

PRESENTATION OF THE 2015-16
ADOPTED BUDGET
SEPTEMBER 1, 2015

SANTA MONICA COLLEGE

OVERVIEW

- 2014-2015 Recap
- General Assumptions
- Changes in projected revenues
- Changes in projected expenditure
- Changes in projected fund balance

2014-2015 IN REVIEW

- **<\$1,851,658>** Operating deficit w/o one-time
- \$1,661,456 Net one-time items
- **<\$190,202>** Deficit with one-time items
- Year to Year Revenue up \$5,510,763
- Year to Year Expenditures up **\$9,151,934**
- Adopted to Final: Revenue 1.50% ; Exp. **<1.64%>**

2014-2015 IN REVIEW

2014-2015 IN REVIEW

COMPARISON INCLUDING ONE-TIME ITEMS

	2013-2014	2014-2015	INCREASE	%
REVENUE	\$144,945,575	\$150,456,338	\$5,510,763	3.8%
EXPENDITURE	\$141,494,606	\$150,646,540	\$9,151,934	6.5%
SURPLUS/ <DEFICIT>	\$3,450,969	-\$190,202		

2014-2015 IN REVIEW

COMPARISON WITHOUT ONE-TIME ITEMS(STRUCTURAL)

	2013-2014	2014-2015	INCREASE	%
REVENUE	\$141,975,216	\$148,794,882	\$6,819,666	4.8%
EXPENDITURE	\$141,239,101	\$150,646,540	\$9,407,439	6.7%
SURPLUS/ <DEFICIT>	\$736,115	-\$1,851,658		

2015-2016

Proposed Adopted Budget
General Assumptions

MJOR REVENUE ASSUMPTIONS

- Increase in General Apportionment of \$9,577,349
 - Growth/Access: 2.07%: \$2,096,283 or approximately 433 Credit FTES
 - True Credit FTES growth of 486 (433 FTES to meet growth plus 53 FTES to achieve a minor level of unfunded)
 - Credit FTES Growth: 13-14 = 197 CrFTES - 14-15 = 188 CrFTES
 - 2014 - 2015 = 0.00 unfunded Credit FTES
 - 20,910 Credit FTES served in 14-15 to 21,396 Credit FTES served in 15-16
 - Inflationary Adjustment: 1.02% or \$1,107,892
 - Base: \$4,981,052 - For ongoing operation expenditures
 - FON: \$1,158,443 - To support Full-time Faculty hiring by raising the FON obligation
 - CDCP to Credit Rate: \$233,679

MAJOR REVENUE ASSUMPTIONS

- One-time Mandated Cost
Reimbursement: \$12,006,317
- Increase in NRT: \$1,821,760 (Fee based reduced <\$430k> for Net \$1.39M)
- Deficit factor of <\$1,097,741> and no 14-15 repayment

EXPENDITURE ASSUMPTIONS

- Salaries: Step, column, longevity and all Board approved changes to the salary schedules
- Increase in hourly faculty to achieve growth and adjust for changes in efficiency
- Inclusion of vacancy list capped at \$2.5 M plus President/Superintendent
- Benefits:
 - STRS: 8.88% to 10.73% - Increase of 20.8%
 - PERS: 11.77% to 11.84% - Increase of 0.6%
 - Health and Welfare: 3 Year Average
 - OPEB: Additional \$500,000 - Total \$1,500,000
- Discretionary Funding: At 2014-2015 adopted budget allocations except:

EXPENDITURE ASSUMPTIONS

- Supplies: \$119,043
 - New phones for new faculty, air filters
- Contract Services: \$1,540,861
 - Advertising, IT business continuity site rental and implementation, VMware license for servers, communication plan, Banner student module and implementation
- Equipment: \$1,948,194
 - Technology replacement plan, IT business continuity equipment, firewall upgrade, network switches
- \$2,561,826 is One-time

Changes in Revenue

PROJECTED CHANGES IN REVENUE 14-15 TO PROPOSED ADOPTED

2014-2015 Revenue Projection:	150,456,338
Mandated Costs - Past Claims	12,006,317
Apportionment - Base Change/Cdcp/Growth/Fon/Cola	9,577,349
Non-Resident Tuition	1,821,760
Advanced Apportionment Adjustment	912,374
Lottery	386,870
Fee Based	-430,062
2015-16 Deficit Factor	-1,097,741
Non-Repeat Of Py One-Time, Def. Fac. And Pya	-2,342,182
Other	-137,290
2015-2016 Proposed Adopted Revenue Projection:	171,153,733

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\$20,697,395 or 13.8%	
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FIVE YEAR REVENUE TREND

