

PRESENTATION OF THE 2014-2015
SECOND QUARTER BUDGET REPORT
FEBRUARY 3, 2015

SANTA MONICA COLLEGE

THINGS CAN STILL CHANGE...

- Still waiting for P1
- May Revise
- Governor vs. Legislature

OVERVIEW

- Governor's Proposed Budget
- Second Quarter Report

2015-2016

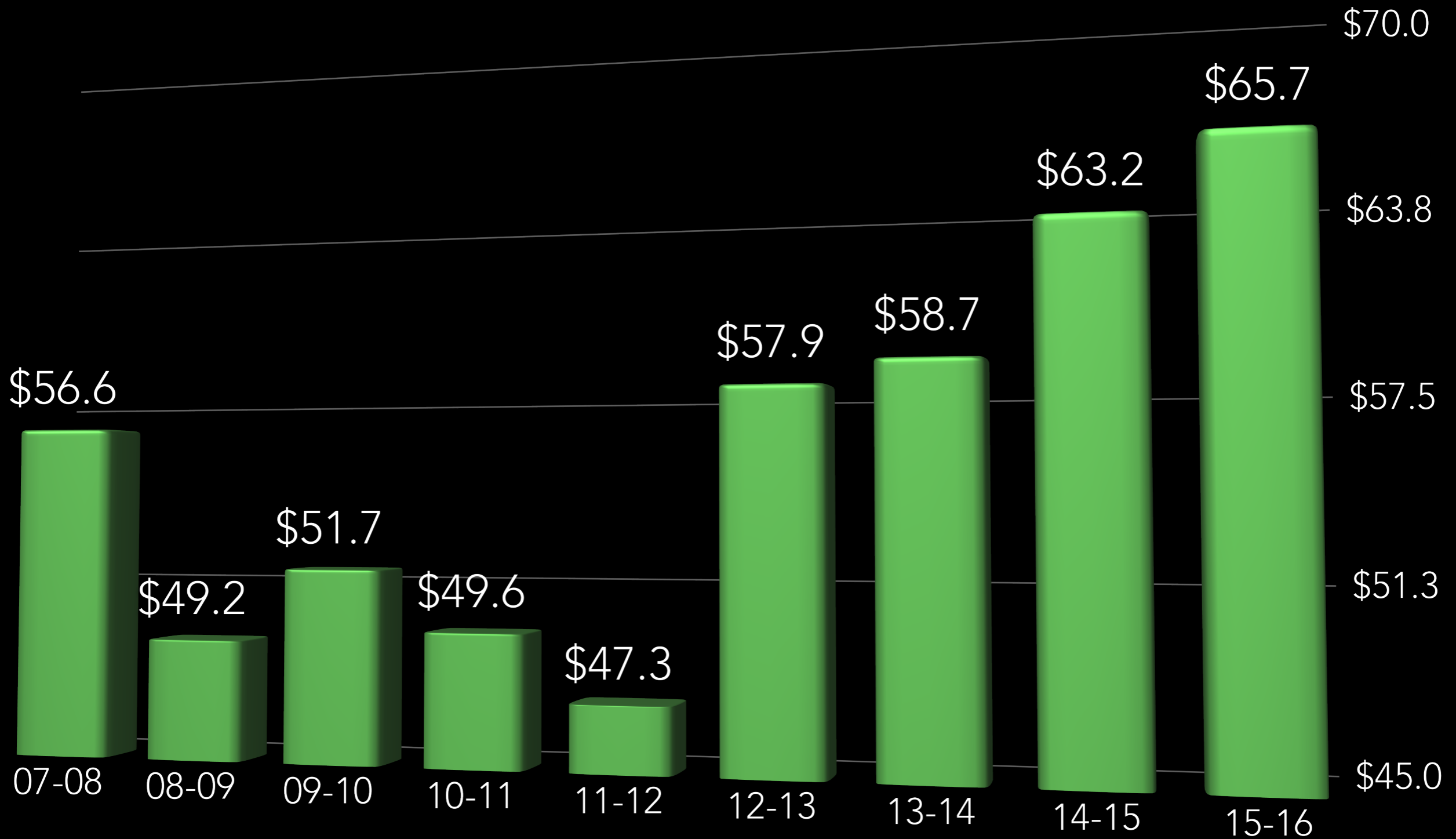
Governor's Proposed Budget

WARNING: RESULTS MAY VARY

GOVERNOR'S PROPOSAL

- Record \$113 billion
- K-14 funding is \$65.7B or 58%
 - Community Colleges share is 10.95% or \$6.9B
- System increase of \$1.0B or 15%!!!
- No enrollment fee change
- 2014-2015 \$2.0B above Budget Act will go to repay deferrals - No additional spending authority

PROPOSITION 98 FUNDING



GOVERNOR'S PROPOSAL

- Record \$113 billion
- K-14 funding is \$65.7B or 58%
 - Community Colleges share is 10.95% or \$6.9B
- System increase of \$1.0B or 15%!!!
- No enrollment fee change
- 2014-2015 \$2.0B above Budget Act will go to repay deferrals - No additional spending authority

RECAP OF GOVERNOR'S BUDGET

RECAP OF GOVERNOR'S BUDGET

UNRESTRICTED FUND

	ONGOING	ONE-TIME	TOTAL
INCREASE TO BASE - \$125M - 2%	\$2,360,000	-	\$2,360,000
ACCESS - \$106.9M - 1.41%	\$1,340,000	-	\$1,340,000
CDCP - \$49M - 41% PER FTES	\$220,000	-	\$220,000
COLA - \$92.4M - \$1.58%	\$1,780,000	-	\$1,780,000
