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SANTA MONICA COMMUNITY COLLEGE DISTRICT  
BOARD OF TRUSTEES

SPECIAL MEETING/STUDY SESSION

TUESDAY,  
MAY 16, 2017  
5:30 p.m.

Santa Monica College Board Room  
Business Building Room 117  
1900 Pico Boulevard  
Santa Monica, California

*Written requests for disability-related modifications or accommodations, including for auxiliary aids or services that are needed in order to participate in the Board meeting are to be directed to the Office of the Superintendent/President as soon in advance of the meeting as possible.*

***PUBLIC PARTICIPATION***  
***ADDRESSING THE BOARD OF TRUSTEES DURING A SPECIAL MEETING***

Members of the public may address the Board of Trustees by oral presentation **concerning an item on the Study Session agenda** provided the requirements and procedures herein set forth are observed:

1. Individuals wishing to speak to the Board at a Board of Trustees meeting during Public Comments or regarding item(s) on the agenda must complete an information card with name, address, name of organization (if applicable) and the topic or item on which comment is to be made.

Five minutes is allotted to each speaker per topic. If there are more than four speakers on any topic or item, the Board reserves the option of limiting the time for each speaker. A speaker's time may not be transferred to another speaker.

Each speaker is limited to one presentation per specific agenda item before the Board, and to one presentation per Board meeting on non-agenda items.

Exceptions: This time allotment does not apply to individuals who address the Board at the invitation or request of the Board or the Superintendent

2. Any person who disrupts, disturbs, or otherwise impedes the orderly conduct of any meeting of the Board of Trustees by uttering loud, threatening, or abusive language or engaging in disorderly conduct shall, at the discretion of the presiding officer or majority of the Board, be requested to be orderly and silent and/or removed from the meeting.

No action may be taken on items of business not appearing on the agenda

*Reference: Board Policy Section 1570  
Education Code Section 72121.5  
Government Code Sections 54954.2, 54954.3, 54957.9*

## ***A G E N D A***

The Santa Monica Community College District Board of Trustees will hold a Study Session on Tuesday, May 16, 2017 at 5:30 p.m. in Santa Monica College Board Room (Business Building Room 117), 1900 Pico Boulevard, Santa Monica, California.

I. ***ORGANIZATIONAL FUNCTIONS***

A CALL TO ORDER

B ROLL CALL

Dr. Andrew Walzer, Chair  
Barry Snell, Vice-Chair  
Dr. Susan Aminoff  
Dr. Nancy Greenstein  
Dr. Louise Jaffe  
Dr. Margaret Quiñones-Perez  
Rob Rader  
Laura Zwicker, Student Trustee

II. ***PUBLIC COMMENTS***

III. ***MAJOR ITEMS OF BUSINESS***

1. Strategic Planning Report
2. Board of Trustees' Budget Objectives and Principles

IV. ***ADJOURNMENT***

The next regular meeting of the Santa Monica Community College District Board of Trustees will be held on **Tuesday, June 6, 2017** at 7 p.m. (5:30 p.m. if there is a closed session) in the Santa Monica College Board Room and Conference Center, Business Building Room 117, 1900 Pico Boulevard, Santa Monica, California.

<b>BOARD OF TRUSTEES</b>	<b>INFORMATION</b>
Santa Monica Community College District	May 16, 2017

**DISCUSSION ITEM 2**

**SUBJECT:** **BOARD OF TRUSTEES’ BUDGET OBJECTIVES AND PRINCIPLES**

**SUBMITTED BY:** Chair and Vice-Chair, Board of Trustees

**SUMMARY:** The Board of Trustees will review and discuss updating Budget Objectives and Principles adopted on June 7, 2016 to reflect current budget realities and projections. At its meeting on April 4, 2017, the Board agreed to maintain Principles A, D, E, F G. H J, and O. Further discussion will continue on Principles B, C, I, K, L, M, N and P.

