

PRESENTATION OF THE 2018-2019
TENTATIVE BUDGET - BOARD OF TRUSTEES
JUNE 5, 2018

SANTA MONICA COLLEGE

THINGS CAN STILL CHANGE

- Still Waiting for P2 - June
- Year End Closing - Summer
- May Revise - Macro View
- New Funding Formula?
- Governor vs. Legislature

OVERVIEW

- Governor's May Revise
- Tentative Budget

2018-2019
Governor's May Revise

**WARNING: RESULTS MAY
VARY**

GOVERNOR'S PROPOSAL

- 2017-18 May revision proposes a record \$131.7 B General Fund Budget - \$5.2B more than 17-18!
- Prop 98 Funding a record \$78.4B - \$2.2 B more than 17-18!!!
 - Community Colleges share is 10.93% or \$8.57B- Traditionally Share is 10.93%
- No enrollment fee change

RECAP OF GOVERNOR'S BUDGET

UNRESTRICTED FUND

	ONGOING	ONE-TIME	TOTAL
GROWTH - \$59.7M SYSTEM - 1.00% DISTRICT - 0.5%	\$587,632	-	\$587,632
COLA - \$173.1M - SYSTEM - 2.71%	\$3,520,603	-	\$3,520,603
<i>TOTAL</i>	\$4,108,235	-	\$4,108,235

RECAP OF GOVERNOR'S BUDGET

RESTRICTED FUND

	ONGOING	ONE-TIME	TOTAL
CATEGORICAL COLA	\$92,004	-	\$92,004
SM/IE BLOCK GRANT SYSTEM - \$143.5M	-	\$2,655,684	\$2,655,684
<i>TOTAL</i>	<i>\$92,004</i>	<i>\$2,655,684</i>	<i>\$2,747,688</i>

RECAP OF GOVERNOR'S BUDGET

UNRESTRICTED AND RESTRICTED FUND

	ONGOING	ONE-TIME	TOTAL
UNRESTRICTED (01.0)	\$4,108,235	-	\$4,108,235
RESTRICTED (01.3)	\$92,004	\$2,655,684	\$2,747,688
<i>TOTAL</i>	\$4,200,239	\$2,655,684	\$6,855,923

ITEMS NOT INCLUDED...

CCCCO - System as a Whole

- \$120 M To Establish An Online College
 - \$2 M For Additional Staffing At CCCCCO
 - \$685 K for Course Identification Numbering System (One-time)
 - \$50 M For Consolidate Construction Projects
- Restricted
- \$40.7 M To Consolidated FTSSG and Completion Grants
 - \$18.5 M To Implement Financial Aid System Improvements
 - \$31.5 M Adult Education Block Grant
 - \$50 M For Consolidate Construction Projects
 - \$214 M Strong Workforce Program
 - \$6 M Open Education Resources (One-time)
 - \$5 M Next UP Program

Competitive/Other

- \$20 M Awards for Innovation
- \$46 M Cal Promise
- Consolidation of SSSP, Basic Skills and Student Equity - No Funding
- New Funding Formula
- \$50 M For Consolidate Construction Projects

2018-2019
Tentative Budget

MAJOR REVENUE ASSUMPTIONS

- Growth/Access: 0.00%
 - 0.5% or 111 CrFTES or ~\$587,632 k available
 - CrFTES No Decline or Growth - As of June 5, 2018 Fall 18 is <0.3187> Behind Fall 2017
 - Credit FTES History:
 - 13-14 = 197 CrFTES; 14-15 = 181 CrFTES; 15-16 = 47 CrFTES; 16-17 <444> CrFTES; 17-18 <609> CrFTES
- 2017 -2018 FTES Borrowing:
 - Funded =22,257.88 CrFTES
 - Actual Served = 19,896.61 CrFTES
 - Funding Received From Borrowed FTES \$12,156,134
- Tentative Assumes Hold Harmless for 2018-2019. If This Assumption Is Not Realized The District Will Have Funding Reduced By <\$12,156,134> on July 1, 2018