MANDATED COST - \$351.3M	-	\$5,820,000	\$5,820,000
TOTAL	\$5,700,000	\$5,820,000	\$11,520,000

RECAP OF GOVERNOR'S BUDGET

RECAP OF GOVERNOR'S BUDGET

RESTRICTED FUND

	ONGOING	ONE-TIME	TOTAL
SSSP - \$100M	\$1,740,000	-	\$1,740,000
EQUITY - \$100M	\$1,580,000	-	\$1,580,000
CTE - CONSORTIUM	-	-	-
PROP 39 - \$39.6M	-	\$760,000	\$760,000
TOTAL	\$3,320,000	\$760,000	\$4,080,000

RECAP OF GOVERNOR'S BUDGET

RECAP OF GOVERNOR'S BUDGET

UNRESTRICTED AND RESTRICTED FUND

	ONGOING	ONE-TIME	TOTAL
UNRESTRICTED (01.0)	\$5,700,000	\$5,820,000	\$11,520,000
RESTRICTED (01.3)	\$3,320,000	\$760,000	\$4,080,000
TOTAL	\$9,020,000	\$6,580,000	\$15,600,000

2014-2015

Second Quarter Report

Changes in Revenue

PROJECTED CHANGES IN REVENUE ADOPTED TO 2ND QUARTER PROJECTIONS

2014-2015 Adopted Budget Revenue Projection:	148,196,772
Mandated Costs - Past Claims	949,173
P/Y Apportionment Adjustment	682,018
C/Y Apportionment Adjustment	-130,041
Other	-31,899
2014-2015 Second Quarter Revenue Projection:	149,666,023

PROJECTED CHANGES IN REVENUE ADOPTED TO 2ND QUARTER PROJECTIONS

2014-2015 Adopted Budget Revenue Projection:	148,196,772
--	-------------

Mandated Costs - Past Claims	\$1,631,191	949,173
P/Y Apportionment Adjustment		682,018

C/Y Apportionment Adjustment		-130,041
------------------------------	--	----------

