

PRESENTATION OF THE 2016 -2017  
SECOND QUARTER BUDGET REPORT  
FEBRUARY 7, 2017

# SANTA MONICA COLLEGE

# THINGS CAN STILL CHANGE

- Still waiting for P1 - February 24
- May Revise
- Governor vs. Legislature

# OVERVIEW

- Governor's Proposed Budget
- Second Quarter Report

2017-2018

Governor's Proposed Budget

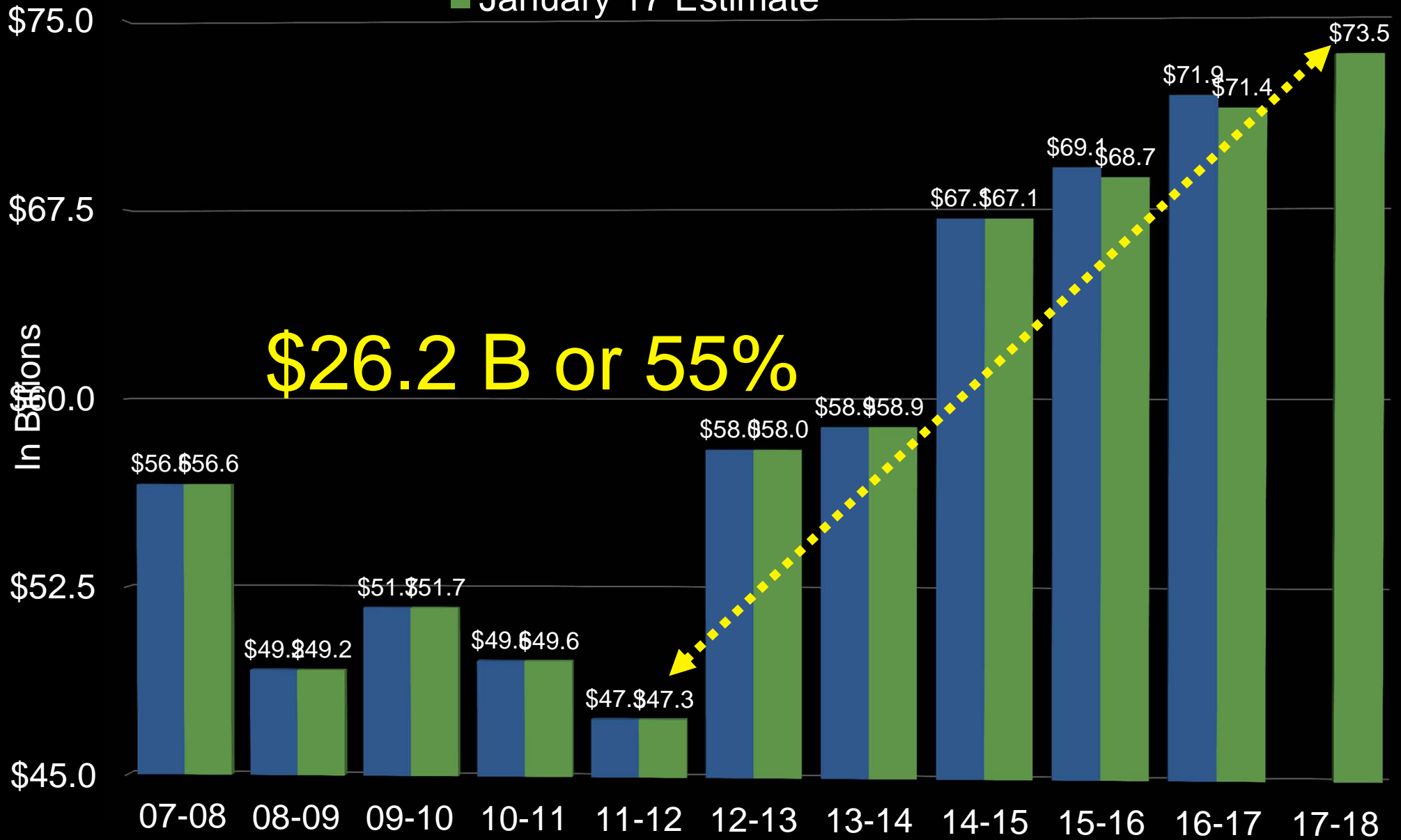
# GOVERNOR'S PROPOSAL

- \$122.5 B General Fund Budget - <\$241>M Less Than 16-17
- <\$1.6> B Deficit Caused by Lower Revenue of <\$5.8> B and Higher Medi-Cal Costs of \$1.8 B
- Proposed Remedies Include:
  - Reduction in Proposition 98 Minimum Guarantee of \$1.695 B Between 15-16 through 17-18
  - \$1.6B Reduction of Other Programs and State Building Upgrades
- Prop 98 Funding a record \$73.5 B
  - Community Colleges share is 10.87% - Traditionally Share is 10.93%
- No enrollment fee change

