
Santa Monica College

*Presentation of the
2019-2020
Tentative Budget Report
May 22, 2019*

Things Can and Will Change...

- P2 - June
- May Revision - Macro View
- Year End Closing
- SCFF Revisions
- Adopted Budget in September

Overview

- Governor's May Revise
- 2019-2020 Tentative Budget

Governor's May
Revision 2019-2020
Budget

General Fund and Prop 98

General Fund Budget

- Proposed General Fund Budget of \$147.033 B - Increase of 2.65% or 3.793 B
- \$20.8 B Surplus (I.e. discretionary resources)
- One-time/Reserves : \$17.40 B
 - \$3.0 B for CalPERS and \$2.3 B CalSTRS to reduce unfunded liabilities
 - \$850 M for CalSTRS to reduce District contributions
 - \$4.5 B to eliminate all debts and deferrals
- Ongoing: \$3.40 B

- Overall reserves declining
 - 17-18: \$20.841 B
 - 18-19: \$20.097 B
 - 19-20: \$19.450 B
 - Budget Stabilization Account: Increase of \$2.157 B to \$16.515 B
 - Special Fund for Economic Uncertainty: Decrease of <\$3.193> B to \$1.646 B
 - Safety Net Reserve: No change; remains \$900 M
 - Public School System Stabilization Account: First deposit of \$389 M
- Moderate recession could result in a \$70 billion loss of revenue

- Proposition 98
 - Prop 98 Record \$81.1 B - Increase of 3.31% or \$2.5 B
 - \$746.5 M greater than January proposal
- Public School System Stabilization Account: \$389 M (0.48% of Prop 98)
- Community Colleges share remains 10.93%

Community College System

Major May Revise Changes

- COLA reduced from 3.46% to 3.26%
- Addition of PPIE funding = \$39.6 M
- SCFF: “Hold Harmless” through 2021-2022
- Additional STRS payment of \$150 M
- Additional CCCCO financial staff = \$381 thousand
- Prop 51: 4 additional new projects (15 total)

CCCCCO System Office/System-wide

- College Promise Outreach: \$5 million
- SCFF Oversight Committee: \$435 thousand
- Information Security Officer - CCCCCO: \$135 thousand
- Financial Personnel - CCCCCO: \$381 thousand
- Immigrant Legal Services: \$10 million
- Longitudinal Student Data System: \$10 million
- Prop 51: \$361.3 M for 15 continuing and 15 new projects
 - Art Complex: 19-20 = \$793,000; Total State cost is \$10.9 M if fully funded

Expansion of Cal Grants

- 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

Pension Payments

- \$3.0 B for CalPERS and \$2.3 B CalSTRS to reduce unfunded liabilities
- \$850 million for CalSTRS to reduce District contributions
 - 2018-2019 16.28%
 - Planned 2019-2020 = 18.13%; 2020-2021 = 19.10%
 - Revise 2019-2020 = 16.70%; 2020-2021 = 18.10%
- District Savings = \$850 thousand

Student Centered Funding Formula

- 2019-2020 rates to remain at 2018-2019 levels plus COLA
 - 70%-20%-10% to 65%-20%-15% suspended
- Funding growth in Student Success Allocation limited to 10% year over year
- Hold harmless through 2021 - 2022
- Revision to the definition of a transfer outcome

- 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

Santa Monica College

Projected Funding

District Unrestricted General Fund

- Cost of Living Adjustment:
3.26% = \$4.35 M
- Growth: 0.55% = \$377k or 98 FTES;
Not applicable due to hold harmless
- Total Unrestricted: \$4.35 million

District Restricted General Fund

- Cost of Living Adjustment for certain categorical grants: 3.26% = \$126 thousand
- College Promise (AB 19):
System-wide = \$45 M; District = \$1.1 M
- PPIE (One-time): System-wide = \$39.6 M District = \$724 thousand
- Total Restricted: Ongoing = \$1.2 M; One-time = \$724 thousand

