

# Santa Monica College

A photograph of the Santa Monica College building at dusk. The building is a modern, multi-story structure with a prominent glass facade and a colorful, vertical-slatted exterior. The interior lights are on, and the building is illuminated from within. In the foreground, there is a paved road with white and yellow markings. To the left, a sign reads "SANTA MONICA COLLEGE" in illuminated letters. To the right, there are three flagpoles with flags flying. The sky is a deep blue, and the overall scene is well-lit by streetlights and building lights.

SANTA MONICA COLLEGE

BOARD OF TRUSTEES  
THIRD QUARTER BUDGET UPDATE  
MAY 5, 2026

# Things WILL Change

## May Revise

- DOF May Finance Bulletin
  - State revenues projected to be as high as \$15 billion above forecast
- Prop 98 \$5.6 billion not recognized in Governors January proposal

## Governor verse Legislature

- Legislature releases its own proposals
- Senate proposes fully funding \$5.6 billion governor ignored

## Actions of the Federal Government on State finances

## District budget actions and updated projections



# Overview

- Recalculation of 2024-2025
- Third Quarter Budget Update



# Recalculation of 2024-2025



# What is a Recalculation?

- January 2024: Governor proposes next years budget
- May 2024: Governor revises January proposal
- June/July 2024: State passes State budget
- August 2024: CCCCO projects District funding (Advanced)
- February/March 2025: Period 1 update (P1)
- June 2025: Period 2 update (P2)
- February/March 2026: State finalizes funding allocations and makes funding adjustments (Recalculation)



# Apportionment Recalculation Adjustments

- 2017-2018: < \$13,026 >
- 2018-2019: \$50,655
- 2019-2020: \$708,695
- 2020-2021: \$1,280,923
- 2021-2022: \$480,299
- 2022-2023: \$1,668,898
- 2023-2024: \$2
- 2024-2025: < \$2 >