— Revenue



Changes in Expenditures

PROJECTED CHANGES IN EXPENDITURES 2014-2015 TO PROPOSED ADOPTED

2014-2015 Expenditure Projection:	150,646,540
Supplies And Other Operating	2,891,062
Salary Increase And Related Benefits	2,552,606
Equip., Technology And Tco Replacement Plan	1,948,194
Non-Health And Welfare Benefits	1,579,845
Hourly Instruction And Non-Instruction	1,244,073
Vacancy List	1,242,570
New Faculty Net Of Adjunct Savings	1,153,013
Step, Column And Longevity	995,896
Opeb Contribution	500,000
Health And Welfare Incl. Retiree	491,740
Utilities And Insurance	145,272
Net Effect Of Hiring And Separation	-1,583,346
Others	-57,523
2015-2016 Proposed Adopted Expenditure Projection:	163,749,942

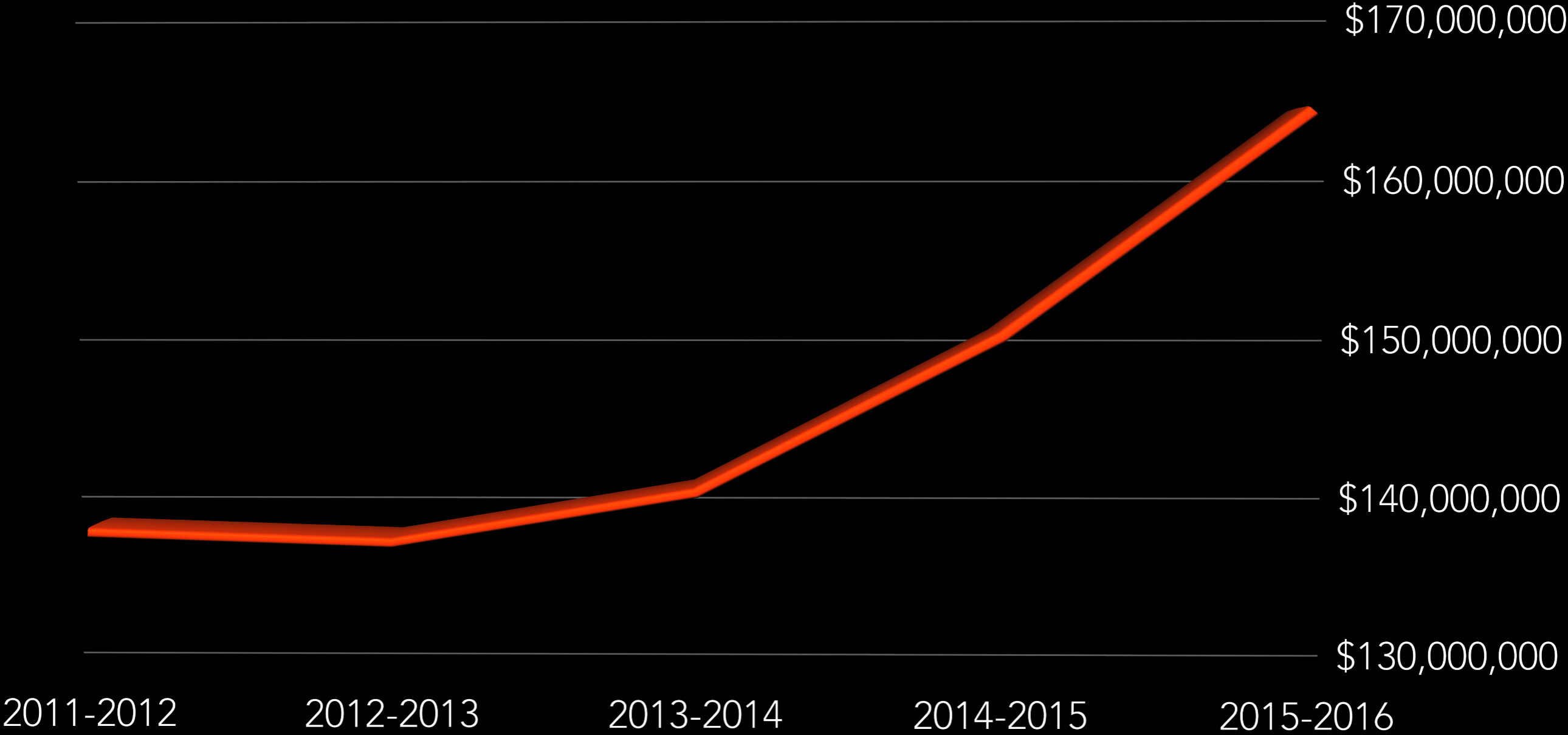
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\$13,103,402 or 8.7%	
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FIVE YEAR EXPENDITURE TREND

