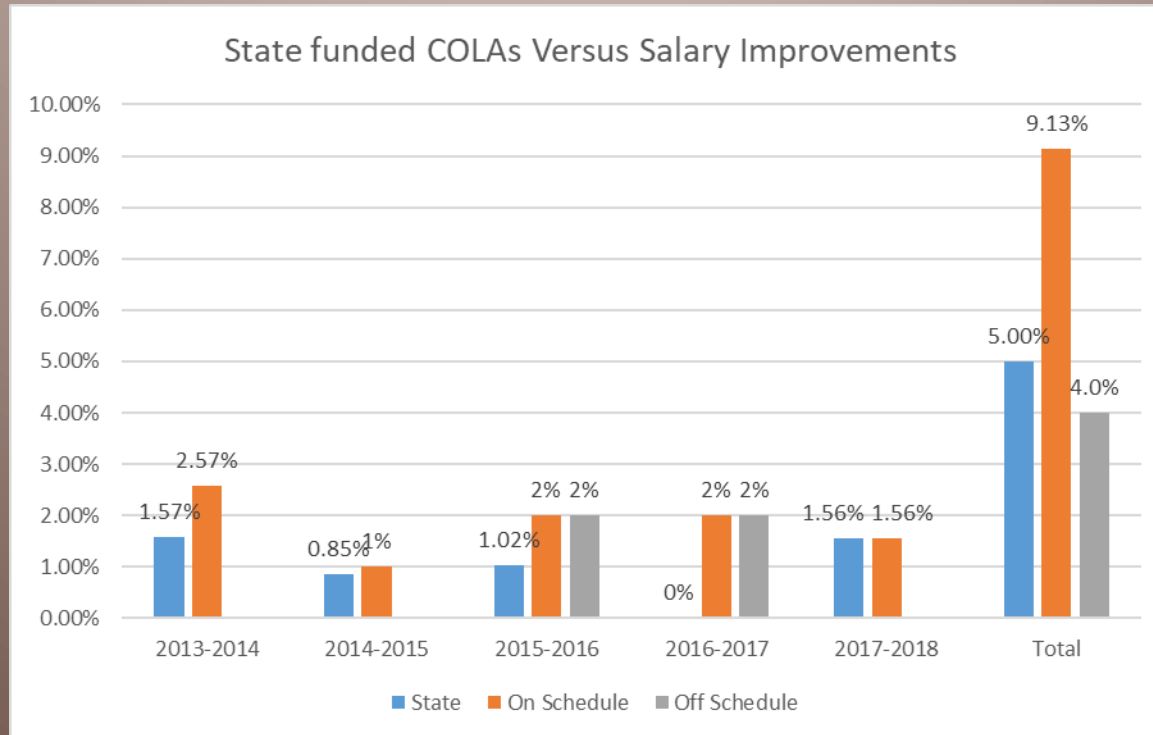
Beg. Balance	\$15,584,418
Revenue	\$65,796,131
Expenses	\$71,677,240
Ending Fund Balance	\$9,703,309
Surplus/(Deficit)	\$(5,881,109)
One Time Committed Funds & Assigned Reserves	\$(400,073)
Unassigned Ending Fund Balance	\$9,303,236
Unassigned Reserve %	13.0%



