



SANTA MONICA COLLEGE

Presentation of the 2025 - 2026 Proposed Adopted Budget

Board of Trustees

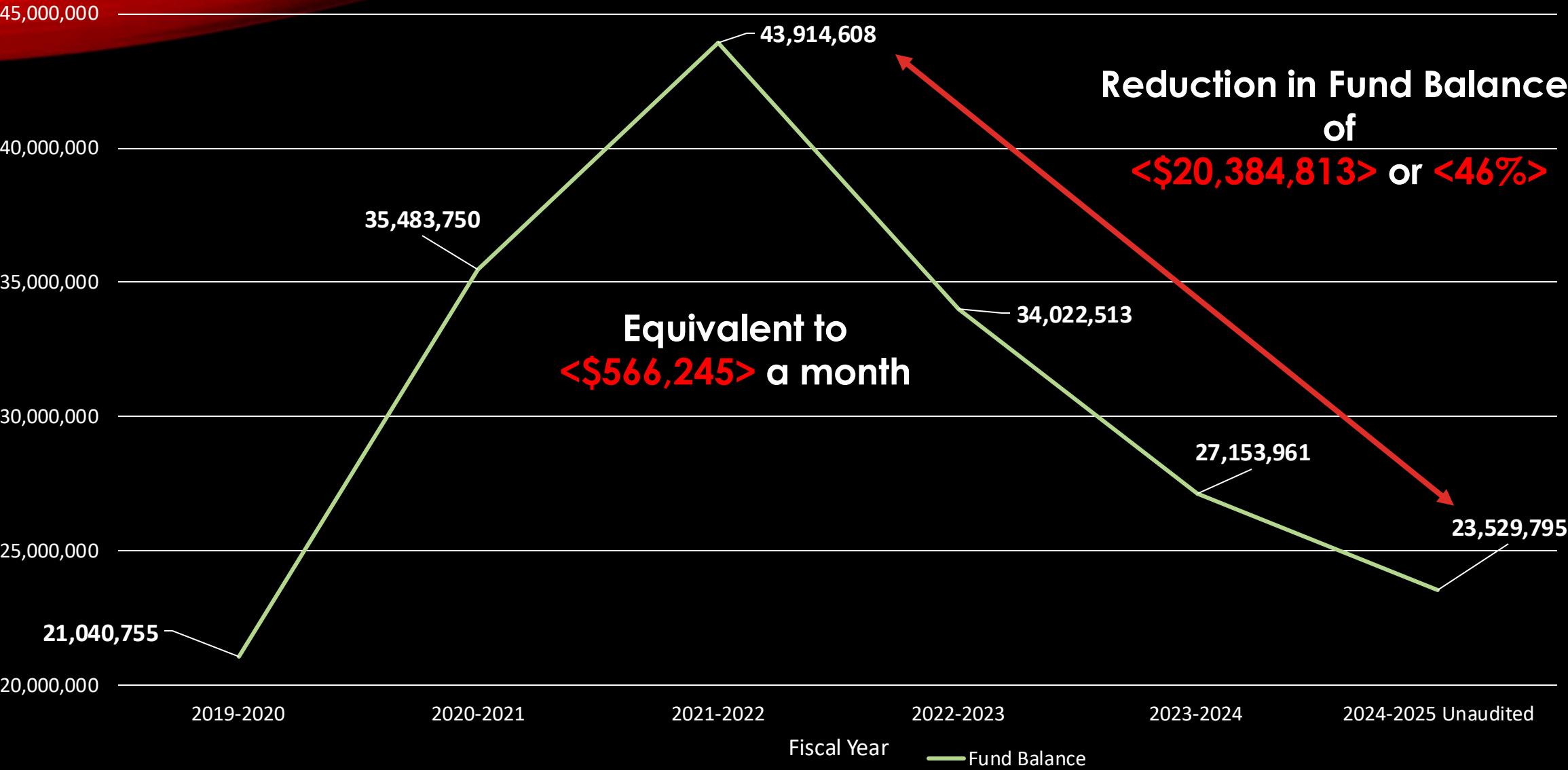
September 9, 2025

2024 - 2025 RECAP SUMMARY OF CHANGES FROM ADOPTED TO FINAL

	<u>2024-2025 Adopted</u>	<u>2024-2025</u> <u>Unaudited Final</u>	<u>Major Change</u>	<u>Change Amount</u>
Beginning FB	\$ 27,153,961	\$ 27,153,961	No Change	\$ -
Apportionment	\$ 168,740,327	\$ 168,740,327	No Change	\$ -
Non-Apportionment	\$ 26,995,665	\$ 27,070,498	Minor net effect – 0.28%	\$ 74,833
STRS On-behalf Payment	\$ 6,455,833	\$ 6,309,820	Accounting entry only – No budget effect	\$ (146,013)
Non-Resident Tuition	\$ 30,851,889	\$ 28,293,450	AB: 3.16%; Fl: <3.23%>	\$ (2,558,439)
Total Revenue	\$ 233,043,714	\$ 230,414,095	(1.1%) Difference	\$ (2,629,619)
Salary and Benefits	\$ 207,899,145	\$ 207,735,722	Minor net effect – 0.08%	\$ (163,423)
STRS On-behalf Payment	\$ 6,455,833	\$ 6,309,820	Accounting entry only – No budget effect	\$ (146,013)
Supplies/Other Operating/Transfers	\$ 20,280,190	\$ 19,992,719	Savings in contracted services net utilities	\$ (287,471)
Total Expenditure	\$ 234,635,168	\$ 234,038,261	(0.25%) Difference	\$ (596,907)
Surplus/Deficit	\$ (1,591,454)	\$ (3,624,166)		\$ (2,032,712)
Ending Fund Balance	\$ 25,562,507	\$ 23,529,795		\$ (2,032,712)
	10.89%	10.05%		<0.84%>

Fund Balance

2019-2020 Through 2024-2025 Unaudited



SYSTEMWIDE BUDGET

REMINDER: CCCCO HAS NOT MADE
DISTRICT LEVEL CALCULATIONS
FOR 21 PROGRAMS

2025-2026 State Adopted Budget

- Feast or famine...
 - May 2022 State reported a \$97.5 billion surplus
 - June 2023 State reported a <\$31.5> billion deficit
 - June 2024 State reported a <\$44.9> billion deficit
 - June 2025 State reported a <\$12.0> billion deficit
 - 2025-26 Main causes:
 - Federal tariffs
 - Stock Market volatility