MAJOR REVENUE ASSUMPTIONS

- Non-resident Tuition:
 - Increase in Fee of 5.26%
 - Flat FTES
 - Increase in Revenue of \$1,773,330
 - 5 year average increase: ~\$1.2M
- Inflationary Adjustment: 2.71% or ~\$3.52 M
- Non-repeating of One-time Prior Year Apportionment (borrowing) = ~<6.1M>
- All revenues driven by FTES adjusted

EXPENDITURE ASSUMPTIONS

- Salaries: Step, column, longevity and all Board approved changes to the salary schedules
- Inclusion of vacancy list reduced at 66% - 4 Management and 27 Classified
- Benefits:
 - STRS: 14.43% to 16.28%- Increase of 12.82% in Expenditure
 - PERS: 15.53% to 18.062%- Increase of 16.3% in Expenditure
 - Since 2014-2015 expenditures for pensions increased ~\$6.14M or ~70%
 - Health and Welfare: 3 Year Average
 - Current Employees: 6%; Retirees 16%
 - OPEB: Funding suspended

EXPENDITURE ASSUMPTIONS

- Supplies and Services budgeted based on prior year allocation less targeted reductions and reflect contractual increases
 - 17-18 Adopted to 18-19 Tentative: ~<\$768k> reduction
- Utilities Increased by 3 Year Average of 15.16%
- Equipment and TERP Continues In Fund 40.0

Changes in Revenue

PROJECTED CHANGES IN REVENUE 2017-2018 TO TENTATIVE 2018-2019

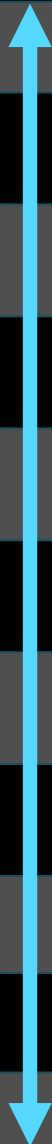
2017-2018 Revenue Projection:	184,005,703
COLA	3,520,603
Non-resident Tuition	1,773,330
State on behalf contribution to str	353,170
Interest	41,547
One-time mandated cost block grant	-567,460
PY Adjustment for Apportionment (One-time)	-6,079,903
Other	-159,516
<\$1,118,474> or <0.61%>	
2018-2019 Tentative Budget Revenue Projection:	182,887,474

Changes in Expenditures

PROJECTED CHANGES IN EXPENDITURES 2017- 2018 TO TENTATIVE 2018-2019

2017-2018 Expenditure Projection:	181,427,355
Employment and Retirement Benefits	1,958,540
Health and Welfare and Retiree benefits	1,599,824
Step, Column and Longevity	1,301,802
Utilities and insurance	630,337
Vacancy List	461,511
State On Behalf Contribution to STRS	353,170
Supplies, contracts and equipment	-768,030
Full Year Effect of Hiring and Separations	-1,076,875
Decrease in hourly instruction and non-instruction	-1,214,935
Supplemental Retirement Plan	-4,349,188
Other	2,804
2018-2019 Tentative Budget Exp. Projection:	180,326,315