2018-2019 Adopted Budget

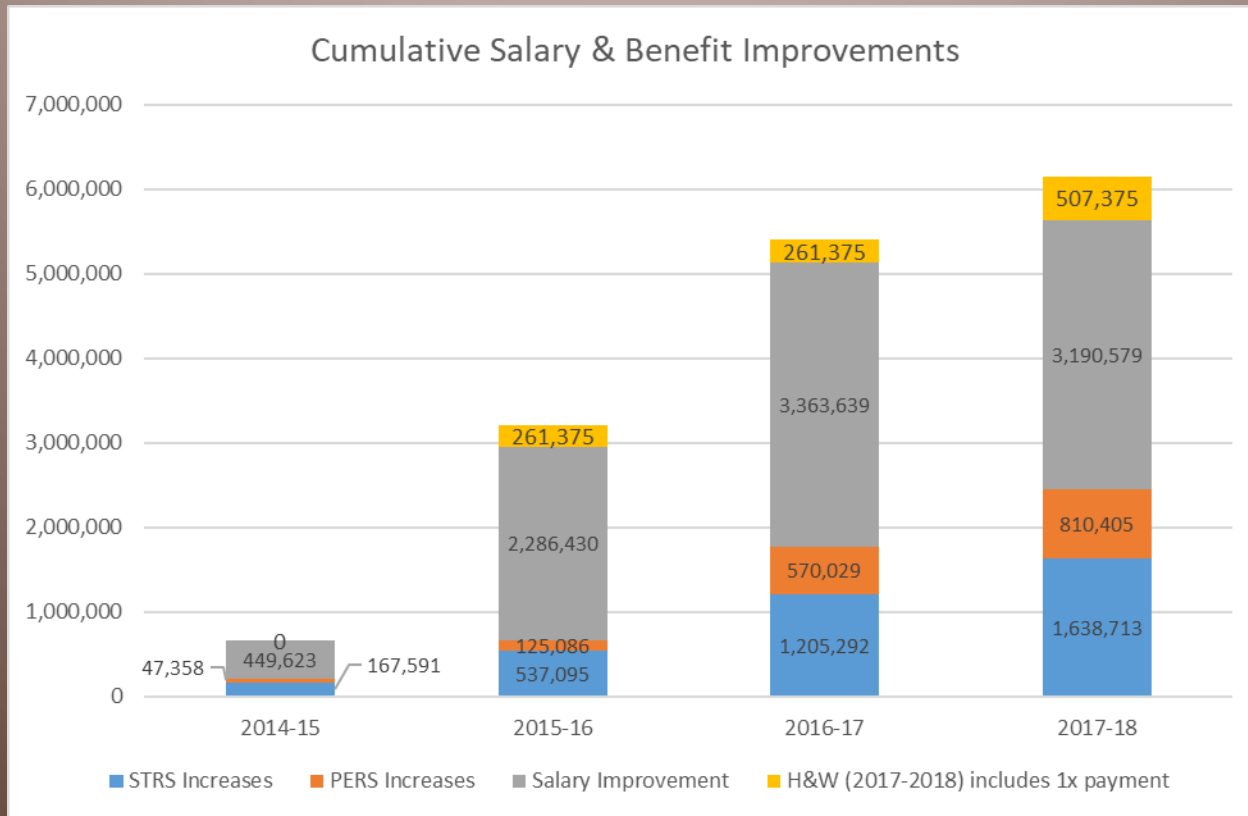
Beg. Balance	\$9,703,309
Revenue	\$78,118,046
Expenses	\$73,409,267
Ending Fund Balance	\$14,412,088
Surplus/(Deficit)	\$4,708,779
One Time Committed Funds & Assigned Reserves	\$(500,000)
Unassigned Ending Fund Balance	\$13,912,088
Unassigned Reserve %	19.0%

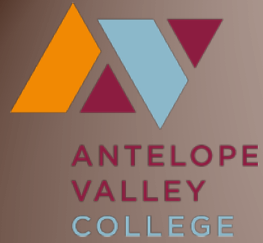
Salary Improvement versus COLA



Since 2013-2014, COLA funding has been 5%
 The District has given out 9.13% in on going salary increases and 4% in one-time compensation increases (excluding step & column and H&W).