# Proposition 98 Funding

■ June 16 Enacted

■ January 17 Estimate



**\$26.2 B or 55%**

# RECAP OF GOVERNOR'S BUDGET

## UNRESTRICTED FUND

	ONGOING	ONE-TIME	TOTAL
GROWTH - \$79.3M SYSTEM - 1.34% DISTRICT - 0.61%	\$649,320	-	\$649,320
COLA - \$94.1M - SYSTEM - 1.48%	\$1,741,916	-	\$1,741,916
BASE INCREASE - \$23.6M SYSTEM - 0.37%	441,000	-	441,000
TOTAL	2,832,236	-	2,832,236

# RECAP OF GOVERNOR'S BUDGET

## RESTRICTED FUND

	ONGOING	ONE-TIME	TOTAL
CATEGORICAL COLA - \$5.4M	\$52,153	-	\$52,153
SM/IE BLOCK GRANT - \$43.7M	-	\$829,360	\$829,360
PROP 39 - \$52.3M	-	\$1,072,003	\$1,072,003
TOTAL	\$52,153	\$1,901,363	\$1,953,516



# RECAP OF GOVERNOR'S BUDGET

## UNRESTRICTED AND RESTRICTED FUND

	ONGOING	ONE-TIME	TOTAL
UNRESTRICTED (01.0)	\$2,832,236	-	\$2,832,236
RESTRICTED (01.3)	\$52,153	\$1,901,363	\$1,953,516
TOTAL	\$2,884,389	\$1,901,363	\$4,785,752

# RECAP OF GOVERNOR'S BUDGET

## TRUE EFFECT OF THE JANUARY PROPOSAL ON THE DISTRICT BUDGET

### AVAILABLE INCREASES

GROWTH

\$649,320

COLA

\$1,741,916

BASE ADJUSTMENT

\$441,000

TOTAL AVAILABLE INCREASES TO REVENUE:

\$2,832,236

LESS:

GROWTH FUNDING THAT WILL NOT BE EARNED

<\$649,320>

NON-REPETITION OF MANDATED COST BLOCK GRANT

<\$2,002,249>

TOTAL REDUCTIONS IN STATE FUNDING OR  
UNEARNED AVAILABLE REVENUE

<\$2,651,569>

TOTAL 2017-2018 POSSIBLE CHANGES IN  
UNRESTRICTED REVENUE

\$180,667

2016-2017  
Second Quarter Report

# Changes in Revenue

# PROJECTED CHANGES IN REVENUE ADOPTED TO 2ND QUARTER PROJECTIONS

2016-2017 Adopted Budget Revenue Projection:	166,680,154
Increase in Apportionment (Borrowing)	1,499,444
PY Adjustment for Apportionment (One-time)	1,426,432
Lottery	75,132
Interest	59,500
Various Student Fees (Declining Enrollment)	-23,500
Fee Based Instruction	-76,616
Rental of Facilities (Construction)	-94,000
Other	10,483
<b>\$2,876,875 or 1.7%</b>	
2016-2017 Second Quarter Revenue Projection:	169,557,029

# Changes in Expenditures

# PROJECTED CHANGES IN EXPENDITURES ADOPTED TO 2ND QUARTER PROJECTIONS

2016-2017 Adopted Budget Exp. Projection:

173,021,506

Supplies and Other Operating

909,602

Hourly Instruction and Non-instruction

786,772

Health and Welfare and Retiree Benefits

441,202

Employment and Retirement Benefits

26,568

Net Effect of Hiring and Seperation

-214,632

Vacancy List

-431,287

**\$1,518,225 or 0.88%**

2016-2017 Second Quarter Exp. Projection:

174,539,731



# Changes in Fund Balance



# THE “BOTTOM LINE”

	2015-2016 Audited	2016-2017 second Q
Beg. Fund Balance	\$13,781,577	\$23,925,591
Structural Surplus/Deficit	-\$769,147	-\$6,375,599
One-Time items	\$10,913,161	\$1,392,897
Ending Fund Balance	\$23,925,591	\$18,942,889
Fund Balance to TTL Expenditures and Transfers	14.42%	10.85%

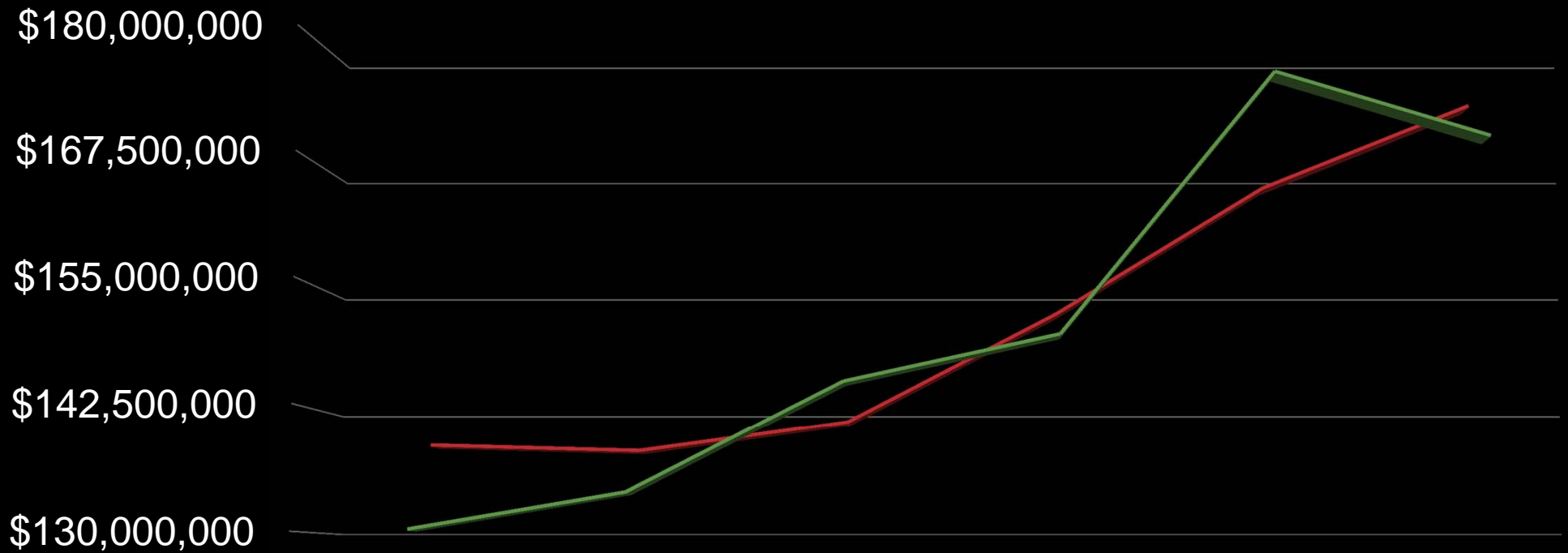
# FIVE YEAR TREND COMPARISON INCLUDING ONE-TIME FUNDING

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Revenue	\$133,916,853	\$144,945,575	\$150,456,338	\$176,032,586	\$169,557,029
Expenditures	\$138,533,415	\$141,494,606	\$150,646,540	\$165,888,572	\$174,539,731
Surplus/Deficit	-\$4,616,562	\$3,450,969	-\$190,202	\$10,144,014	-\$4,982,702
Ending F B	\$10,520,810	\$13,971,779	\$13,781,577	\$23,925,591	\$18,942,889