 - Significant increased State costs, particularly Medi-Cal
 - Does not include any assumption of federal reductions
- State solution: Program reductions/caps (Medi-Cal), funding shift, borrowing, use of reserves and funding delays (*deferrals*)
 - Community Colleges subjected to \$408.4 million in deferrals
 - \$300 million June 26 to July 26 and \$108.4 million May 26 to July 26
 - 4% - 10% for SMC depending on CCCCO implementation

Prop 98

- State Budget projections:
 - 2023-24 = \$98.5 Billion
 - 2024-25 = \$118.1 Billion
 - 2025-26 = \$114.6 Billion
- State Budget underfunds 2024-25 Prop 98 by \$1.9 billion to avoid over appropriation – Maintenance Factor
- Reserves: \$15.7 billion (*approx. \$12.2 billion withdraw in 24-25 and 25-26*)
 - \$11.2 billion - Budget Stabilization Account
 - \$4.5 billion - Special Fund for Economic Uncertainties
 - Prop 98 Rainy Day Fund is exhausted (*\$8.4 billion withdraw in 2023-24*)

Apportionment

- Revised Hold Harmless Provision
 - Starting in 2025-26 Districts will receive either funding under the SCFF or the amount of funding received in 2024-25.... Whichever is greater
 - Hold Harmless **Districts will no longer receive COLA!!!**
 - 51 Districts are in Stabilization or Hold Harmless in 25-26
 - 18 Hold Harmless
 - 33 Stabilization
 - Assuming 3% Credit Resident FTES growth and COLA's of 3.02% in 2026-27 and 3.42% in 2027-28 the District will fully emerge from Hold Harmless in 2027-28

Apportionment

- Major Ongoing changes include:
 - COLA for SCFF of 2.30%
 - 2025-26 Hold Harmless Ends – No COLA for SMC
 - Enrollment growth of 2.35%
 - SMC not eligible for Growth
 - COLA for Adult Ed, Apprenticeships, EOPS, CARE, MCBG, DSPS and CalWORKS of 2.30%
 - Rising Scholars Network increase of \$10m to \$35m systemwide
 - Credit for Prior Learning program established with \$5m systemwide