Salary Improvement versus COLA



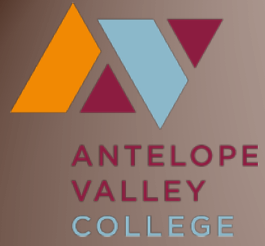


PERS/STRS Employer Obligations Compared to Estimated Revenue

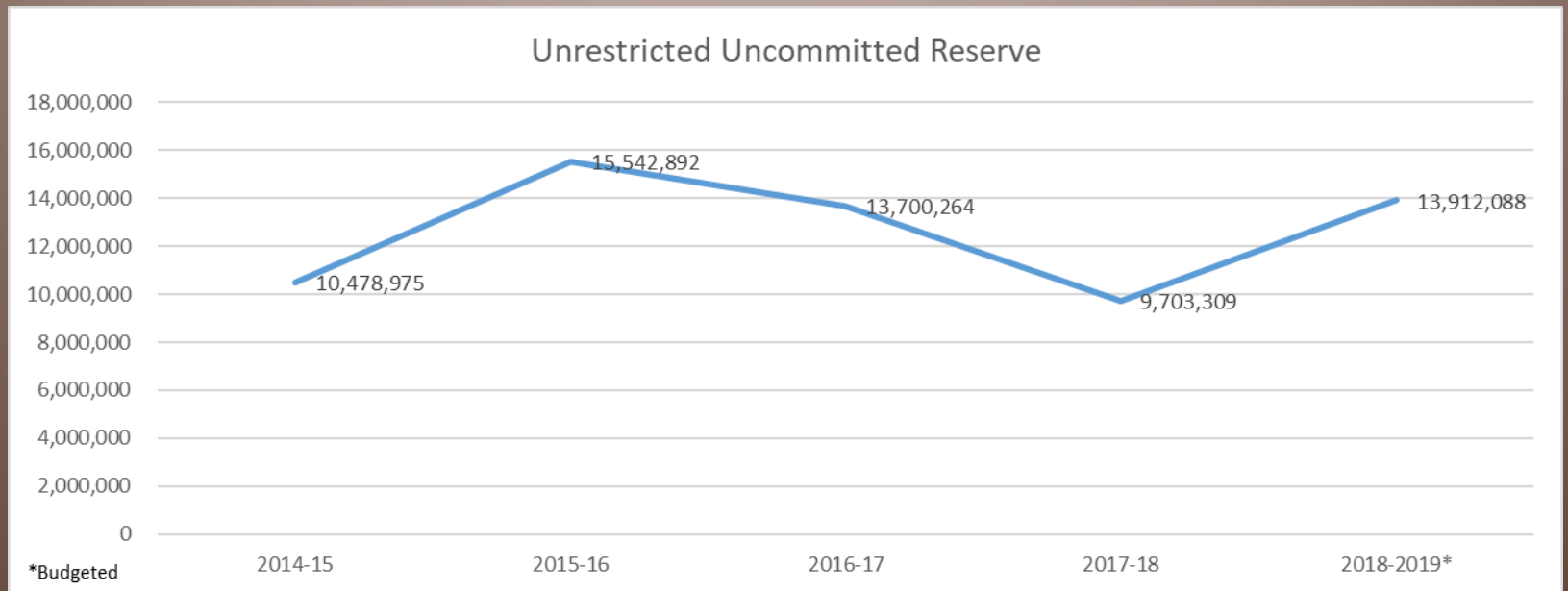
		<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>
	1100 \$	12,710,199	\$ 13,225,791	\$ 13,872,135	\$ 14,130,557	\$ 14,271,862	\$ 14,414,581	\$ 14,558,726
	1200 \$	4,051,797	\$ 3,904,149	\$ 3,652,506	\$ 3,773,641	\$ 3,811,378	\$ 3,849,492	\$ 3,887,987
	1300 \$	10,349,784	\$ 10,349,358	\$ 11,502,177	\$ 12,568,845	\$ 12,568,845	\$ 12,568,845	\$ 12,568,845
	1400 \$	1,079,079	\$ 1,065,728	\$ 1,219,858	\$ 706,405	\$ 706,405	\$ 713,469	\$ 720,604
	2100 \$	9,939,500	\$ 10,047,979	\$ 10,974,518	\$ 12,351,906	\$ 12,473,831	\$ 12,598,569	\$ 12,724,555
	2200 \$	1,035,566	\$ 953,622	\$ 993,975	\$ 873,441	\$ 882,175	\$ 890,997	\$ 899,907
	Total \$	39,165,925	\$ 39,546,627	\$ 42,215,169	\$ 44,404,795	\$ 44,714,496	\$ 45,035,953	\$ 45,360,624
STRS (%)		8.88%	10.73%	12.58%	14.43%	16.28%	18.13%	19.10%
PERS (%)		11.77%	11.85%	13.05%	15.53%	18.10%	20.80%	23.80%
STRS (\$)	\$	1,993,795	\$ 2,424,556	\$ 3,160,627	\$ 3,664,235	\$4,183,508	\$4,833,379	\$5,170,296
PERS (\$)	\$	1,279,641	\$ 1,383,436	\$ 1,835,939	\$ 2,131,361	\$2,512,926	\$2,748,825	\$3,185,047
Total	\$	3,273,436	\$ 3,807,992	\$ 4,996,566	\$ 5,795,596	\$ 6,696,434	\$ 7,582,203	\$ 8,355,343
		Audited	Audited	Audited	Books closed			
STRS			\$ 430,761	\$ 736,071	\$ 503,608	\$ 519,273	\$ 649,871	\$ 336,917
PERS			\$ 103,795	\$ 452,503	\$ 295,422	\$ 381,565	\$ 235,899	\$ 436,222
	Annual Difference		\$ 534,556	\$ 1,188,574	\$ 799,030	\$ 900,838	\$ 885,769	\$ 773,139
Revenue Estimate (Does not include funding formula restructuring)								
	2015-2016 Revenue Estimate @ 1.02%		596,472					
	2016-2017 Revenue Estimate @ 0%			0				
	2017-2018 Revenue Estimate @ 1.56%				930,830			
	*2018-2019 Revenue Estimate @ 2.51%					1,330,014		
	*2019-2020 Revenue Estimate @ 2.57%						1,460,655	
	*2020-2021 Revenue Estimate @ 2.67%							1,556,489
	Difference between Revenue & PERS/STRS Increases		\$ 61,916	\$ (1,188,574)	\$ 131,800	\$ 429,176	\$ 574,885	\$ 783,350
*Net 0.5% Revenue Recalculation Adjustments								

