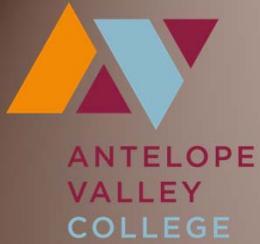


2018-2019 Draft Adopted Budget



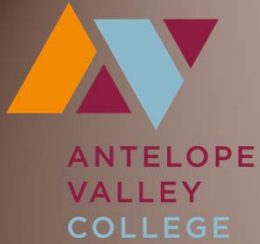
Budget Committee
August 29, 2018

Diana Keelen, Chief Business Official



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

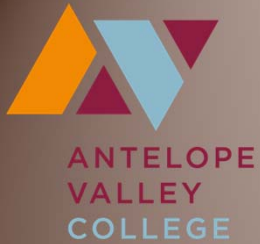
Ongoing Funding	
<u>Item</u>	<u>Amount</u>
Student-Centered Funding Formula	\$269 M
K-12 Component of Strong Workforce Program	\$164 M
Increase in Full-Time Faculty	\$50 M
California College Promise Program	\$46 M
Student Success Completion Grant Program	\$40.6 M
California Online Community College	\$20 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



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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

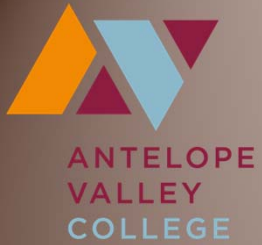
Year 2:

65% Base (Enrollment)
20% Supplemental Grant
15% Student Success Initiative Grant

Year 3:

60% Base (Enrollment)
20% Supplemental Grant
20% Student Success Initiative Grant

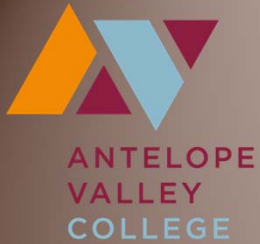
- Hold Harmless held to 2017-2018 levels plus COLA for 3 years
- Noncredit & CDCP separate
- Oversight Council created (Governor's Rep, Senate Rules Committee & Speaker)
- Basic Skills, SSSP & Student Equity Combined into one allocation called the Student Equity & Achievement Program



Base

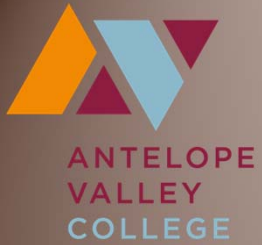
BASE ALLOCATION: 70%			
	<u>FTES</u>	<u>Funding Rate</u>	<u>Totals</u>
Credit	10,210.70	3,727.00	38,055,291
	10,210.70		
Total Base Revenue			38,055,291
Basic Allocation			6,526,207
Subtotal Base			44,581,498
Other Base-Separate Allocation			1,945,468

Other Base-Separate Allocation				<u>3 year average</u>	
	<u>Headcount</u>	<u>Rate</u>	<u>Total</u>		
Noncredit	2.25	3,347.49	7,532	2016-2017	10,523.45
CDCP	43.87	5,456.67	239,384	2017-2018	10,521.25
Inmates in Corr	8.68	5,456.67	47,364	2018-2019	10,521.25
Special Admit	302.6	5,456.67	1,651,188	Average	10,521.98
			1,945,468	Subtracting:	
				Special Admit	302.6
				Inmates	8.68
				Growth	0
I. Total Base				46,526,966.53	10,210.70



Definitions - Base

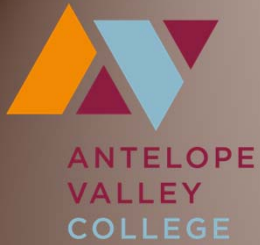
Metric	Definition	Simulation Notes
Credit Full-Time Equivalent Students (FTES)	Three-year rolling average of funded FTES. Specifically, average equal to the sum of the annually funded credit FTES from the current year, the prior year, and the year prior to the prior year, all divided by three. Credit 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