Expenditures



Changes in Fund Balance

THE "BOTTOM LINE"

	2014-2015 Projected	2015-2016 Proposed Ab
Beg. Fund Balance	\$13,971,779	\$13,781,577
Structural Surplus/Deficit	-\$1,851,658	-\$942,959
One-Time Items	\$1,661,456	\$8,346,750
Ending Fund Balance	\$13,781,577	\$21,185,368
Fund Balance To Ttl Expenditures And Transfers	9.15%	12.94%

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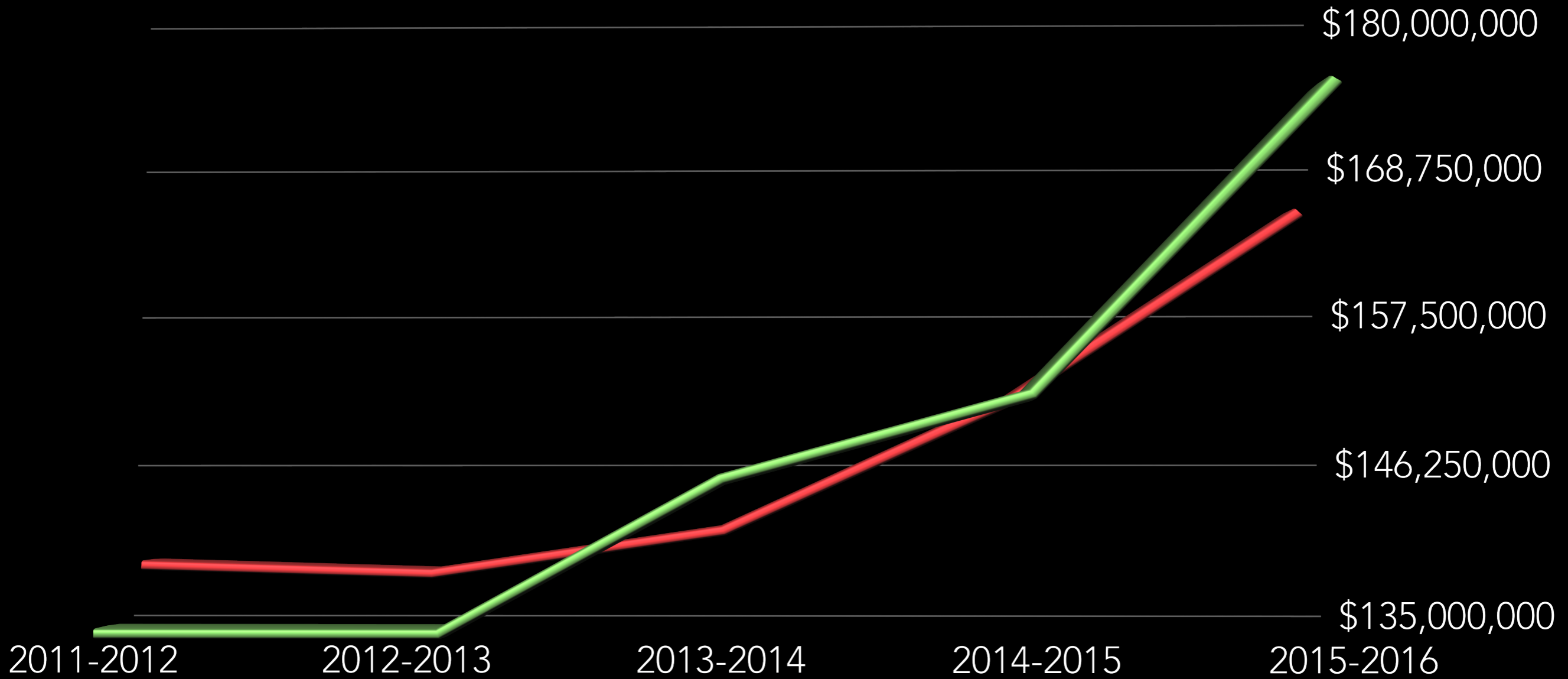
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— Expenditures



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	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%	11.85%	13.05%	16.6%	18.2%	19.9%	20.4%

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OTHER ISSUES MOVING FORWARD

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

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- "...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."

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- Projected expenditures increased **\$13,103,402** or **8.7%** from 2014-2015
- Projected fund balance increase of **\$7,403,791** and is projected to be 12.94% (14-15 9.15%) of TTL expenditures and transfers
- Structural deficit is **<\$942,959>** and careful planning is needed to ensure fiscal stability

Thank You!!!

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

Charlie Yen, Greg Brown and the
Facilities Team

Budget Committee