2025-2026  
Third Quarter  
Budget Update



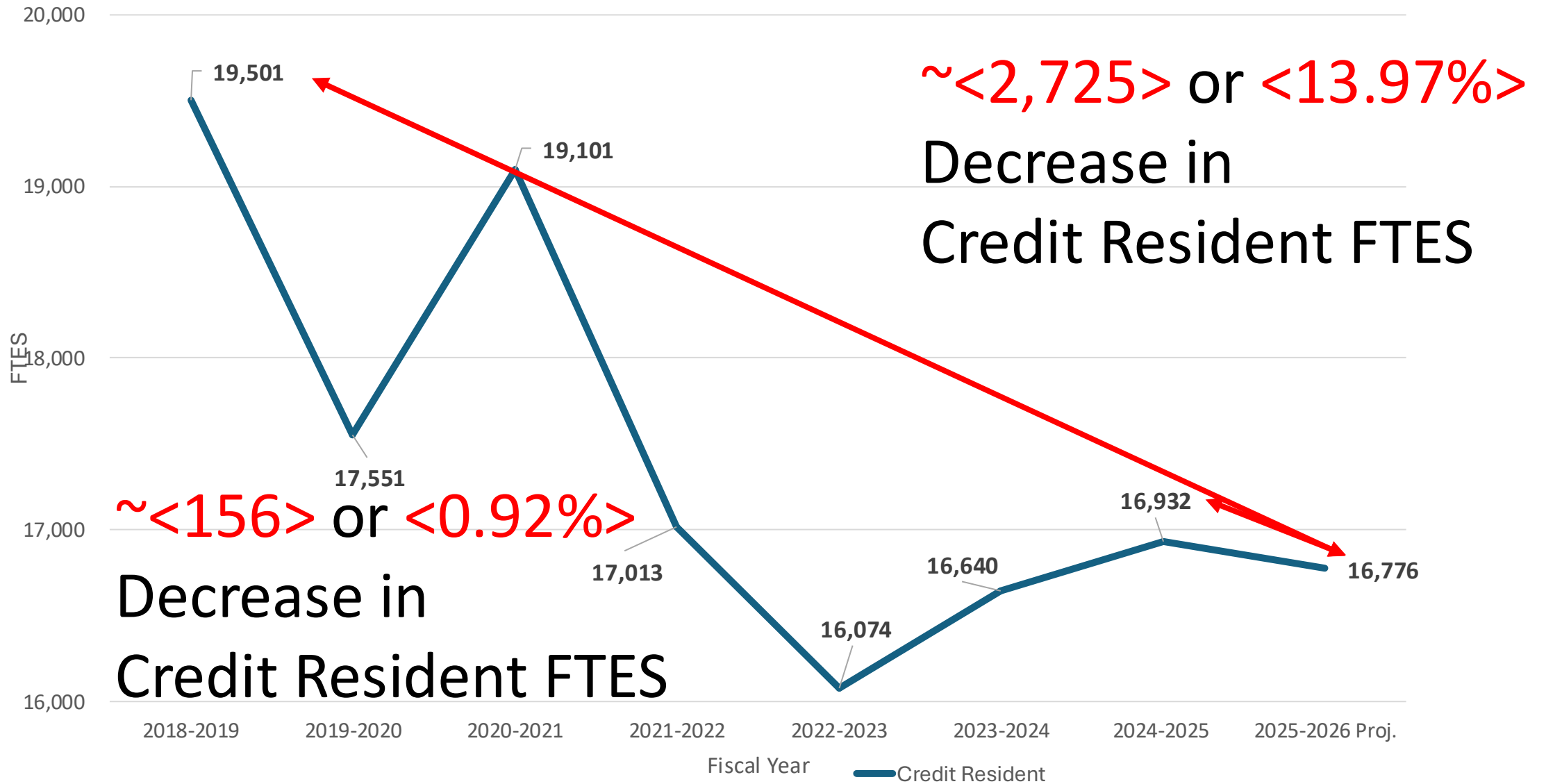
# Resident FTES Assumption Update

- Resident Credit FTES Projections
  - Adopted Budget: Credit Res. FTES: 0.0% or 0 FTES
  - Q2 Projected Credit Res. FTES: ~ <4.69%> or <794.31> FTES
  - Q3 Projected Credit Res. FTES: ~ <0.92%> or <155.43> FTES
  - 2025-2026 Total Projected Credit Res. FTES = ~16,776.07