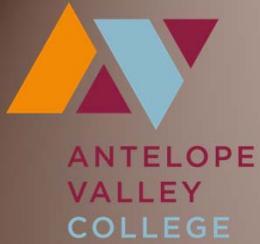
SUPPLEMENTAL ALLOCATION: 20%

<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			
	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				
/// Student Success Allocation			7,960,638				

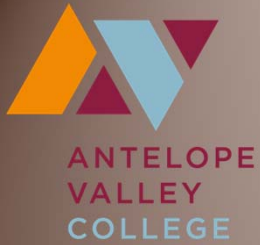


Definitions - Success

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

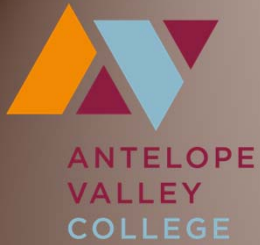
Remove:

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:

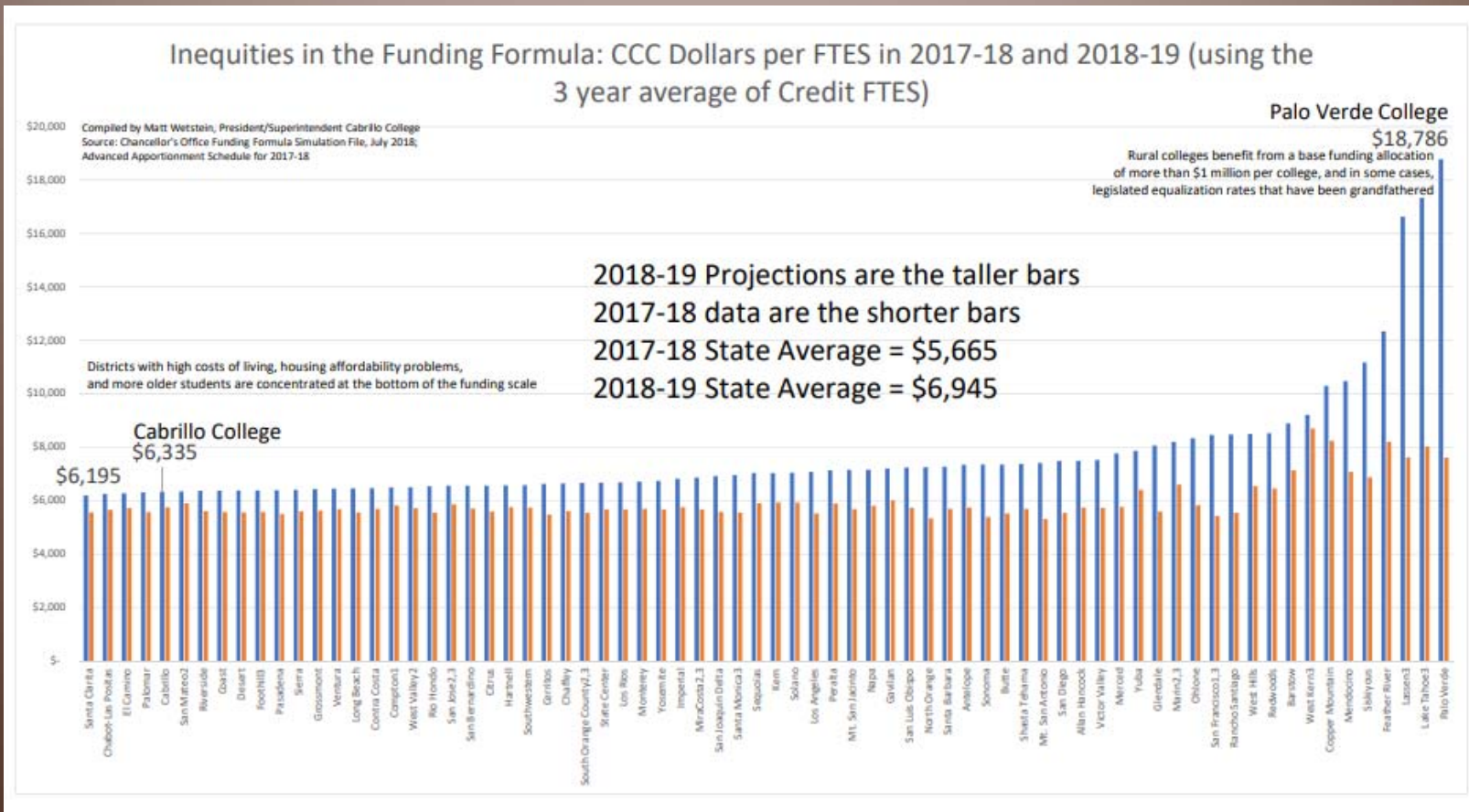
Chabot-Las Positas	Palomar
Contra Costa	Redwoods
Foothill DeAnza	San Francisco
Long Beach	San Mateo
Glendale	Santa Monica
Los Rios	Solano
Marin	Sonoma
Monterey	South Orange
North Orange	West Valley
Ohlone	