Apportionment

- Major One-time changes include:
 - Student Support Block Grant of \$60 million systemwide.
 - Per Budget Act can be used for Basic needs, financial aid advising, mental health services, legal services and job placement services
 - \$25m systemwide to implement a Career Passport program
 - \$20m systemwide for Emergency Financial Aid assistance
 - \$15m systemwide to support Dreamer Resource Liaisons
 - \$15m systemwide Credit for Prior Learning
 - \$12m systemwide for Common Cloud Data Platform
 - \$10m systemwide for Ca Healthy School Food Pathways
 - \$10m systemwide for First Responder Academies
 - \$5.1m systemwide for Financial Aid Outreach
 - \$5m Los Angeles Workforce Recovery – SMC \$1.4m

2025-2026 PROPOSED ADOPTED

2025-2026 MAJOR ASSUMPTIONS

LINKING PLANNING TO BUDGETING

- District Planning and Advisory Council (DPAC)
 - Primary planning body
- Two new Annual Action Plan Recommendations
- Cost: \$23,000

Develop a Climate Action Plan

Budget: \$13,000

Purpose/Goal of Action Plan:

The Climate Action Plan shall establish a framework for achieving the climate and sustainability goals that the college and Chancellor's office have committed to, and that state and local laws require. The plan will also help the District to reduce costs, improve building occupant comfort, reduce liabilities, decrease equity gaps, address student's basic needs, provide environmental literacy, and drive enrollment. Flexibility within the plan will allow departments to choose the pace and actions they will take to meet goals and laws, and will provide for unforeseen changes, while maintaining integrity of the proposal's vision and goals. The plan will include the need for an Integrated Energy Master Plan and staff to achieve goals.

Campus Safety - Conduct a comprehensive college-wide safety audit to create a strong campus safety culture. An audit will include: Conducting a safety training survey; Identifying a new emergency communication system; Developing a college-wide safety plan to include organizational structure, tabletop exercises, and trainings

Budget: \$10,000 Unrestricted General Fund and \$25,000 Capital Outlay Fund

Purpose/Goal of Action Plan:

The audit is essential for enhancing campus safety and will foster a proactive safety culture which include key initiatives on target safety target training, improved emergency communications, clear safety framework, tabletop exercises, continuous training, safety culture and data driven improvement.