What's Up with the Reserve

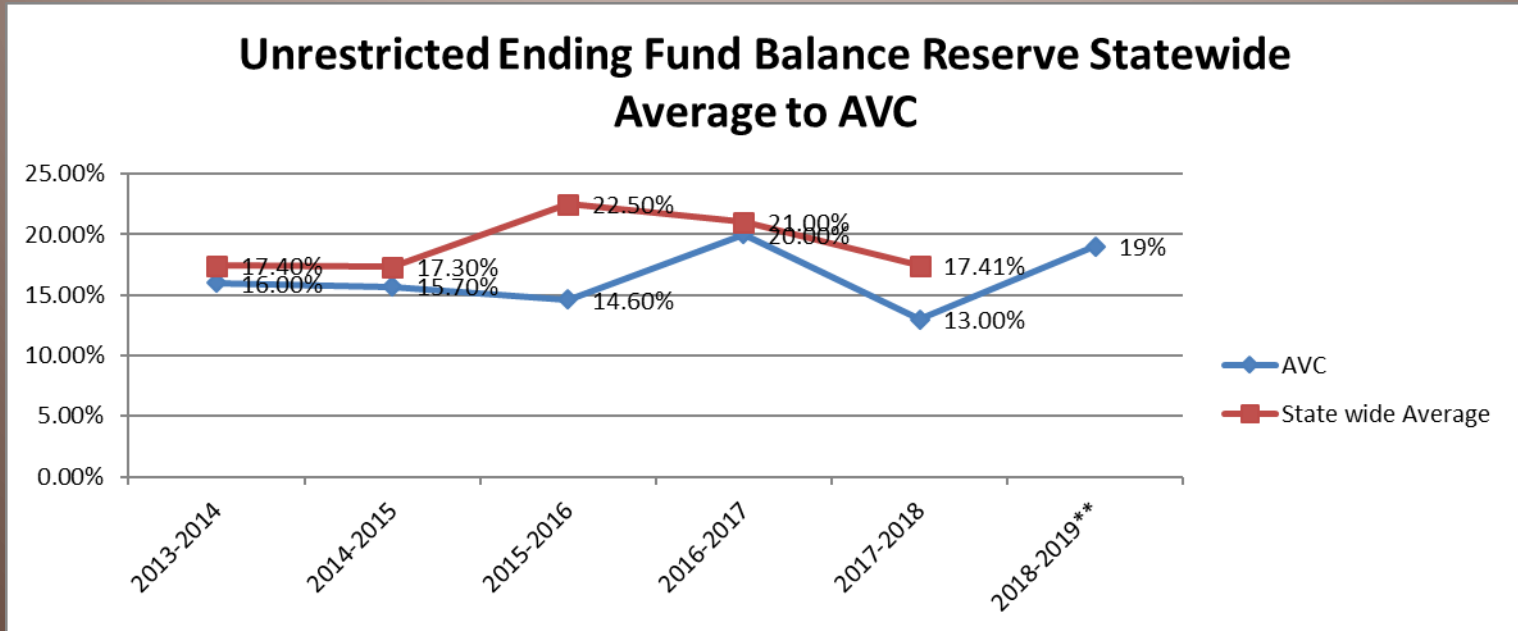
- The reserve is a one-time funded savings account
 - BP6200 requires a *minimum* reserve level of 8%
- % = Level of acceptable risk
 - **Can we support a significant reduction in revenue over the course of a year?** 97% of unrestricted revenue is funded by the State, which is based on estimates of capital gains & taxes, which has boom and bust cycles. In 2011-2012, the District received a nearly 8% workload reduction.
 - **Can we pay our bills if we do not receive our money on time?** District spends over \$6 million a month on average. Takes \$12 million reserve to cover 60 days of cash. Just came from an era of deferrals with interest and borrowing costs.
 - Government Finance Officers Association (GFOA) best practice is 16.7% reserve levels. (*source: <http://www.gfoa.org/appropriate-level-unrestricted-fund-balance-general-fund>*)
 - **Can we cover a significant event that would cause our expenditures to increase?**
 - 87% 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?** **Reference: California Community Colleges Sound Fiscal Management Self-Assessment Checklist handout.** (STRS employer obligations is expected to increase to over 19% by 2021 and PERS increasing to over 27% by 2023.)
 - 2017-2018 average budgeted reserve levels for CCC is 17.4% (*source: Chancellor's Office Fiscal Data Abstract and Fiscal Trend Analysis*)