Other		-31,899
-------	--	---------

2014-2015 Second Quarter Revenue Projection:	149,666,023
--	-------------

PROJECTED CHANGES IN REVENUE ADOPTED TO 2ND QUARTER PROJECTIONS

2014-2015 Adopted Budget Revenue Projection:	148,196,772
--	-------------

Mandated Costs - Past Claims	949,173
------------------------------	---------

P/Y Apportionment Adjustment	682,018
------------------------------	---------

C/Y Apportionment Adjustment	-130,041
------------------------------	----------

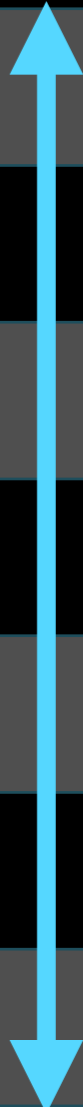
Other	-31,899
-------	---------

\$-161,940

2014-2015 Second Quarter Revenue Projection:	149,666,023
--	-------------

PROJECTED CHANGES IN REVENUE ADOPTED TO 2ND QUARTER PROJECTIONS

2014-2015 Adopted Budget Revenue Projection:	148,196,772
Mandated Costs - Past Claims	949,173
P/Y Apportionment Adjustment	682,018
C/Y Apportionment Adjustment	-130,041
Other	-31,899
	\$1,469,251 or .99%
2014-2015 Second Quarter Revenue Projection:	149,666,023



FIVE YEAR REVENUE TREND

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Revenue	\$136,530,922	\$130,256,518	\$133,916,853	144,945,575	149,666,023

FIVE YEAR REVENUE TREND

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Revenue	\$136,530,922	\$130,256,518	\$133,916,853	144,945,575	149,666,023

\$13,135,101

FIVE YEAR REVENUE TREND

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Revenue	\$136,530,922	\$130,256,518	\$133,916,853	144,945,575	149,666,023

\$19,409,505

FIVE YEAR REVENUE TREND

— Revenue



Changes in Expenditures

PROJECTED CHANGES IN EXPENDITURES ADOPTED TO 2ND QUARTER PROJECTIONS

2014-2015 Adopted Budget Exp. Projection:	153,110,520
Hourly Instruction And Non-Instruction	458,358
Full Year Effect Of Hiring And Separations	204,498
Collective Bargaining Agreement Settlement	80,866
Employment And Retirement Benefits	59,451
Supplies And Other Operating	46,397
Utilities And Insurance	4,010
Decrease In Vacancy List	-1,249,786
Others	10,749
2014-2015 Second Quarter Exp. Projection:	152,725,063


PROJECTED CHANGES IN EXPENDITURES ADOPTED TO 2ND QUARTER PROJECTIONS

2014-2015 Adopted Budget Exp. Projection:	153,110,520
Hourly Instruction And Non-Instruction	458,358
Full Year Effect Of Hiring And Separations	204,498
Collective Bargaining Agreement Settlement	80,866
Employment And Retirement Benefits \$864,329	59,451
Supplies And Other Operating	46,397
Utilities And Insurance	4,010
Decrease In Vacancy List	-1,249,786
Others	10,749
2014-2015 Second Quarter Exp. Projection:	152,725,063

PROJECTED CHANGES IN EXPENDITURES ADOPTED TO 2ND QUARTER PROJECTIONS

2014-2015 Adopted Budget Exp. Projection:	153,110,520
Hourly Instruction And Non-Instruction	458,358
Full Year Effect Of Hiring And Separations	204,498
Collective Bargaining Agreement Settlement	80,866
Employment And Retirement Benefits	59,451
Supplies And Other Operating	46,397
Utilities And Insurance	4,010
Decrease In Vacancy List	\$-1,249,786 -1,249,786
Others	10,749
2014-2015 Second Quarter Exp. Projection:	152,725,063

PROJECTED CHANGES IN EXPENDITURES ADOPTED TO 2ND QUARTER PROJECTIONS

2014-2015 Adopted Budget Exp. Projection:	153,110,520
Hourly Instruction And Non-Instruction	458,358
Full Year Effect Of Hiring And Separations	204,498
Collective Bargaining Agreement Settlement	80,866
Employment And Retirement Benefits	59,451
Supplies And Other Operating	46,397
Utilities And Insurance	4,010
Decrease In Vacancy List	-1,249,786
Others	10,749
	