Total Projected Increase in Revenue

- Total Unrestricted = \$4.35 million
- Total Restricted = \$1.97 million

2019 - 2020
Tentative Budget

Major Revenue Assumptions

- Growth/Access: 0.00%
 - 0.55% or 98 CrFTES or ~\$377,202 available
 - CrFTES: No decline or growth
 - Credit FTES History: 16-17 = <444.61> FTES; 17-18 <569.38> FTES; 18-19 <300.27> FTES
- Non-resident Tuition
 - No increase in fees
 - Projected decline in FTES of <4.0%> or <170.76> FTES
 - NR FTES History: 16-17 = 55.16 FTES; 17-18 <208.43> FTES; 18-19 <319.96>
 - FTES Revenue decrease of ~<\$1,311,578>

- COLA: 3.26% or ~\$4.35 M
- Tentative assumes “hold harmless” provision remains for 2019-2020
 - Hold harmless apportionment:
~\$137,789,507
 - SCFF apportionment: ~\$126,522,557
 - Hold harmless funding: ~\$11,266,950
- All revenues driven by FTES adjusted

Major Expenditure Assumptions

- Salaries: Step, column, longevity and all Board approved changes to the salary schedules
- Inclusion of the vacancy list at 66% - 6 Management - 35 Classified
- Hourly classified budgeted at baseline levels
- Benefits:
 - STRS: 16.28% to 16.70% - Increase of 2.58%
 - Scheduled increase was 18.13% - Increase of 11.36%
 - PERS: 18.062% to 20.733% - Increase of 14.79%
 - Since 2014 - 2015 expenditures for pensions increased ~ \$8,612,495 or ~98%

- Health and Welfare: 3 year average
 - Current employees: 6%
 - Retirees: 9%
 - Non repeat of rebates received in 2018-2019
 - 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
 - 18-19 projected to 19-20 Tentative: ~<\$734,788> reduction
- Utilities: Increased by 3 year average of 11.20% over 18-19 projected
 - Significant 18-19 electric savings
 - Move to 50% clean sourced energy!
- Equipment and TERP continues in Fund 40.0

Changes in Revenue

Projected Changes in Revenue

Projected 2018-2019 to Tentative 2019-2020

2018-2019 Revenue Projection:	183,777,443
COLA	4,350,124
Mandated Cost BG COLA	66,174
STRS on Behalf Payment	-201,294
Non-resident Tuition	-1,311,578
Other	-54,879
2019-2020 Tentative Budget Revenue	186,625,99

**Increase of
\$2,848,547 or
1.55%**



Changes in Expenditure

Projected Changes in Expenditure

Projected 2018-2019 to Tentative 2019-2020

2018-2019 Expenditure Projection:	184,346,049
Health and Welfare incl. Retiree	1,840,988
Full-year Effect of Hiring and Separations	1,822,679
Employment/Retirement Benefits	1,340,974
Step, Column and Longevity	1,281,066
Contractual Increases	852,180
Vacancy list	792,927
Utilities and Insurance	543,862
STRS On Behalf	-201,294
Supplies and Contracts	-734,788
Hourly Instruction and Non-instruction	-3,595,151
Other	4,936
2019-2020 Tentative Budget Exp. Projection:	188,294,428

**Increase of
\$3,948,379 or 2.14%**

Changes in Fund Balance

Projected Change in Fund Balance

	2017-2018 Audited	2018-2019 Projected	2019-2020 Tentative
Beg. Fund Balance	21,371,774	27,648,342	27,079,736
Surplus/Deficit w/ One-time Items	6,276,568	-568,606	-1,668,438
Ending Fund Balance	27,648,342	27,079,736	25,411,298
Fund Balance to Ttl Exp. and Transfers	15.32%	14.69%	13.50%

Structural Deficit of \$9,609,730

Issues Moving Forward

- Continued deteriorating financial situation
- Non-resident Tuition
 - Decline in FTES and stagnant fees
- Pension rates
 - Current: PERS = 20.733%; STRS = 16.70%
 - 2022-2023: PERS = 25.70%; STRS = 17.80%
 - PERS = 24% increase = \$1.8 million
 - STRS = 6.6% increase = \$646,653
- 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