**COMMENT:** Santa Monica College is currently experiencing the “perfect fiscal storm” of years of declining enrollment coupled with unsustainable expenditure growth. In 2009-2010, the College served 22,545.99 credit FTES while the projection for 2016-2017 is that the College will serve approximately 20,500 credit FTES. This represents a decline in credit FTES over the last seven years of **<9.1%>**. During that same period of time, expenditures have increased from \$132,288,713 in 2009-2010 to a projected \$178,780,450 in 2016-2017; a **35.1%** increase in expenditures. The College was able to mitigate these increases in expenditures by leveraging increases to the Non-resident Tuition rate and State Apportionment over that seven years period. However, the continued decline in enrollment coupled with the State’s directing the vast amount of new funding towards restricted programs rather than general apportionment has made it nearly impossible to manage the College’s budget. The “fixed Costs” for operating the District are currently increasing at a rate of approximately 4 percent per year.

Strategies to consider for reducing the District’s operating costs include:

- Using attrition to generate savings in personnel and benefit costs
- Leveraging the District’s other funds to relieve the general fund
- Reviewing all hires, purchases, and contracts

In the prior three fiscal years, the May Revision provided significant boosts in both one-time and on-going revenues. It does not look promising for this year as state general funds continue to trend below the Governor’s estimates. Additionally, there is uncertainty regarding the federal policies and the effect on California’s general fund revenues.

The 2017-18 budget year is pivotal; after years of increasing revenues, the District will be faced with decreasing revenues and increasing expenses. The District will be tasked to adjust expenditures accordingly while still providing sufficient programs and services to ensure student success and retaining Santa Monica College’s position as one of the premier community colleges in the state.

Santa Monica Community College District  
**Board of Trustees 2015-2016**  
**Budget Objectives and Principles**  
Adopted June 7, 2016

OBJECTIVES

1. Develop a budget plan that brings available ongoing revenues and expenditures into balance effective with the adoption budget for 2016-2017
2. Protect the College's ongoing operation by maintaining a fund balance for the District of 7.5% or more going forward from 2016-2017.

The following budget principles have been developed in response to the changing environment, including enrollment trends and funding formulas.

PRINCIPLES

- A. The College is committed to student access and success and service to the community.
- B. Ensure that enrollment targets are consistent with the state-funded FTES cap, and, to the degree that they are the basis for revenue projections, can realistically be achieved within the fiscal limitations of the College.
- C. Maintain course offerings that are responsive to student needs and consistent with the State priorities of student success, transfer, career technical, and basic skills education.
- D. Programs will not be eliminated or reduced without careful review of program viability.
- E. Establish and maintain an acceptable cost effective level of learning resources and student support services based on comparative performance data as determined by the College.
- F. Develop and implement a variety of expenditure reduction strategies.
- G. Expedite changes that may produce lower costs over time such as energy saving retrofits, alternative energy sources, reduction or consolidation of facility usage, etc.
- H. Use staff attrition and/or existing vacancies as one means of reaching budget targets, where possible, or as an opportunity for reorganization to increase efficiency.
- I. Seek to spread cost reductions strategically.
- J. Budget planning should attempt to avoid future layoffs of permanent employees. If necessary, the District may seek salary freezes, furloughs, salary reductions, and other temporary or ongoing adjustments.
- K. Continue to seek external sources of funding, such as grants, to support the College's core missions, but avoid those with matching, management, or reporting requirements that demand significant college resources.

- L. Develop a budget process that manages the growth of expenditures based on: analysis of program need (rather than historical allocations); realistic expectations of revenues; updated financial information; and performance measurements.
- M. Review ongoing and future planning initiatives in terms of their long term advantages to the College in meeting public demand for classes and services, improving student success outcomes, or to provide new revenues. Modify, defer, or abandon as appropriate those for which the costs outweigh their potential for furthering the College's core missions and goals.
- N. Make effective use of the College's established planning structures and processes to recommend specific actions to reach the stated objectives, following the principles listed above. The College President shall clarify how these recommendations will be evaluated and the timelines necessary to arrive at a set of final recommendations for any particular budget cycle.
- O. Develop strategies to address employee health and benefit increases as well as future retiree health and pension liabilities.
- P. Encourage the generation of revenue through entrepreneurial and asset management activity.