<\$1,101,040> or <0.61%>



Changes in Fund Balance

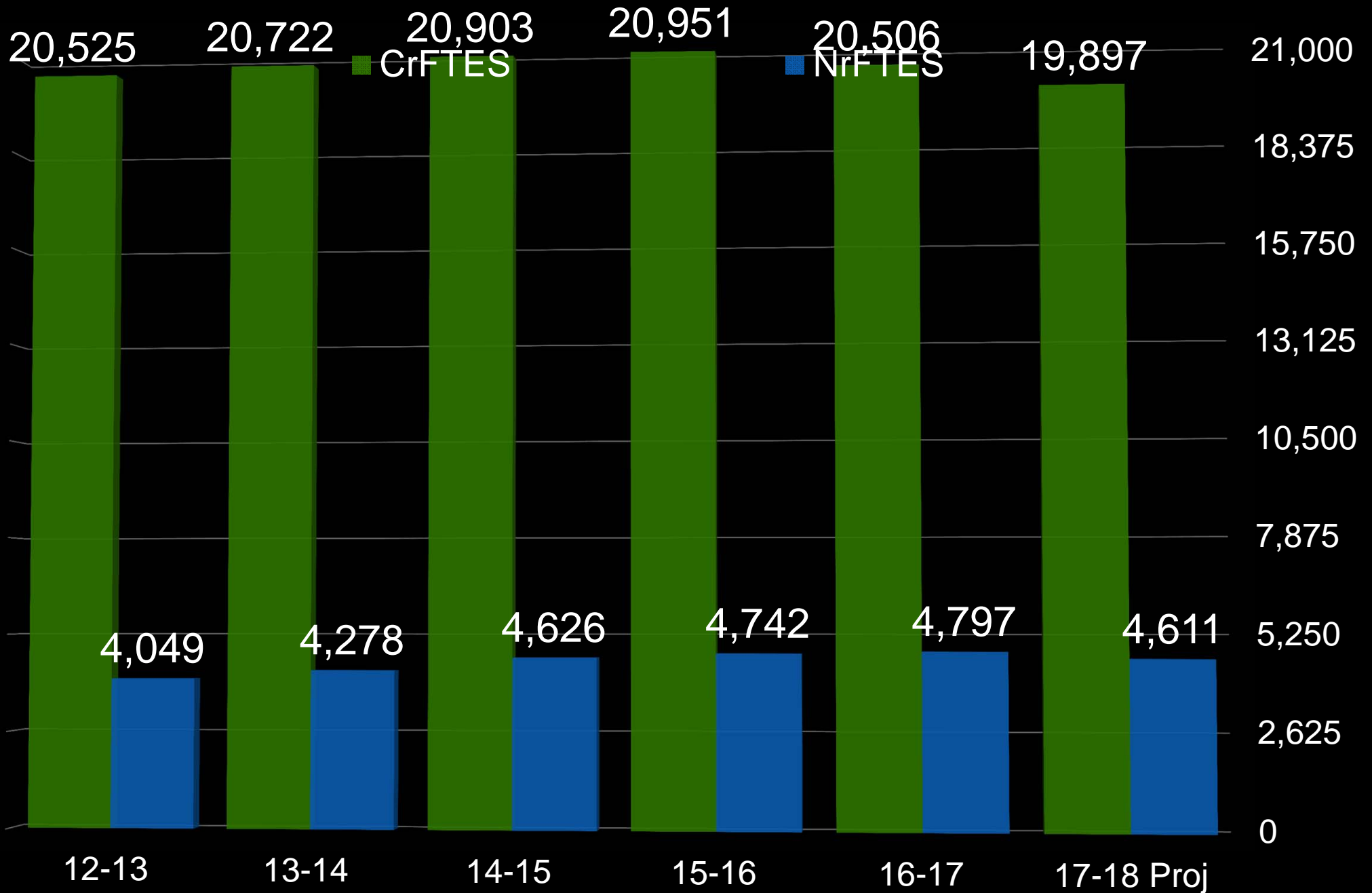
THE “BOTTOM LINE”

	2017-2018 Projected	2018-2019 Tentative
Beg. Fund Balance	21,371,774	23,950,122
Structural Surplus/Deficit	-\$8,868,135	-\$9,486,741
One-Time items	\$11,446,483	\$12,047,900
Ending Fund Balance	23,950,122	26,511,281
Fund Balance to TTL Expenditures and Transfers	13.20%	14.70%

MAJOR ISSUES MOVING FORWARD

- Assumption of Hold Harmless in 2018-2019
 - If Unrealized, Reduction in Apportionment Will Be **<\$12,156,134>**
- Assumption of FTES Stabilizing
 - 2016-2017 Decline of **<444.61>** Resident Credit FTES
 - 2017-2018 Decline of **<609.36>** Resident Credit FTES

credit and non-resident ftes projections



MAJOR ISSUES MOVING FORWARD

- Expenditures far outpacing revenues - SRP Is The Difference
- 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
- Significant and immediate action needs to be taken to secure the Districts fiscal stability

Thank You!!!

The Budget Team with Special
Thanks To Veronica Diaz

Charlie Yen and the Facilities Team

Budget Committee