<\$385,457> or <.25%>	
2014-2015 Second Quarter Exp. Projection:	152,725,063

FIVE YEAR EXPENDITURE TREND

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Expenditures	\$133,912,184	\$139,096,992	\$138,533,415	\$141,494,606	\$152,725,063

FIVE YEAR EXPENDITURE TREND

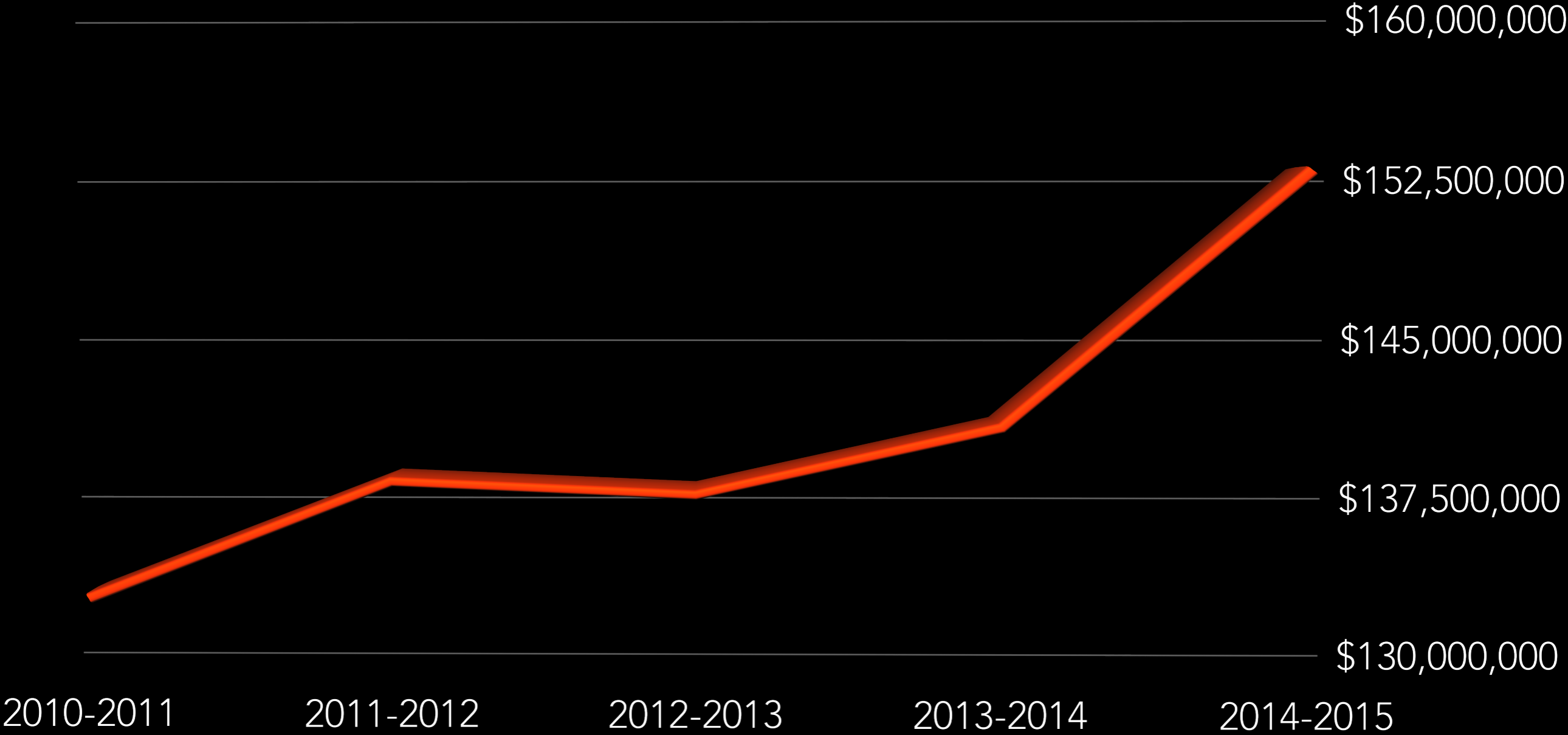


FIVE YEAR EXPENDITURE TREND

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Expenditures	\$133,912,184	\$139,096,992	\$138,533,415	\$141,494,606	\$152,725,063
				\$11,230,457	