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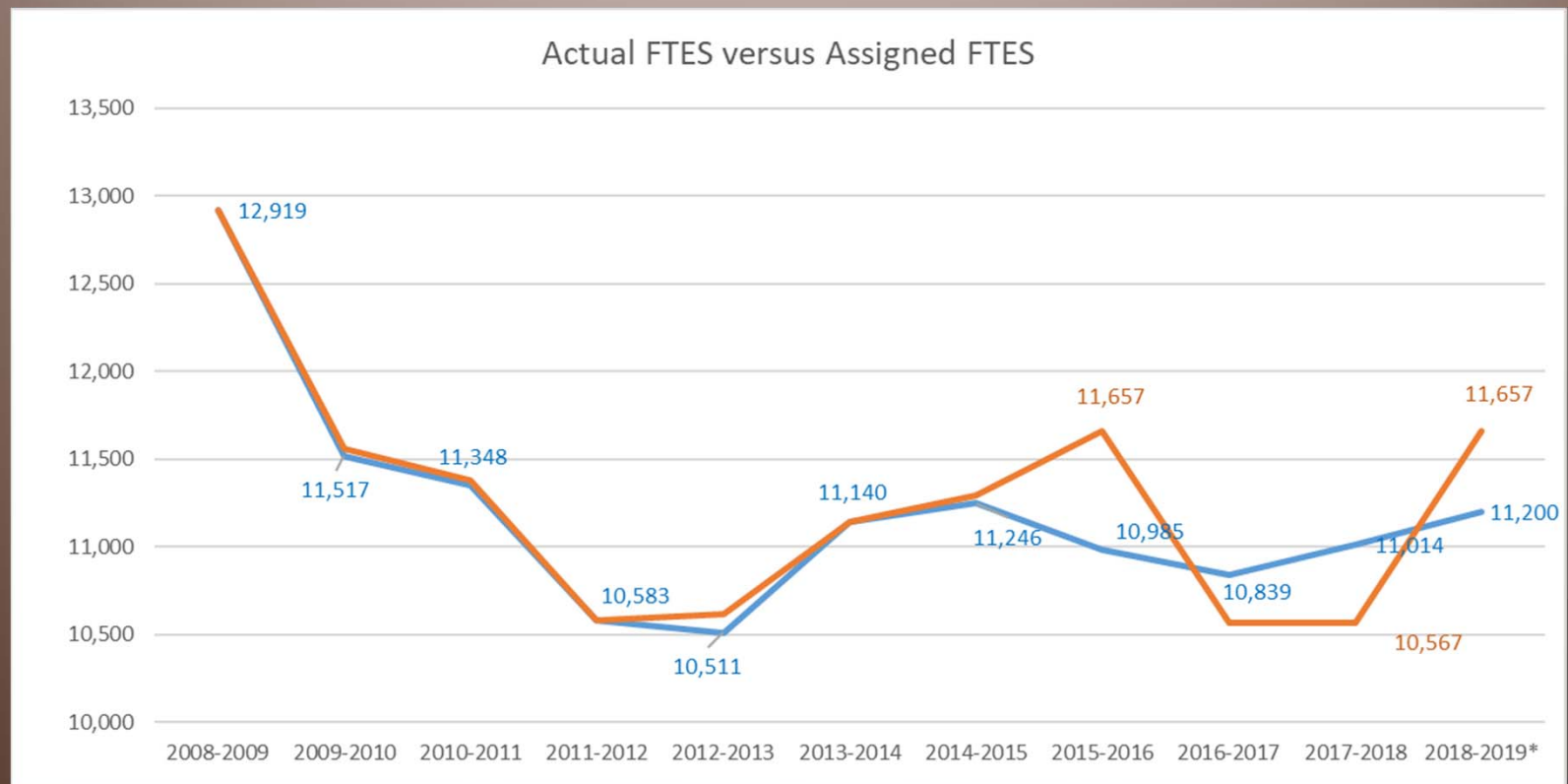
AVC's Student-Focused Funding Formula 2018-2019-Risks