# Credit Resident FTES

## 2018-2019 Through 2025-2026 Projected

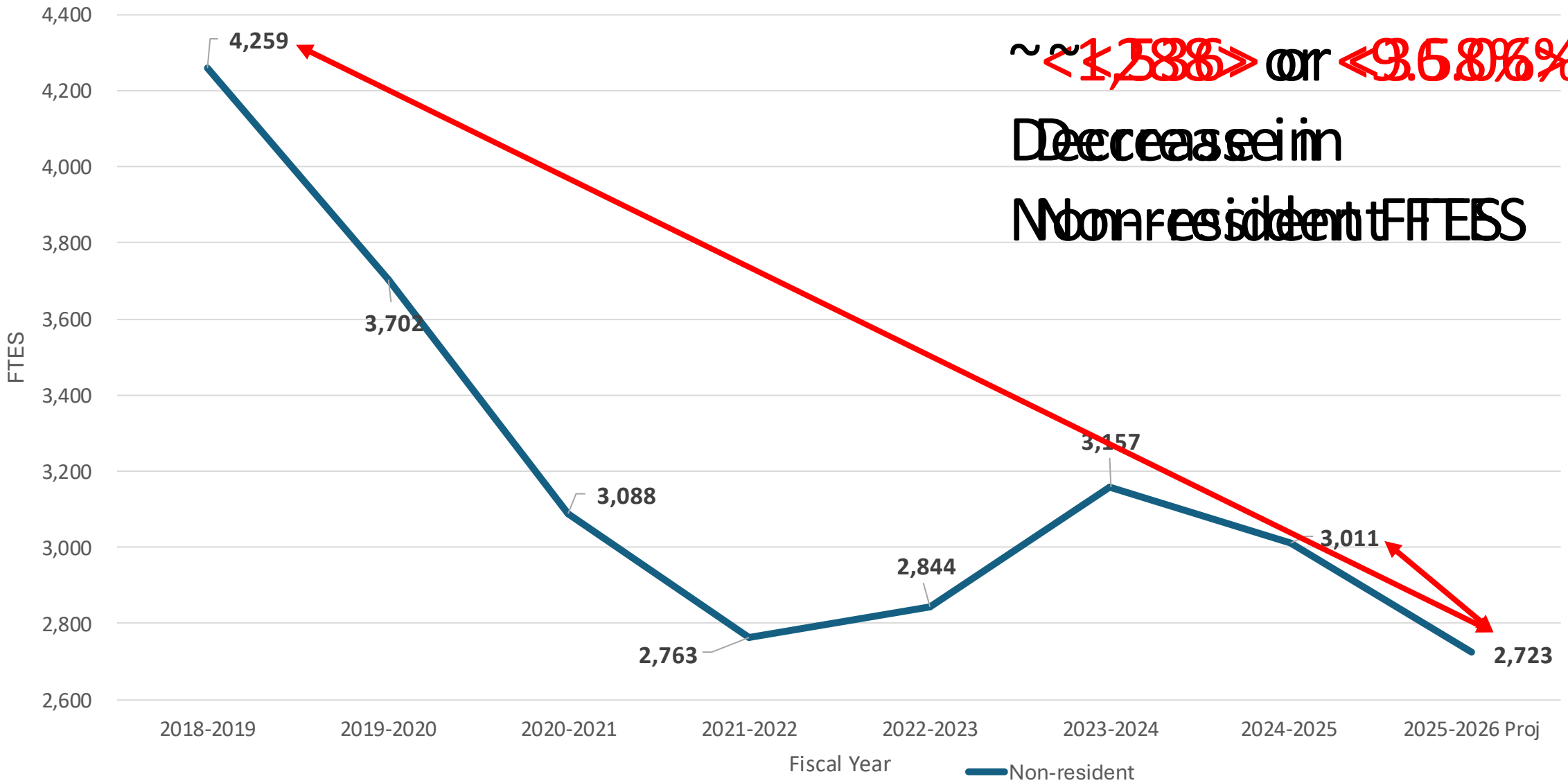


# Non-Resident FTES Update

- Adopted Budget Non-Res. FTES: ~<7.03%> or <214.92> FTES
- Q2 Non-Resident FTES Proj.: ~<9.91%> or <298.39> FTES
- Q3 Non-Resident FTES Proj.: ~<9.58%> or <288.44> FTES
- 2025-2026 Total Projected Non-resident FTES = 2,722.76



# Non-Resident FTES 2018-2019 Through 2025-2026 Projected



- Non-Resident Tuition revenue

- 2021-22 = \$21,657,241
- 2022-23 = \$22,922,455
- 2023-24 = \$25,304,446
- 2024-25 = \$28,293,450
- 2025-26 = \$27,693,658 projected
- *2025-26 reflects <9.58%> decrease in FTES and 6.42% increase in fees*



# Other Major Revenue Assumption Updates

- Revenue **2.32%** or **\$5,212,637** Above Adopted Budget
  - Majority of Increase Due To One-time Items/Actions
    - **One-time SMC Foundation Support**
    - **One-time Sweep of Auxiliary**
    - **One-time Wildfire Funding**
    - Total One-time Unrestricted General Fund: **\$5,701,643**
  - Strength in Fee Based Instruction: **\$251,536** Increase
  - Decreased Ongoing Revenue in Student Fees, Interest, Lottery and Non-resident Tuition of **<\$841,572>**



# Major Expenditure Assumption Updates

- Expenditures **0.74%** or **\$1,744,831** above Adopted Budget
  - Vacation Payout: **\$1,172,784** Increase
    - Increased number of retirements submitted for June 30, 2026
  - Included **\$1,000,000** for sections related to SMCF Donation
  - Supplies and Contracts: **\$570,781** Increase
    - Superintendent/President Search
    - Human Resources Legal
    - Support Services for Employees
    - Strategic Enrollment Management Academy



# Major Expenditure Assumption Updates

- Insurance and Utilities: **\$745,000** Decrease
  - Insurance = **\$400,000 one-time**
    - Schools Excess Liability Fund (SELF): 80's to mid-2000
    - Self insurance JPA with most K-14 Districts as members
    - AB 218 – Opened window of litigation against agencies
    - No claims against SMC but required to fund settlements of JPA
    - Budgeted ~\$400,000 for 25-26 funding. Recent actuarial resulted in no additional funding in 25-26. Will resume in 26-27