FIVE YEAR EXPENDITURE TREND

— Expenditures



Changes in Fund Balance

THE "BOTTOM LINE"

	2013-2014 Audited	2014-2015 Second Q
Beg. Fund Balance	\$10,520,810	\$13,971,779
Structural Surplus/Deficit	\$736,115	-\$4,912,107
One-Time Items	\$2,714,854	\$1,853,067
Ending Fund Balance	\$13,971,779	\$10,912,739
Fund Balance To Ttl Expenditures And Transfers	9.87%	7.15%

FIVE YEAR TREND COMPARISON

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Revenue	\$136,530,922	\$130,256,518	\$133,916,853	\$144,945,575	\$149,666,023
Expenditures	\$133,912,184	\$139,096,992	\$138,533,415	\$141,494,606	\$152,725,063
Surplus/Deficit	\$2,618,738	-\$8,840,474	-\$4,616,562	\$3,450,969	-\$3,059,040
Adj. To F B	-	\$889,005	-	-	-
Ending F B	\$23,088,841	\$15,137,372	\$10,520,810	\$13,971,779	\$10,912,739

FIVE YEAR TREND COMPARISON

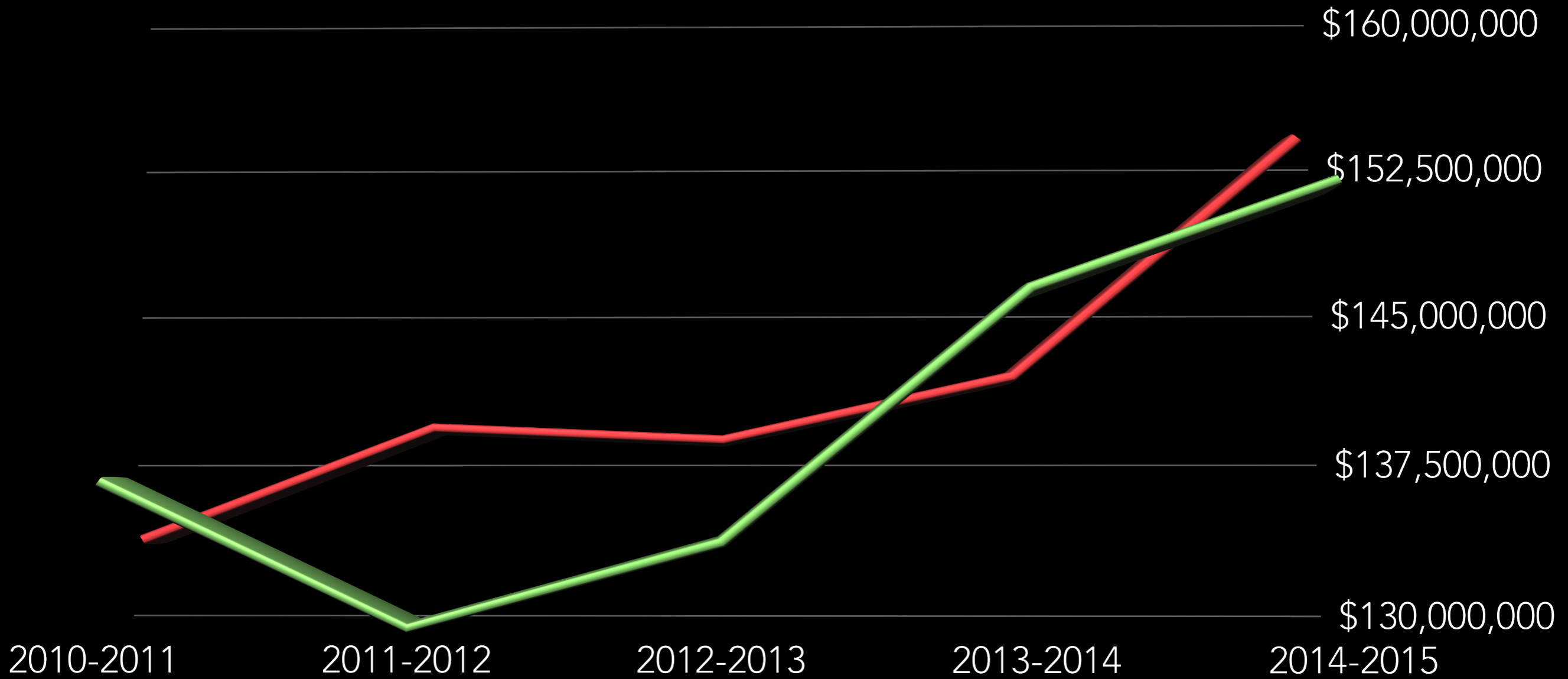
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Revenue	\$136,530,922	\$130,256,518	\$133,916,853	\$144,945,575	\$149,666,023
Expenditures	\$133,912,184	\$139,096,992	\$138,533,415	\$141,494,606	\$152,725,063
Surplus/Deficit	\$2,618,738	-\$8,840,474	-\$4,616,562	\$3,450,969	-\$3,059,040
Adj. To F B	-	\$889,005	-	-	-
Ending F B	\$23,088,841	\$15,137,372	\$10,520,810	\$13,971,779	\$10,912,739