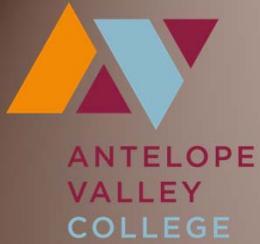
- There is already a coalition being formed from districts to change the funding formula
- Need to exercise caution in future years. As quickly as this was changed, it can be changed again.



Status of Stability

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





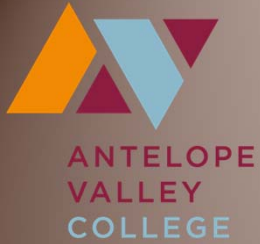
2017-2018 AVC Estimated Actuals

2017-2018 Estimated Actuals										
Fund	Name	Beginning Balance	Revenue	Expenditures	Ending Balance	Committed/ Assigned Reserves	Surplus/Deficit	Unrestricted Balance	Reserve	% of overall budget
	General Fund									
10	Unrestricted	15,584,418	65,796,131	71,677,240	9,703,309	(400,073)	(5,881,109)	9,303,236	13.0%	41.40%
13 & 14	Restricted	3,479,803	16,929,732	17,471,053	2,938,482		(541,321)			10.09%
21	Bond Interest & Redemption	15,407,577	15,168,284	13,079,237	17,496,624		2,089,047			7.55%
41	Capital Outlay Fund	3,886,710	3,338,292	2,256,041	4,968,962		1,082,252			1.30%
42	Revenue Bond Construction	132,817,085	2,710,586	27,801,303	107,726,368		(25,090,717)			16.06%
51	College Store	922,675	738,041	1,002,604	658,111		(264,564)			0.58%
52	Cafeteria	(88,365)	474,509	331,062	55,082		143,447			0.19%
33	Child Development Center	1	912,085	782,325	129,762		129,760			0.45%
72	Student Rep	298,342	40,059	16,655	321,746		23,404			0.01%
74	Financial Aid	860,683	38,434,407	38,500,691	794,399		(66,283)			22.24%
75	Scholarships & Loan	6,369	247,912	227,109	27,172		20,803			0.13%
Antelope Valley College Budget			144,790,039	173,145,320			(28,355,281)			100.00%



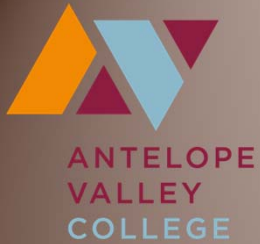
DRAFT 2017-2018 Unrestricted Estimated Actuals