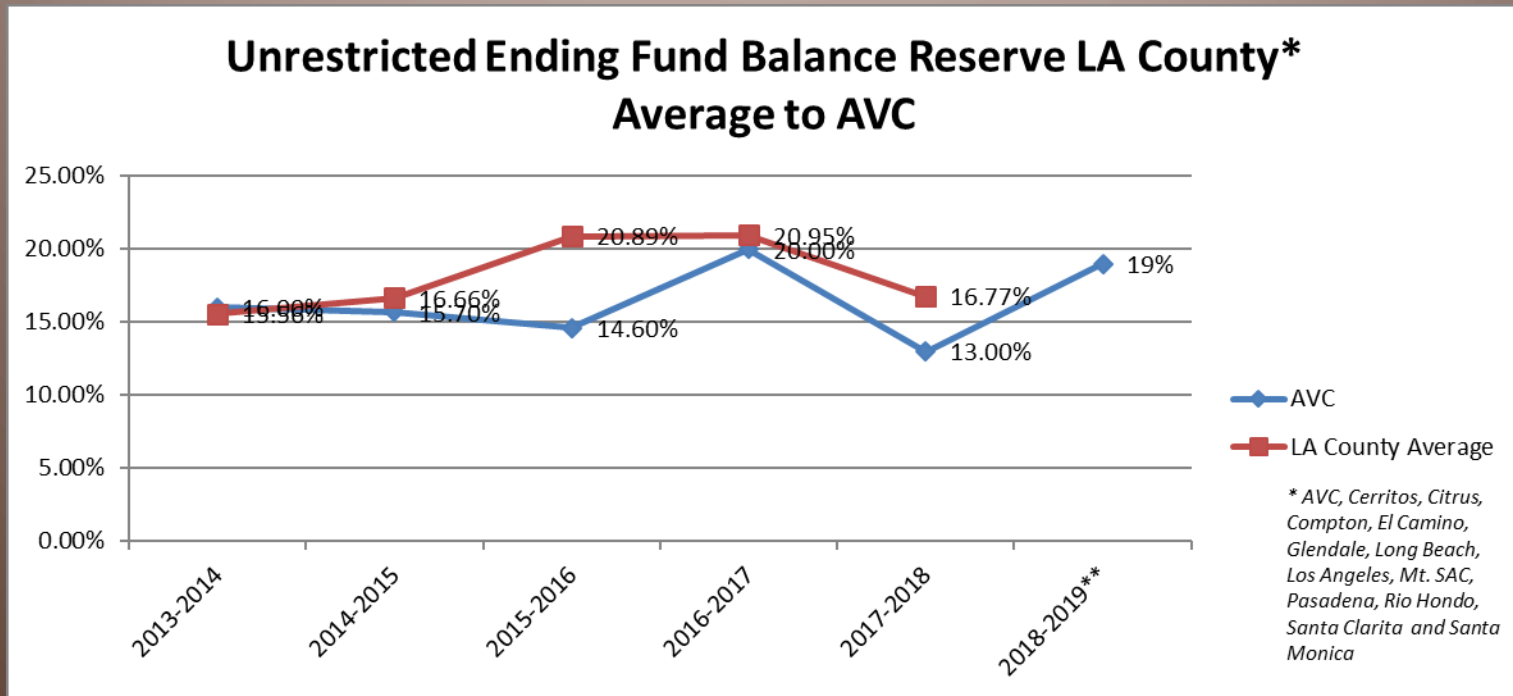
Unrestricted Uncommitted Reserve Levels



Unrestricted Fund Balance Comparables



Unrestricted Fund Balance Comparables



Unrestricted Fund Balance Comparables