<\$12,176,102>

FIVE YEAR REVENUE TREND

Revenue

Expenditures



OTHER ISSUES MOVING FORWARD

OTHER ISSUES MOVING FORWARD

- FTES: Demand softening
 - Adopted FTES Target: 21,381 Credit (approx. 300 overcap)
 - Current Projection: 21,075 Credit (Zero overcap)

OTHER ISSUES MOVING FORWARD

- FTES: Demand softening
 - Adopted FTES Target: 21,381 Credit (approx. 300 overcap)
 - Current Projection: 21,075 Credit (Zero overcap)
- PERS and STRS increases

	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21
STRS	8.25%	8.88%	10.73%	12.58%	14.43%	16.28%	18.13%	19.1%
PERS	11.442%	11.771%	12.6%	15.0%	16.6%	18.2%	19.9%	20.4%

OTHER ISSUES MOVING FORWARD

- FTES: Demand softening
 - Adopted FTES Target: 21,381 Credit (approx. 300 overcap)
 - Current Projection: 21,075 Credit (Zero overcap)
- PERS and STRS increases

	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21
STRS	8.25%	8.88%	10.73%	12.58%	14.43%	16.28%	18.13%	19.1%
PERS	11.442%	11.771%	12.6%	15.0%	16.6%	18.2%	19.9%	20.4%

- Built in increases: Step and column, benefits, and contractual

OTHER ISSUES MOVING FORWARD

- Governor's Warning: From the Governors Budget Summary...

OTHER ISSUES MOVING FORWARD

- Governor's Warning: From the Governors Budget Summary...
- "...maintaining a balanced budget for the long term will be an ongoing challenge - requiring fiscal restraint and prudence."

OTHER ISSUES MOVING FORWARD

- Governor's Warning: From the Governors Budget Summary...
- "Already, the commitments that the state made in the past two years are straining the state's finances."

OTHER ISSUES MOVING FORWARD

- Governor's Warning: From the Governors Budget Summary...
- Pressures on the State budget include: Medi-Cal, state retiree benefits (\$222B of \$227B in LTL), infrastructure deferrals (\$66B)

OTHER ISSUES MOVING FORWARD

- Governor's Warning: From the Governors Budget Summary...
- "...since 2000, the state's short periods of balanced budgets have been followed by massive budget shortfalls."

“Those who fail to learn from history are doomed to repeat it.”

- Sir Winston Churchill

Thank You!!!

The Accounting Team with Special
Thanks To Veronica Diaz and Jo Gildeen

Charlie Yen, Greg Brown and the
Facilities Team

Budget Committee