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 AVC Draft Adopted Budget

2018-2019 Adopted Budget										
Fund	Name	Beginning Balance	Revenue	Expenditures	Ending Balance	Committed/ Assigned Reserves	Surplus/Deficit	Unrestricted Balance	Reserve	% of overall budget
	General Fund									
10	Unrestricted	9,703,309	78,118,046	73,409,267	14,412,088	(500,000)	4,708,779	13,912,088	19.0%	38.90%
13 & 14	Restricted	2,938,482	17,715,751	18,588,991	2,065,243		(873,240)			9.85%
21	Bond Interest & Redemption	17,496,624	16,764,954	20,693,536	13,568,042		(3,928,582)			10.96%
41	Capital Outlay Fund	4,968,962	3,112,621	5,766,772	2,314,810		(2,654,151)			3.06%
42	Revenue Bond Construction	107,726,368	1,459,304	29,456,505	79,729,167		(27,997,201)			15.61%
51	College Store	658,111	952,080	892,945	717,246		59,135			0.47%
52	Cafeteria	55,082	(55,082)	0	(0)		(55,082)			0.00%
33	Child Development Center	129,762	796,306	809,598	116,469		(13,293)			0.43%
72	Student Rep	321,746	40,059	50,000	311,806		(9,941)			0.03%
74	Financial Aid	794,399	38,752,058	38,825,614	720,843		(73,556)			20.57%
75	Scholarships & Loan	27,172	259,282	238,465	47,989		20,817			0.13%
Antelope Valley College Budget			157,915,378	188,731,693			(30,816,314)			100.00%



2018-2019 AVC Unrestricted Budget Changes

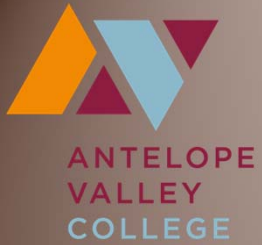
Exhibit A to Unrestricted Fund 2017-2018 Budget Changes to 2018-2019 Adopted Budget				
	Change	Increase	Decrease	Total
1	Increase in Step & Column Estimates	\$ 368,271		
2	Elections	\$ 400,000		
3	Security Contract Increase of 5% per year	\$ 98,013		
4	Minimum Wage Increase	\$ 170,000		
5	One-time Mandated Cost Funds Completed Projects		\$ (823,753)	
6	One-time H&W Cap Removal of \$500 per person		\$ (246,000)	
7	Facilities hazardous waste disposal increase	\$ 15,000		
8	Increasing in baseline for nursing hazardous waste dispose & laundry	\$ 3,300		
9	Increase in Utilities Expense	\$ 96,480		
10	STRS increase from 14.43% to 16.28%	\$ 519,273		
11	Academic Senate Baseline Budget Increase	\$ 2,000		
12	PERS increase from 15.53% to 18.10%	\$ 381,565		
13	Removal of 17-18 One Time Funding		\$ (82,859)	
14	Increase in Fox Hangar Rent	\$ 1,200		
15	18-19 One Time Resource Allocation Requests \$7,500 +	\$ 250,000		
16	Ongoing Resource Allocation	\$ 250,000		
17	18-19 One Time Resource Allocation Requests under \$7,500	\$ 200,000		
18	ITS Baseline Ongoing Funding for Refresh/Updates/New Tech	\$ 200,000		
	Total Increase (Decrease)	\$ 2,955,102	\$ (1,152,612)	\$ 1,802,490