# Major Expenditure Assumption Updates

- Utilities = **\$345,000** Decrease
  - Utility User Tax Exemption Project – Ferris Kawar

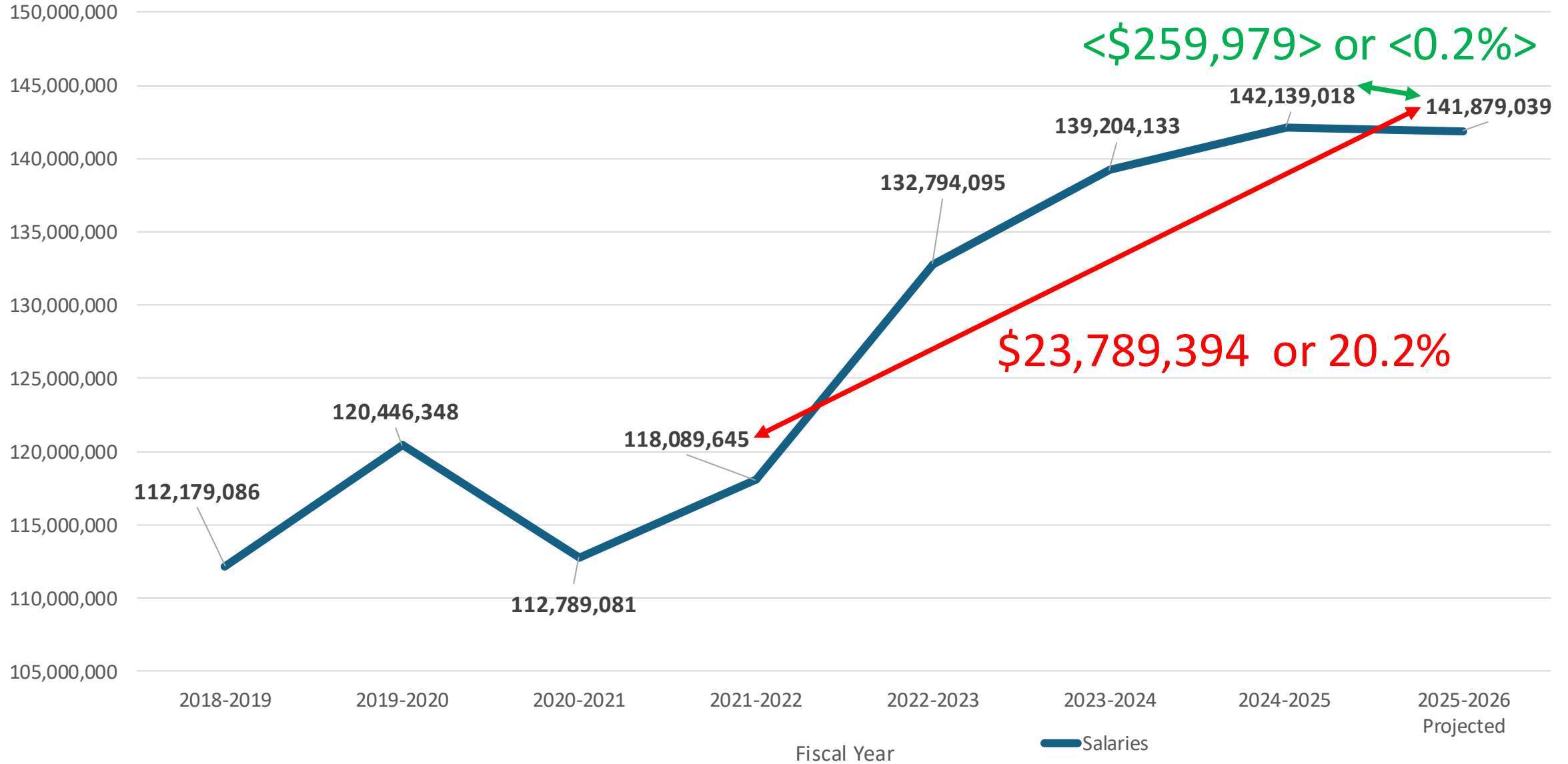
UTILITY	UUT AMOUNT
LADWP	\$62,881.73
So Cal Gas	\$30,458.64
Constellation	\$87.67
SCE	\$229,873.14
SM Water	\$4,084.08
Verizon	\$1,401.70
Spectrum	\$4,351.56
Frontier	<u>\$28,529.71</u>
Total	\$361,668.73

