
Santa Monica College

*Presentation of the 2019-2020
Proposed Adopted Budget
Board of Trustees
September 3, 2019*

Overview

- 2018-2019 Recap
- SCFF Changes
- Presentation Changes
- 2019-2020 General Assumptions
- 2019-2020 Changes in Projected Revenues
- 2019-2010 Changes in Projected Expenditures
- 2019-2020 Changes in Projected Fund Balance

2018-2019 Recap

2018-2019 In Review

- Adopted Budget
 - Projected structural deficit: <\$7,464,344>
 - Projected operating deficit with one-time items:
<\$260,272>
 - Projected ending fund balance: \$27,388,070

- Changes
 - Revenue \$3,258,446 or 1.79% higher than Adopted
 - Non-resident FTES did not decline as much as expected - Adopted <454> FTES or <9.9%> = <\$1,719,763> - Final <317> FTES or <6.9%> = <\$944,258>
 - Full-time Faculty Allocation: Not included in the Adopted Budget allocation determination not made at that time = \$827,456
 - Part-time Office Hour Reimbursement: One-time reimbursement for Part-time Office Hours. Claim was paid in late June. = \$1,537,287
 - Lottery: Adopted = \$3,656,915; Final = \$4,083,524
 - Higher FTES. Adopted: Credit = <615> FTES Non-resident = <454> FTES; Actual Credit = <398> FTES Non-resident <317> FTES.
 - Funding Adopted = \$151 per FTES; Final = \$164 per FTES
 - Other = <\$308,278>

- Changes
 - Expenditures: \$29,591 or 0.02% **lower** than Adopted
 - Significant Increases:
 - Contract Settlement: \$842,736
 - Supplies and Contracts: \$828,054 (Bad Debt, Advertising/Recruitment)
 - Major Decreases:
 - Utilities and Insurance: <\$743,069> (2 M KWH or 10.9% savings)
 - Benefits: <\$951,380>
 - Other: <\$331,288>

- Result
 - <\$5,066,390> structural deficit
 - \$3,027,765 operating surplus including one-time items
 - Ending fund balance of \$30,676,107 or 16.83%

SCFF Changes

SCFF Changes

- Funding Allocation Implementation
- Student Success Allocation Counts
- Student Success Allocation Calculation
- Definition of a Transfer
- Hold Harmless

2019-2020
Presentation
Changes

Presentation Changes

- Restricted General Fund - Other and Carryover
- OPEB Irrevocable Trust
 - \$4,496,996 contributions
 - \$3,055,085 investment earnings
 - 9.83% ARR

2019-2020
General
Assumptions

Major Revenue Assumptions

- General Apportionment
 - District will fall under the hold harmless provision of the SCFF and receive the 2018-2019 apportionment amount of ~\$133.4 M plus:
 - COLA of 3.26%: ~\$4.35 M
 - Total apportionment of ~\$137.8 M
 - Under SCFF apportionment = \$126.7 M

- Growth/Access: 0.00% - Hold Harmless
- Resident Credit FTES
 - CrFTES: 1%growth or 195.38 resident CrFTES
 - Credit FTES History: 16-17 = <444.61> FTES; 17-18 <569.38> FTES; 18-19 <398.56> FTES
 - Five year decline of <1,217.17> CrFTES or <5.8%>

- Non-resident Tuition

- No increase in fees

- Projected decline in FTES of $\langle 7.0\% \rangle$ or $\langle 298 \rangle$ FTES = $\sim \langle \$2.3 \rangle$ M

- NR FTES History: 16-17 = 55.16 FTES; 17-18 = $\langle 208.43 \rangle$ FTES; 18-19 = $\langle 319.96 \rangle$

- Five year decline of $\langle 770.21 \rangle$ NrFTES or $\langle 16.2\% \rangle$

- All revenues driven by FTES are adjusted.
E.g. student fees, lottery, student records
- No deficit factor
- SB 90 On-behalf payment not included
 - \$1.6 B to STRS and \$660 M to PERS -
One-time
 - Education specific: \$356 M to STRS and
\$144 M to PERS

Major Expenditure Assumptions

- Salaries: Step, column, longevity and all Board approved changes to the salary schedules
- Inclusion of the vacancy list at 66%
- Benefits:
 - STRS: 16.28% to 17.10% - Increase of 5%
 - Scheduled increase was 18.13% - Increase of 11.36%
 - PERS: 18.062% to 19.721% - Increase of 9.2%
 - Scheduled increase was 20.733% - Increase of 14.8%

- Health and Welfare: 3 year average
 - Current employees: 5%
 - Retirees: 4%
 - Other Post Employment Benefits Trust: Continued suspension of funding
- Supplies and Services budgeted based on prior year allocations less one-time items and adjusted contractual increase
 - Student Bad Debt = \$1.3 M
 - Advertising/Recruiting = \$520 k
- Utilities: Increased by 3 year average of 9.3% plus \$40 K for Student Services
 - Move to 50% clean sourced energy!
- Equipment and TERP continues in Fund 40.0 with the exception of.....