# FIVE YEAR TREND

■ Revenue

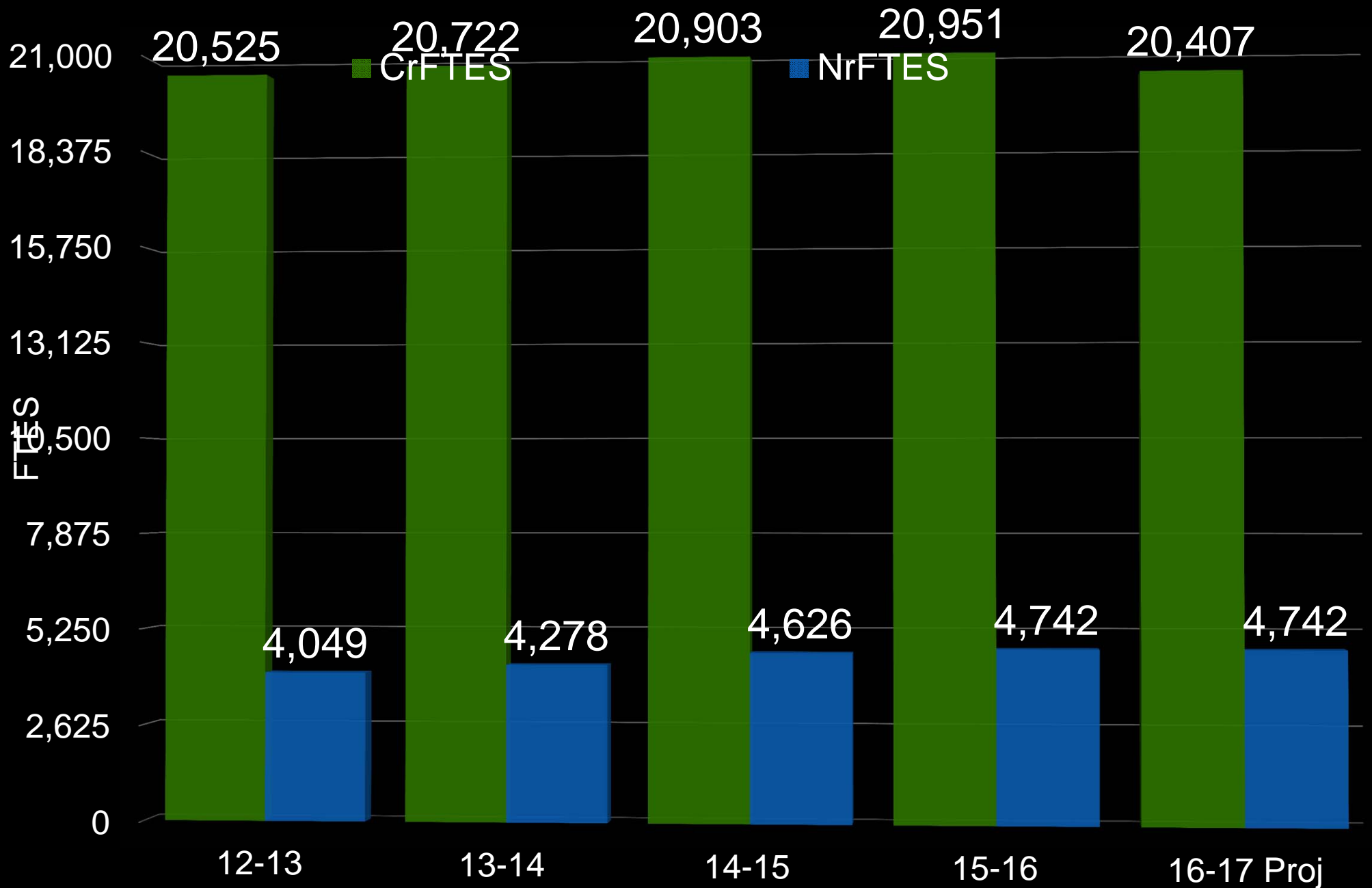
■ Expenditures



# MAJOR ISSUES MOVING FORWARD

- FTES: Demand softening
  - Adopted FTES Target:
    - 20,763 Credit (*approx. 200 FTES Decline*)
    - 4,742 Non-resident (*0.00% Growth*)
  - Current Projection:
    - 20,406 Credit (*approx. 543 FTES Decline*)
    - 4,742 Non-resident