- Banking of Winter Hours: **\$466,801** deferred



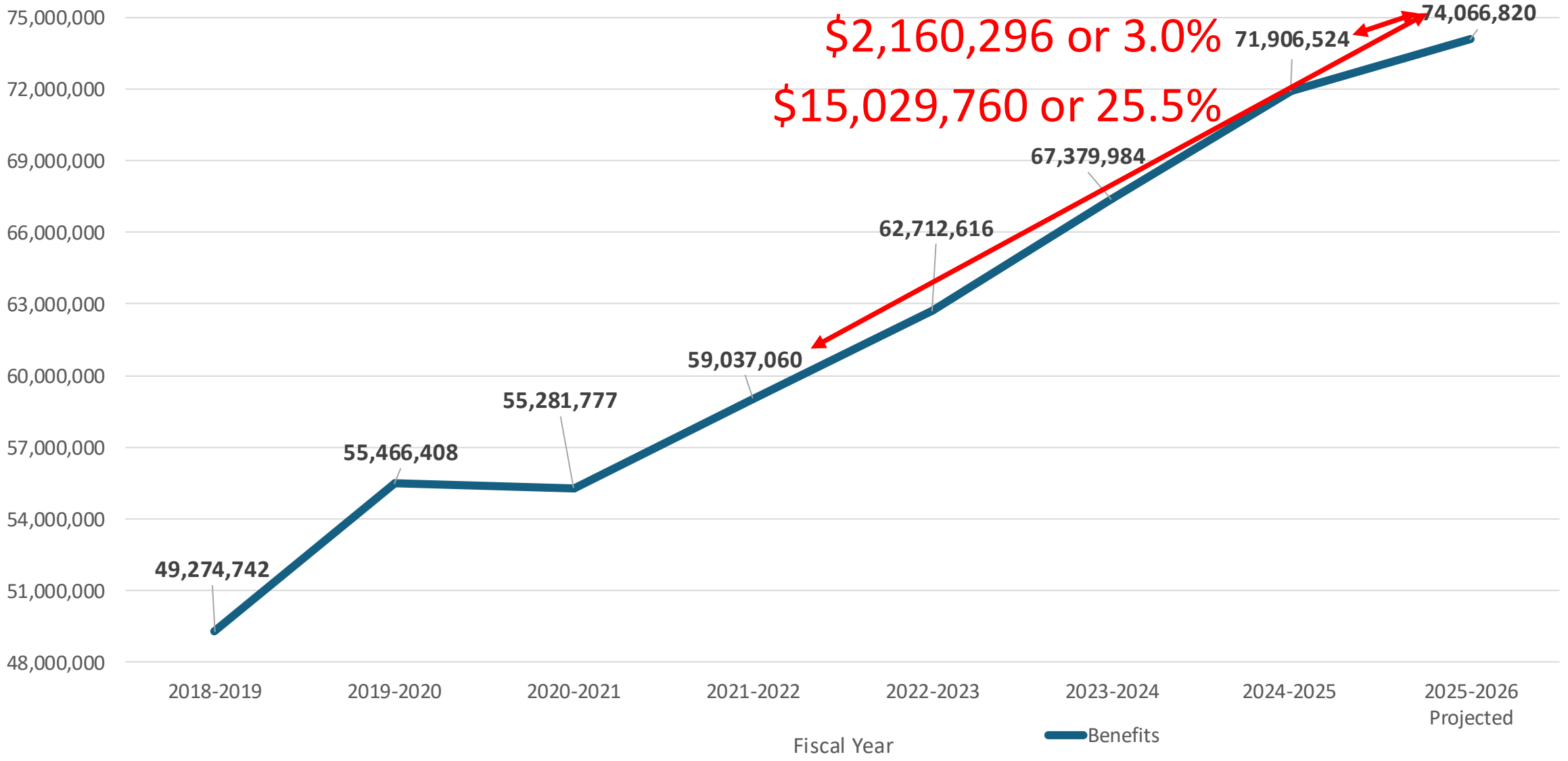
# Salaries

## 2018-2019 