New Initiatives/Projects

- **Safe Parking Pilot Program**: \$50,000 in one-time funding to develop and implement a Safe Parking pilot program. (*Board of Trustees Goals and Priorities Section 1 Sub-section 12 - Assess and focus on solutions to barriers related to students' personal circumstances that may negatively impact student success*)
- **Social Justice and Gender Equity Center**: \$75,000 in one-time funding to provide start-up funds for furniture, equipment, materials, supplies, training and temporary staffing to assist in implementing the Social Justice and Gender Equity Center. (*Board of Trustees Goals and Priorities Section 1 Sub-section 12 Assess and focus on solutions to barriers related to students' personal circumstances that may negatively impact student success*)
- **Veterans Resource Center**: \$25,000 in one-time funding to provide new equipment, furniture, materials, and supplies for the Veterans Resource Center to improve the student experience. (*Board of Trustees Goals and Priorities Section 1 Sub-section 12 Assess and focus on solutions to barriers related to students' personal circumstances that may negatively impact student success*)
- **Student Ambassador Recruiter Corps**: \$156,500 in ongoing funding to create a new Student Ambassador Recruiter Corps to improve SMC Outreach and Recruitment efforts with local high schools. (*Strategic Initiatives and Objectives Section 2 Sub-section 4 Expand targeted marketing and communication to prospective students and Board of Trustees Goals and Priorities Section 1 Sub-section 11 ... "provide more jobs for students on campus"*)
- **Social Justice and Gender Equity Center Renovation**: \$250,000 in one-time funding, from the Capital Outlay Fund, to fund one-half of the budgeted cost of the renovation of the Associated Students computer lab to implement the new Social Justice and Gender Equity Center. (*Board of Trustees Goals and Priorities Section 1 Sub-section 12 Assess and focus on solutions to barriers related to students' personal circumstances that may negatively impact student success*)

Changes in Revenue and Expenditure

Changes in Revenue

Projected Changes in Revenue

Unaudited 2018-2019 to Proposed Adopted 2019-2020

2018-2019 Revenue - Unaudited:	185,321,632
COLA	4,350,124
STRS On-behalf Payment	504,956
Indirect Cost Rate	87,570
Lottery	-341,464
Non-repetition Of One-time	-1,537,287
Non-resident Tuition	-2,289,238
Other	-13,791
2019-2020 Proposed Adopted Revenue Budget:	186,082,502

**Increase of \$760,870
or 0.41%**



Changes in Expenditure

Projected Changes in Expenditure

Unaudited 2018-2019 to Proposed Adopted 2019-2020

2018-2019 Expenditure - Unaudited:	182,293,867
Step, Column and Longevity	1,407,519
Vacancy List	1,333,841
Health and Welfare incl. Retiree	1,257,958
Supplies and Contracts	1,217,109
Full-year Effect of Hiring and Separations	1,091,615
Contractual - Negotiated Increases	884,142
Employment/Retirement Benefits	832,081
STRS On Behalf	504,956
Utilities and Insurance	490,661
New Initiatives	303,900
Hourly Instruction and Non-instruction	-1,842,765
Other	61,857
2019-2020 Tentative Budget Exp. Projection:	189,836,741

**Increase of
\$7,542,874 or 4.1%**

Changes in Fund Balance

Projected Change in Fund Balance

	2017-2018 Audited	2018-2019 Unaudited	2019-2020 Proposed
Beg. Fund Balance	21,371,774	27,648,342	30,676,107
Surplus/Deficit w/ One-time Items	6,276,568	3,027,765	-3,754,239
Ending Fund Balance	27,648,342	30,676,107	26,921,868
Fund Balance to Ttl Exp. and Transfers	15.32%	16.83%	14.18%
Structural Deficit of \$11,707,703			

Issues Moving Forward

- Continued deteriorating financial situation
- Non-resident Tuition
 - Decline in FTES and stagnant fees
- Pension rates
 - Current: PERS = 19.721%; STRS = 17.10%
 - 2022-2023: PERS = 25.40%; STRS = 18.10%
- Step and column, benefits and utilities
- Changes to SCFF

The Budget Team with Special
Appreciation to Veronica Diaz

Charlie Yen and the Facilities
Team

Budget Committee