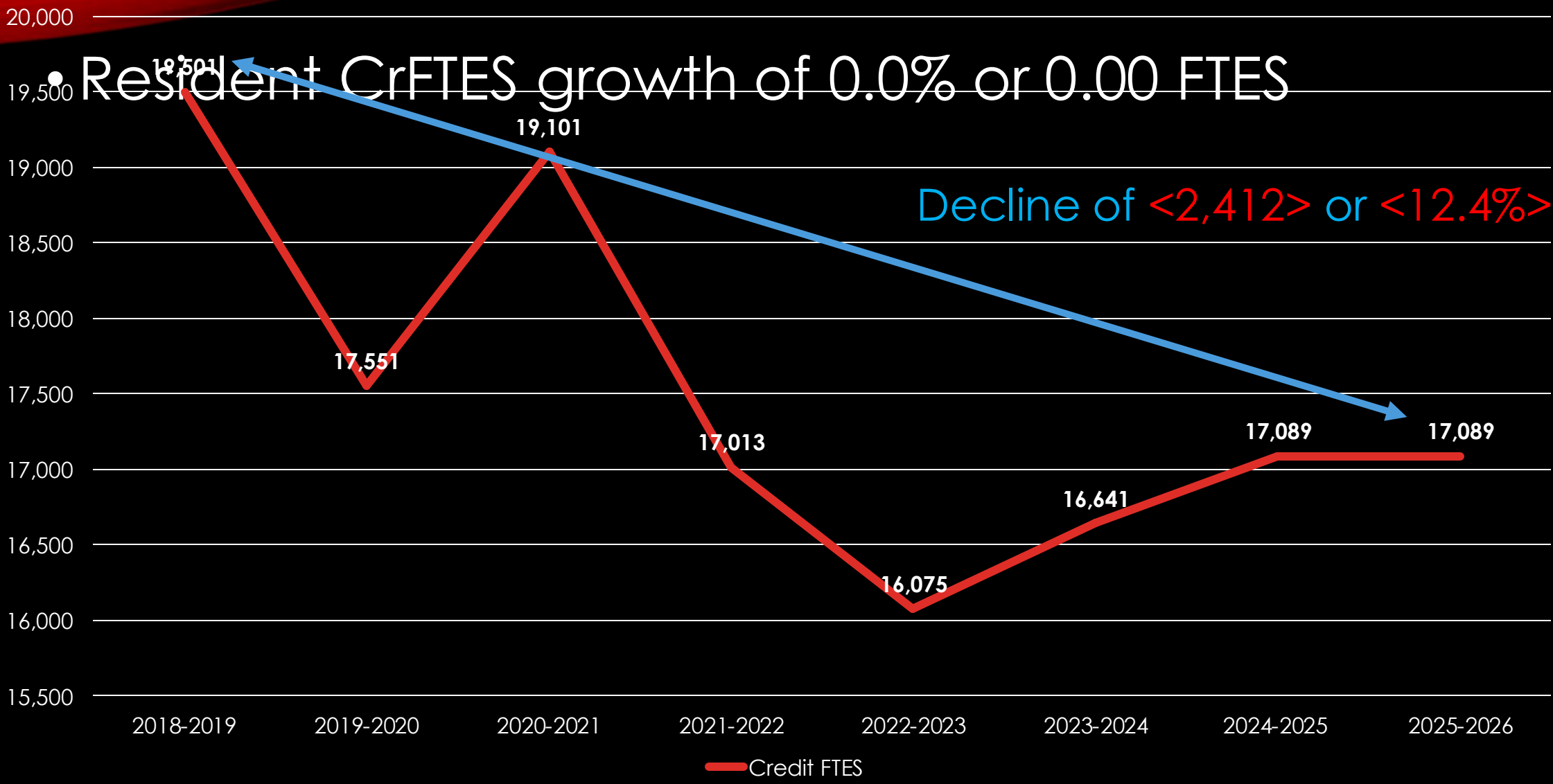
Additional information regarding the District Planning and Advisory Council and the Annual Action Plans for 2025-2026 can be found at:

<https://admin.smc.edu/administration/governance/district-planning-policies/dpac-members-reports.php>

MAJOR ASSUMPTIONS

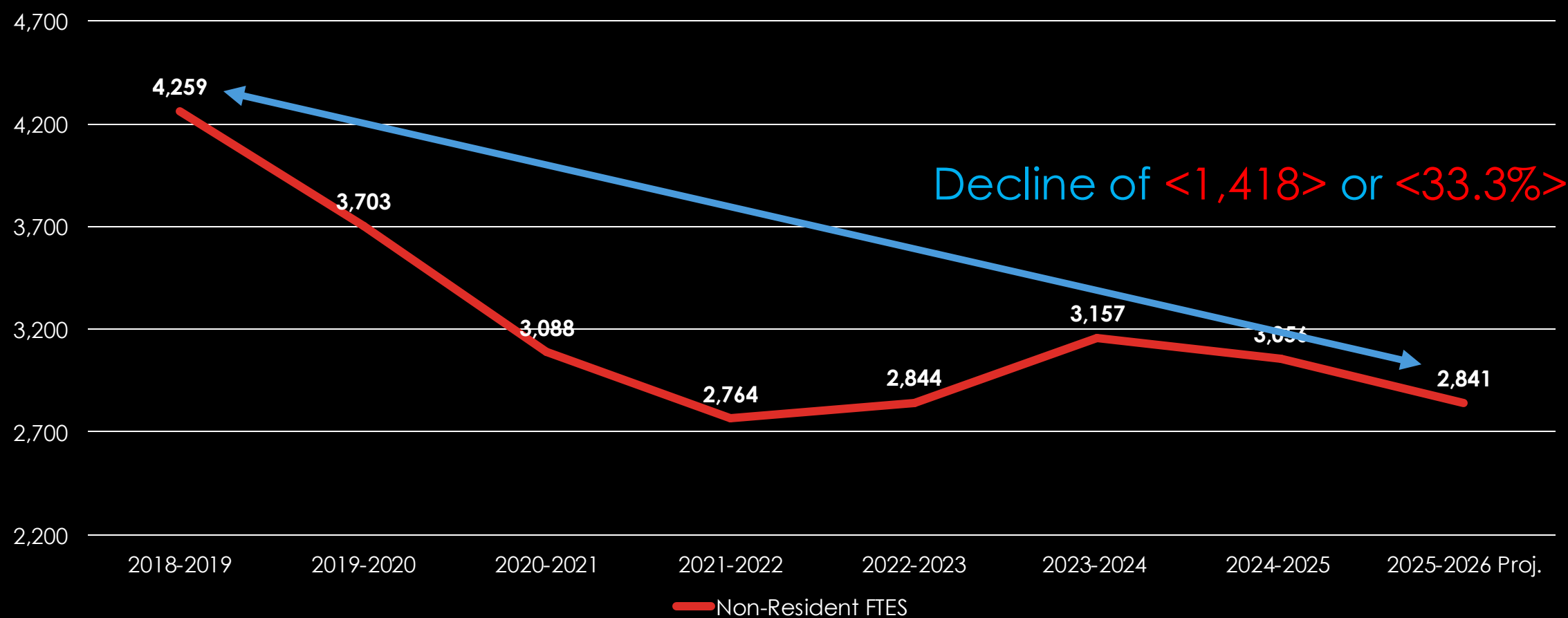
- Apportionment
 - District will not reach SCFF funding for 25-26 and will receive neither COLA or Growth.
 - State Budget COLA: 2.3%
 - State Budget Growth 2.35%
 - Deficit Factor: 0.0% (*State Deficit Factor is 0.1799%*)