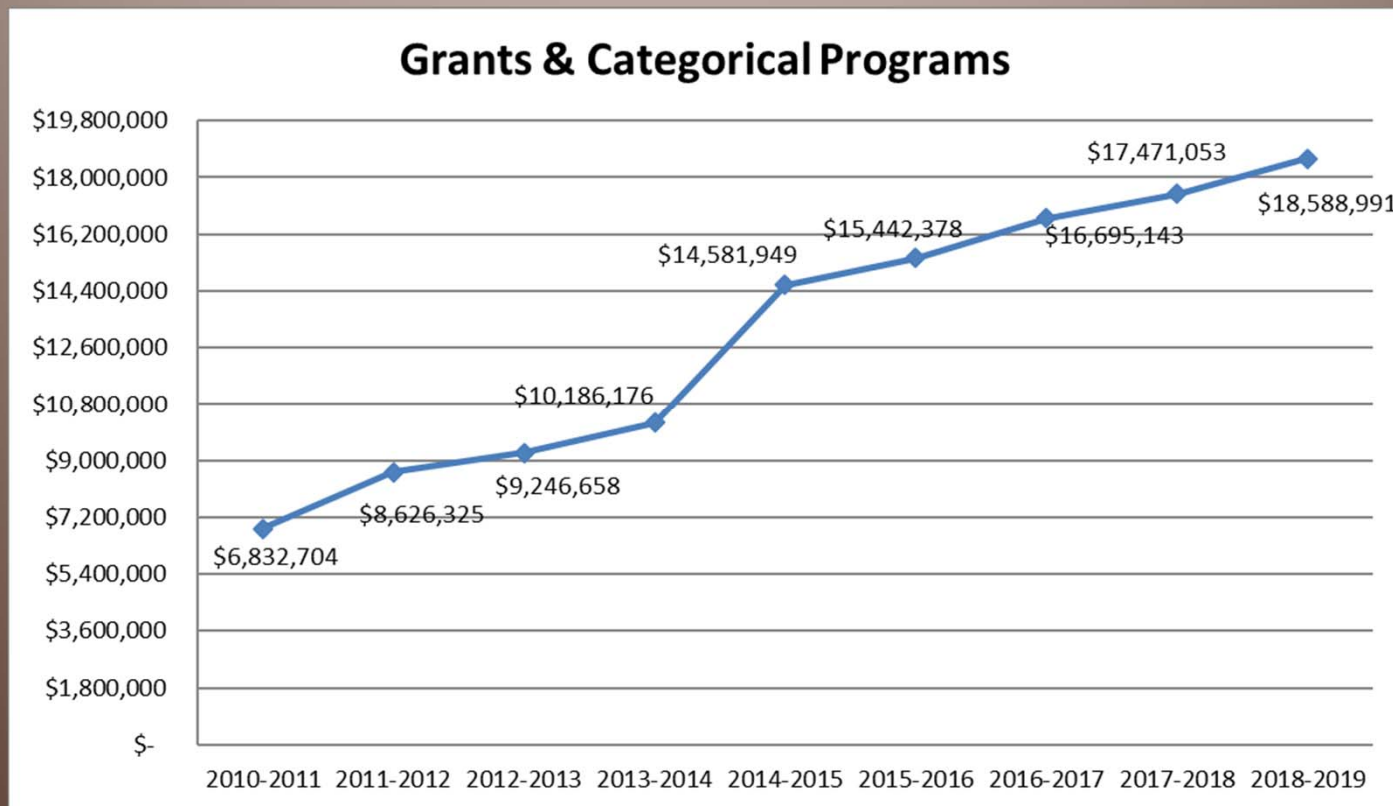
DRAFT 2018-2019 Adopted Budget

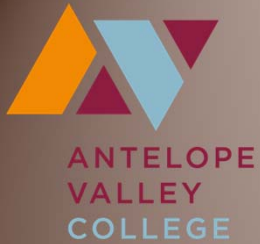
Beg. Balance	\$9,703,309
Revenue	\$78,118,046
Expenses	\$73,409,267
Ending Fund Balance	\$14,412,088
Surplus/(Deficit)	\$4,708,779
One Time Committed Funds & Assigned Reserves	\$(500,000)
Unassigned Ending Fund Balance	\$13,912,088
Unassigned Reserve %	19.0%

(For further breakdown, please see sections 5-1 & 6-1 through 6-3 in adopted budget)