# Credit and Non-resident FTES Projections



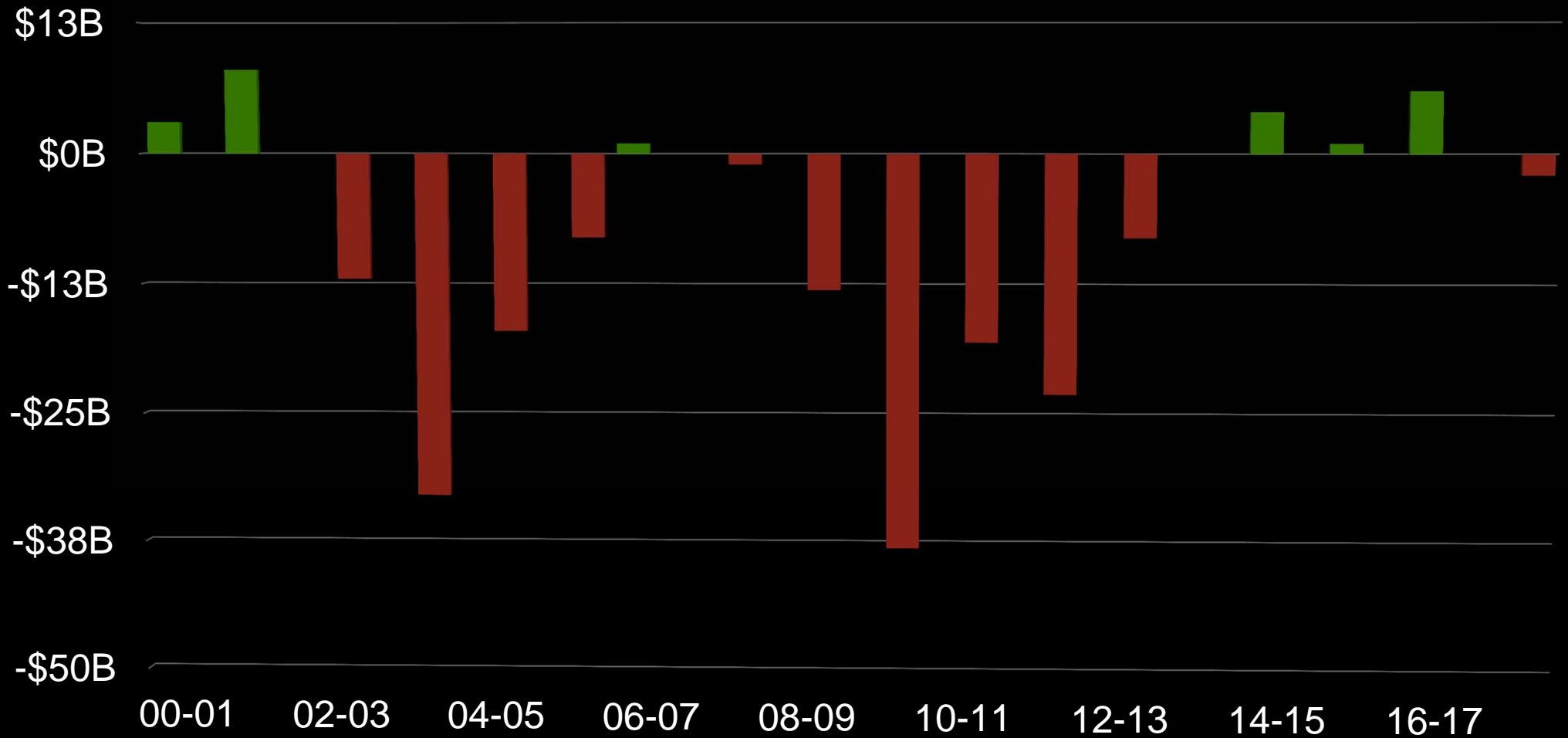
# MAJOR ISSUES MOVING FORWARD

- Revenue generation stalled
- PERS and STRS increases
  - STRS: Employer contribution 2020-21 will be 19.1%
  - PERS: Employer contribution 2023-24 will be 28.2%
- Built in increases: Step and column, benefits, and contractual
- Health and Welfare, Utilities, OPEB

# OTHER ISSUES MOVING FORWARD

- Governor's Warning: From the Governors Budget Summary...
  - “This year’s budget will be the most difficult that we have faced since 2012. The surging tide of revenue increases that we have enjoyed the past few years appears to have turned.”

# BUDGET SHORTFALLS OR SURPLUS AS MEASURED BY THE ANNUAL GOVERNORS BUDGET





Thank You!!!

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

Charlie Yen, Greg Brown and the  
Facilities Team



Budget Committee