Resident Credit FTES



Non-Resident FTES

• Non-resident FTES: **<7.03%>** or **<214.9>** FTES



- NR Tuition revenue decrease of ~\$311,666 from PY
 - 2018-2019 = \$33,029,528
 - 2019-2020 = \$28,384,549
 - 2020-2021 = \$23,987,221
 - 2021-2022 = \$21,657,241
 - 2022-2023 = \$22,922,455
 - 2023-2024 = \$25,304,446
 - 2024-2025 = \$28,293,450
 - 2025-2026 = \$27,981,784 projected
 - 2025-26 reflects <7.03%> decrease in FTES and 6.42% increase in fees

Since 2018-2019, total Credit/NR FTES served is projected to have declined by ~<16.1%> or <3,830> FTES

• Part-time Faculty Office Hour Reimbursement

- Reimburses Districts a portion of what is spent on adjunct office hours
- Reimbursement is prorated to available funding
- In 2021-2022 State provided \$90m in one-time augmentation to encourage participation in the program
- In 2023-2024:
 - 23-24 Total Program funding in 23-24 was \$104.99 million (*Incl. One-time*)
 - Total claims in 23-24 were \$34.1 million
 - 23-24 District Claimed \$4,469,188 and received \$2,234,594 (50%)
- To further encourage participation in 2024-25 the reimbursement cap increased from 50% to 90% of incurred cost
- In 2024-2025:
 - Total 2024-25 program funding was \$70.8m
 - Total Claims are trending to be \$73.9m
 - Will return to \$23.6 million in 2025-26

- Fee Based Instruction Program – *Novel Prep and new program Edvance*
 - Structured program offering oversees students an online pathway to transfer to premier US Universities
 - Sections are in addition to normal section allocation
 - 2025-2026 projected gross revenue is \$1,976,866 and projected net revenue is \$1,203,290
 - 2024-2025 was gross revenue of \$1,885,441 and net revenue of \$950,634
 - Special appreciation to VP's Rodriguez and Beardsley, and Department Chairs

- Recovery Block Grant Student Fee Project
 - Student Fee Project uses **one-time** Recovery Block Grant funding to pay owed student fees for 2024-2025 eliminating hurdles to enrollment.
 - Total amount of fees to be paid by the **one-time** Recovery Block Grant is \$896,324
- Assumes reimbursement of custodial and maintenance costs from KCRW
 - Article 3.2.7 of agreement states "SMC and Foundation anticipate that Foundation shall reimburse SMC for certain utility, custodial and maintenance costs for the KCRW Building as determined by SMC."
 - Past years owed is \$992,473 and 2025-2026 is \$202,410
- All other revenue represents changes in FTES or usage

