

*Presentation of the 2018-2019
Second Quarter Budget Report
February 6, 2019*

Santa Monica College

Things Can and Will Change...

- First Period Apportionment Report - February 22nd
- May Revision

Overview

- Governor's Proposed 2019-2020 Budget
- District 2nd Quarter Budget Report
- Student Centered Funding Formula Update

Governor's Proposed 2019-2020 Budget

General Fund and Proposition 98

- General Fund Budget
 - \$144.2 billion - Increase of 4.0% or \$5.5 billion
- Proposition 98
 - \$80.7 billion (*2011-2012 was \$47.3 billion*)
 - Adjustment to prior year guarantee - Between \$44 million and \$470 million above guarantee for 17-18 and 18-19
 - Community Colleges share remains 10.93%

- \$20.6 billion in discretionary resources
 - \$17.92 billion one-time items
 - \$3 billion for CalPERS and \$2.3 billion CalSTRS to reduce unfunded liabilities
 - \$700 million for CalSTRS to reduce District contributions
 - 2018-2019 16.28%
 - Planned 2019-2020 was 18.13%
 - Proposed 2019-2020 is 17.10%
- Rainy Day Fund: from \$13.5 billion to \$15.3 billion
 - A one year recession could result in a \$70 billion loss of revenue

Community College System

- Unrestricted
 - Cost of Living Adjustment: 3.46%
= \$4.6 million
 - Growth: 0.55%= \$378k or 98 FTES;
Not applicable due to hold harmless
- Total Unrestricted = \$4.6 million

- Restricted
 - Cost of Living Adjustment for certain categorical grants: 3.46% = \$135 thousand
 - College Promise (AB 19): \$40 million systemwide = \$1 million for the District
- Total Restricted = \$1.14 million

- CCCCO System Office/Systemwide
 - College Promise Outreach: \$5 million
 - SCFF Oversight Committee: \$435 thousand
 - Information Security Officer: \$135 thousand
 - Immigrant Legal Services: \$10 million
 - Longitudinal Student Data System: \$10 million

- Financial Aid
 - Cal Grant Expansion: \$121.6 million to add or increase awards to recipients who have dependent children
 - Cal Grant A = New \$6,000 maximum award for non-tuition based costs
 - Cal Grant B = Increase maximum from \$1,645 to \$6,000
 - Cal Grant C = Increase maximum book and supply award from \$1,094 to \$4,000

- Other
 - Pension Relief for Districts: \$350 million in 19-20 and \$350 million in 20-21 to CalSTRS
 - Planned rates: 18-19 = 16.28%; 19-20 = 18.13%; 20-21 = 19.10%
 - Proposed rates: 18-19 = 16.28%; 19-20 = 17.10%; 20-21 = 18.10%
 - District Savings = \$592 thousand
 - Omission of Physical Plant/Instructional Equipment

- Change to Student Centered Funding Formula
 - 2019-2020 rates to remain at 2018-2019 levels plus COLA
 - 70%-20%-10% to 65%-20%-15% suspended
 - Allows the CCCCO to verify student achievement data by District
 - Funding growth in Student Success Allocation limited to 10% year over year

- Revision to Ed Code 84750.4
 - “Commencing with the 2018-19 fiscal year, points awarded for each student who successfully transfers to a four-year university shall be granted to the student’s district of residence...”
 - 2017-2018: 3,692 total transfers; 291 from within District
 - Reduction in SCFF of <\$2.8> million

- Total Projected Increase in Direct District Funding
 - Total Unrestricted = \$4.6 million
 - Total Restricted = \$1.14 million

2018-2019
Second Quarter
Budget Update

Changes in Revenue

Projected Changes in Revenue Adopted Budget to Second Quarter Projections

2018-2019 Adopted Budget	182,063,186
Non-resident Tuition	479,553
Interest	186,300
Lottery	48,077
Other	33,714
Increase of \$747,644 or 0.41%	
2018-2019 Second Quarter Revenue Projection:	182,810,830

Changes in Expenditure

Projected Changes in Expenditure Adopted Budget to Second Quarter Projections

2018-2019 Adopted Budget	182,323,458
Hourly instruction and non-instruction	1,004,009
Collective Bargaining Agreement	842,736
Full-year effect of hiring and separations	603,072
Supplies and contracts	396,703
Employment/retirement benefits	238,365
Vacancy	Increase of \$2,661,820 or 1.46%
Other	-7,500
2018-2019 Second Quarter Exp. Projection:	184,985,2

Changes in Fund Balance

Projected Change in Fund Balance

	2017-2018 Audited	2018-2019 Adopted	2018-2019 Second Q
Beg. Fund Balance	21,371,774	27,648,342	27,648,342
Surplus/ Deficit w/ One-time Items	6,276,568	-260,272	-2,174,448
Ending Fund Balance	27,648,342	27,388,070	25,473,894
Fund Balance to Ttl Exp. and Transfers	15.32%	15.02%	13.77%

Issues Moving Forward

FTES: Demand continues to soften

	<i>2015-2016</i>	<i>2016-2017</i>	<i>2017-2018</i>	<i>2018-2019</i>
Resident - Credit	20,950	20,505	19,936	19,645
Non-resident	4,742	4,797	4,589	4,209
Totals	25,692	25,302	24,525	23,854
Change		-390	-777	-671

- Non-resident Tuition
 - Decline in FTES and stagnant fees
- Pension rates
 - Current: PERS = 18.062%; STRS = 16.28%
 - 2021-2022: PERS = 24.50%; STRS = 18.10%
 - PERS = 35.6% increase = \$2.3 million
 - STRS = 11.2% increase = \$1.06 million
- Step and column, benefits and utilities

Student Centered Funding Formula Update

- Change to Student Centered Funding Formula
 - 2019-2020 rates to remain at 2018-2019 levels plus COLA
 - Limited growth funding for achieving student success
 - Revision to Ed Code 84750.4

SCFF Verse Hold Harmless Funding

	2018-2019	2019-2020	2020-2021
Credit FTES Served	19,645	19,645	19,645
COLA	N/A	3.46%	2.86%
Hold Harmless Funding	133,457,039	138,074,653	142,023,588
Student Centered Funding Formula	127,522,465	128,541,534	133,994,028
Additional Hold Harmless Funding	5,934,574	9,533,119	8,029,560

Team with Special Appreciation to Ve

Charlie Yen and the Facilities Team

Budget Committee