2018-2019 AVC Draft Restricted Fund Trend

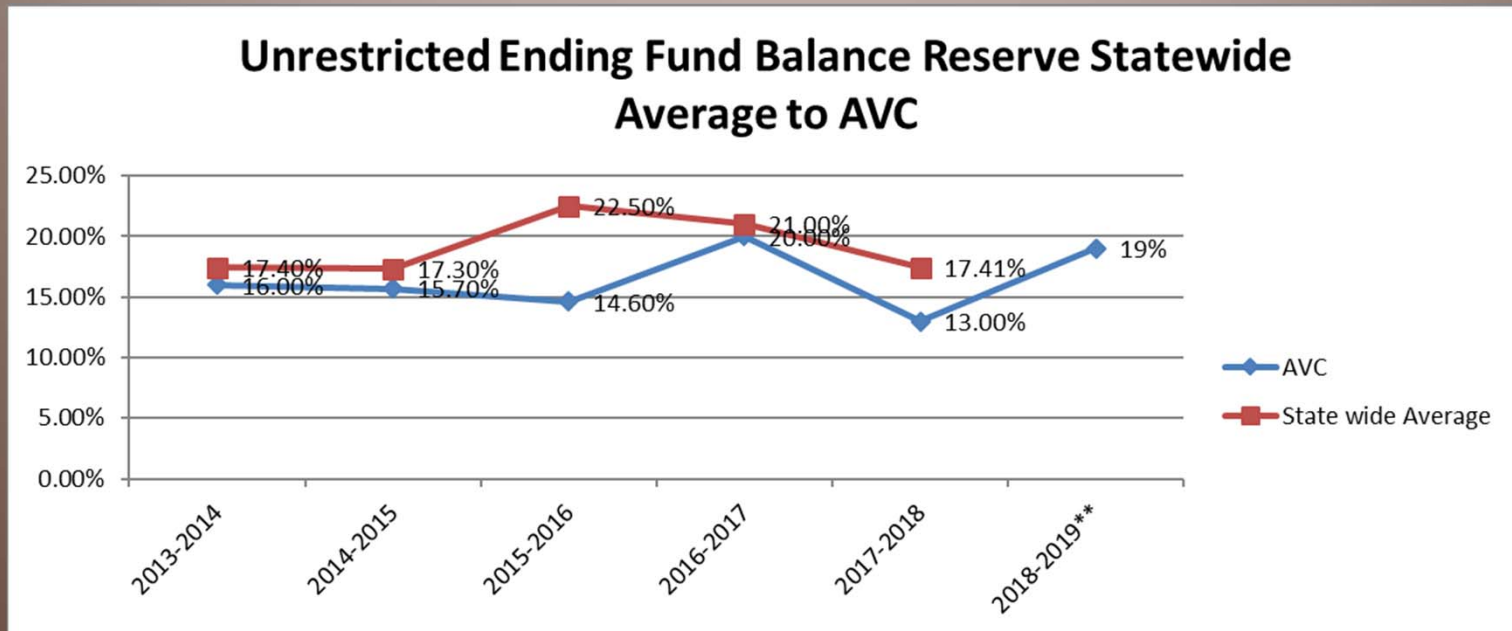




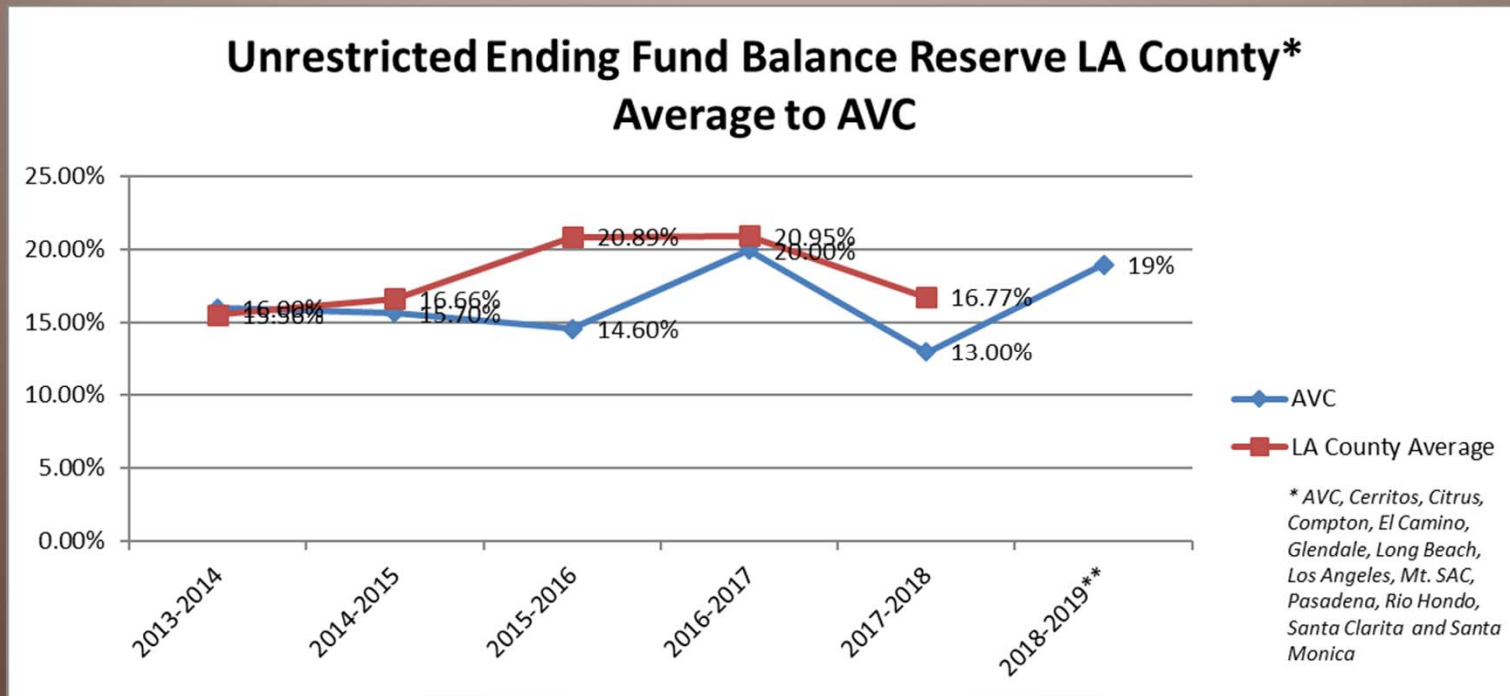
What's Up with the Reserve

- 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 Fund Balance Comparables



Unrestricted Fund Balance Comparables

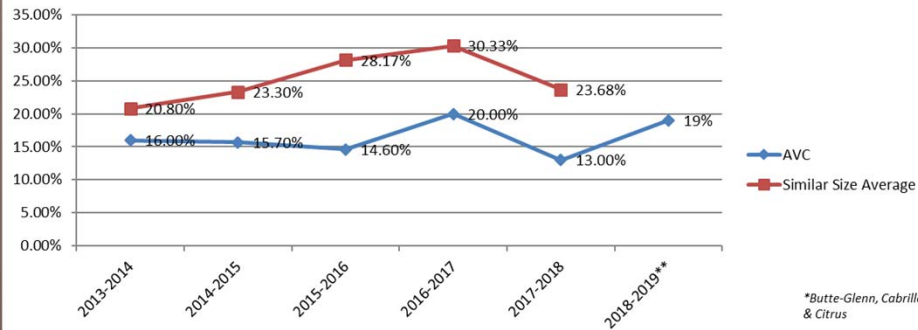




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Unrestricted Fund Balance Comparables

Unrestricted Ending Fund Balance Reserve Similarly Sized Districts* to AVC



Similar Sized School Reserves
(17-18 budgeted for other districts)