- Salaries: Step, column, longevity and negotiated adjustments
- Health and Welfare
 - Current employees: 9.00%
 - Retirees: 6.29%
- Utilities: Adjusted for 4.74% price inflation and increased usage
 - Full year of Math and Science included
- Insurance: 24.09%
 - Total increase of \$475,897
 - \$300,000 of the increase is for AB 218 claims funding
- 2024-2025 was last year of SRP Payments: \$1,339,524
- Implementation of Budget Actions

Budget Actions To Date

	Budget Actions	Savings Included in Adopted
1	5% Reduction in Class Schedule	1,991,113
2	5% Reduction in Counseling Schedule	206,961
3	Attrition/Consolidation	2,786,906
4	Funding Shifts	1,848,206
5	Discretionary Budget Reduction	620,200
6	Foundation Reimbursements	1,194,883 (202,410 ongoing)
7	Total Actions	8,648,269

CHANGES IN REVENUE

Projected Changes in Revenue

2024-2025 Unaudited to 2025-2026 Proposed Adopted Budget

2024-2025 Unaudited Revenue	\$230,414,095
Other Local Revenue – <i>KCRW Reimbursement</i>	1,195,141
CalSTRS On-behalf	495,371
Fee Based Instruction Program – <i>Novel Prep and Edvance</i>	91,425
Lottery	<182,913>
Non-Resident Tuition/ESL	<311,666>
Interest – <i>Reduced Fund Balance</i>	<491,040>
Other State Revenue – <i>PTOH Reimbursement Rate 90% to 32%</i>	<2,802,100>
Recovery Block Grant Student Fee Project Net	<3,393,130>
Other	<46,321>
Proposed Adopted Budget Projection:	\$224,968,862
Total Decrease in Revenue is <\$5,445,233> or <2.36%>	

CHANGES IN EXPENDITURE

Projected Changes in Expenditure
2024-2025 Unaudited to 2025-2026 Proposed Adopted Budget

2024-2025 Unaudited Expenditure	\$234,038,261
Health and Welfare – Current and Retirees	2,335,002
Step, Column and Longevity	1,583,310
Insurance and Utilities	1,369,727
Vacancy List	562,966
CalSTRS On-behalf	495,371
Supplies and Contracts	<368,893>
Hourly Instruction and Non-Instruction	<611,808>
End of Supplemental Retirement Plan Payments	<1,309,407>
Full Year Effect of Hiring and Terminations	<3,145,877>
Other	106,199
Proposed Adopted Budget Projection:	\$235,054,851
Total Increase in Expenditure is \$1,016,590 or 0.43%	

CHANGES IN FUND BALANCE

Projected Changes in Fund Balance

	Unaudited 2024-2025	Proposed 2025-2026
Beg. Fund Balance:	27,153,961	23,529,795
Ongoing Revenue:	223,392,079	223,080,065
Ongoing Expenditure:	232,988,295	234,619,530
Operating/Structural Surplus/Deficit:	<9,596,216>	<11,539,465>
One-time Items:	5,972,050	1,453,476
Surplus/Deficit w/ One-time Items:	<3,624,166>	<10,085,989>
Ending Fund Balance:	23,529,795	13,443,806
FB to Total Expenditure and Transfer:	10.05%	5.72%



MULTI YEAR LOOK

FUND BALANCE

	Proposed 2025-2026	Projected 2026-2027	2026-2027 Reduction Needed
Beg. Fund Balance:	23,529,795	13,443,806	13,443,806
Revenue:	224,968,862	224,699,497	224,699,497
Expenditure:	235,054,851	239,544,755	239,544,755
Surplus/Deficit w/ One- time Items:	<10,085,989>	<14,845,258>	<14,845,258>
Deficit Reduction:	-	-	14,845,258
Ending Fund Balance:	13,443,806	<1,401,452>	13,443,806
FB to Total Expenditure and Transfer:	5.72%	<0.59%>	5.61%

Key Take Aways

- District needs to make substantial reductions to ensure a balanced budget in the coming year.

The Budget Team with Special Appreciation to Veronica
Diaz

Kim Tran, Irma Haro, Ann Le and the Fiscal Services
Team

Charlie Yen, John Greenlee and the Facilities Team

Mitchell Heskel, David Dever and the Educational
Enterprise Team

Budget Committee