

Additionally, both the financial and performance audits for the Proposition 39 construction bond program received unmodified opinions from the auditors.

This item closely relates to Board of Trustees Goals and Priorities Section 2 Fiscal Health and Internal Operations.

Budget. The District closed 2019-20 with an unrestricted **general fund balance of \$21,040,755 or 10.78 percent** of total expenditures and transfers. In 2018-19, the State adopted a new funding formula to determine the apportionment allocation for each district, named the **Student-Centered Funding Formula (SCFF)**. The SCFF calculates apportionment based on three main factors: base allocation (*enrollment*), supplemental allocation (*number of students receiving financial aid*), and the student success allocation (*number of student success outcomes achieved*). The new formula, as currently amended in the State's Adopted 2020-21 Budget, stipulates that for the fiscal years of 2018-19 through 2023-24 (extended by one year in the State's 2021-22 Budget), the District will be funded at the greater of the amount calculated under the SCFF or at a "Hold Harmless" amount, which is equal to the 2017-18 funding level adjusted for COLA. The District forecasts that for 2020-21, the District will be funded at the "Hold Harmless" amount which is projected to be approximately \$14.43 million greater than the funding calculated under the SCFF. The District, like most community colleges throughout the state, continues to experience a softening in nonresident enrollment which is the source of the District's second largest source of unrestricted revenue. Nonresident FTES is projected to end the year at a decline of <508> FTES from the prior year actual FTES. Since 2016-17, the District has seen a reduction of resident and nonresident FTES of <11.8 percent> or <3,065.67> FTES. In FY 2020-21, the District projects to use \$16.3M of the CARES funding from the Federal to backfill unrestricted fund lost revenues because of the COVID-19 implementation of supplemental retirement plan, imposition of furloughs and salary increase freeze through March 2021 and applying various cost savings measures. As of the 2021-22 tentative budget, the ending balance for 2019-20 is \$21,040,755 or 10.78 percent and the ending balance for 2020-21 is projected to be \$31,498,430 or 17.10 percent of expenditures and transfers.

This item closely relates to Board of Trustees Goals and Priorities Section III Fiscal Health and Internal Operations.

Prepayment of Three Long-Term Capital Debt Obligations. The District received Board of Trustees approval to prepay three long-term capital debt obligations, thereby freeing-up annual funds to be used to meet budget shortfall needs. The annual cost of these three debt obligations was \$2.65 million, paid from the District's general fund and parking revenues. By paying off these debt obligations early, the District can reallocate the \$2.65 million annually to address the budget shortfall. The total amount required for repayment of the debt obligations was \$12.6 million. The District sources the \$12.6 million to make the prepayment from accumulated funding passed through to the District from the City of Santa Monica Redevelopment Agency (RDA) and its successor agency.

This item closely relates to Board of Trustees Goals and Priorities Section 2 Fiscal Health and Internal Operations.

Coronavirus Response and Relief Supplemental Appropriations Act Grant Funding. On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) was signed into law. This new law gives the U.S. Department of Education approximately \$22.7 billion to distribute to institutions of higher education to serve students and ensure learning continues during the COVID-19 pandemic, through the Higher Education Emergency Relief Fund (HEERF).

SMC has received relief through the CRRSAA through a set-aside made available to all U.S. higher education institutions to use for supporting the costs of shifting classes online (\$18.5 million), and for grants to students for food, housing, technology, and other purposes (\$6.1 million).