Through 2025-2026 Projected



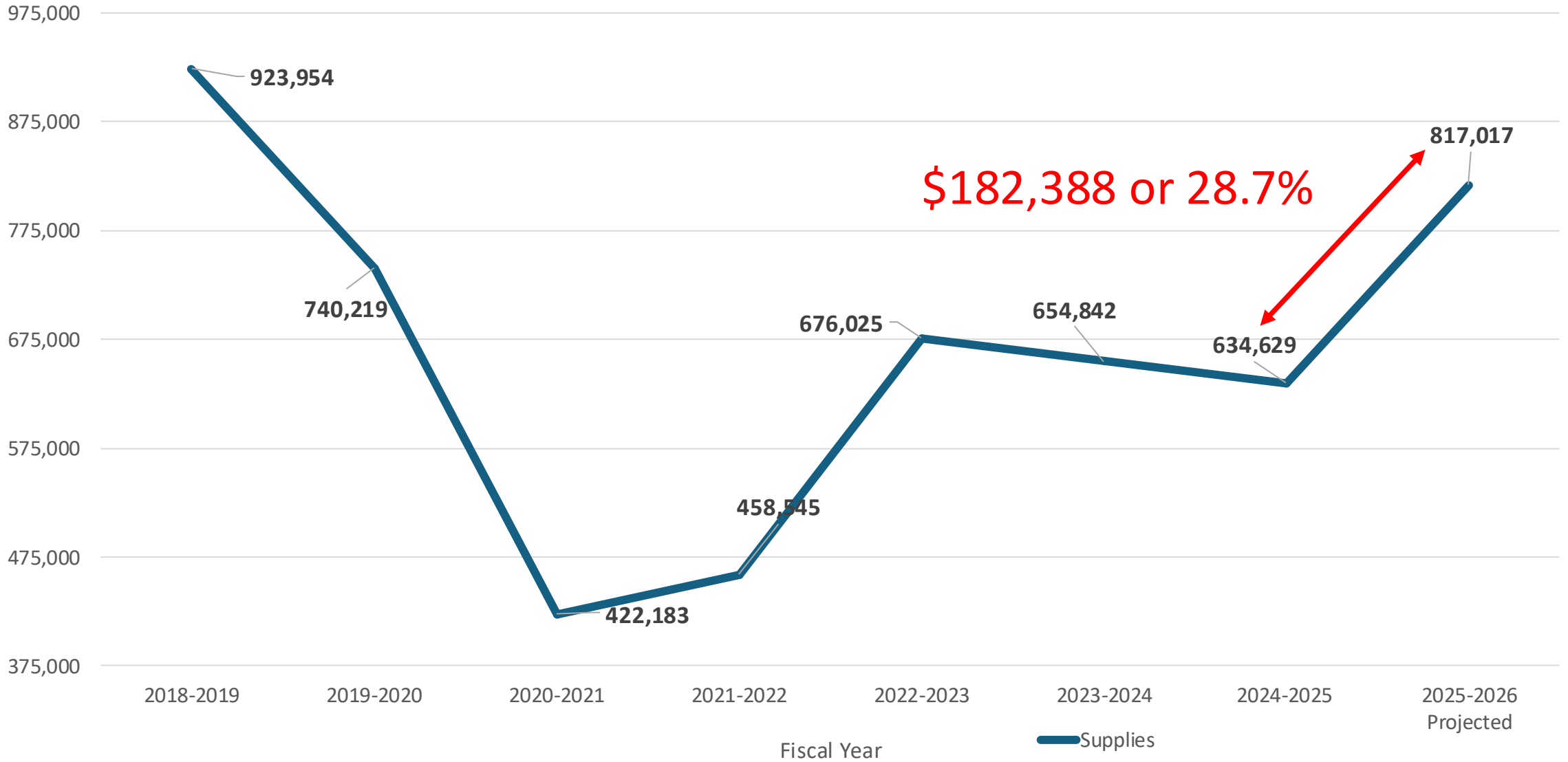
# Benefits

## 2018-2019 Through 2025-2026 Projected

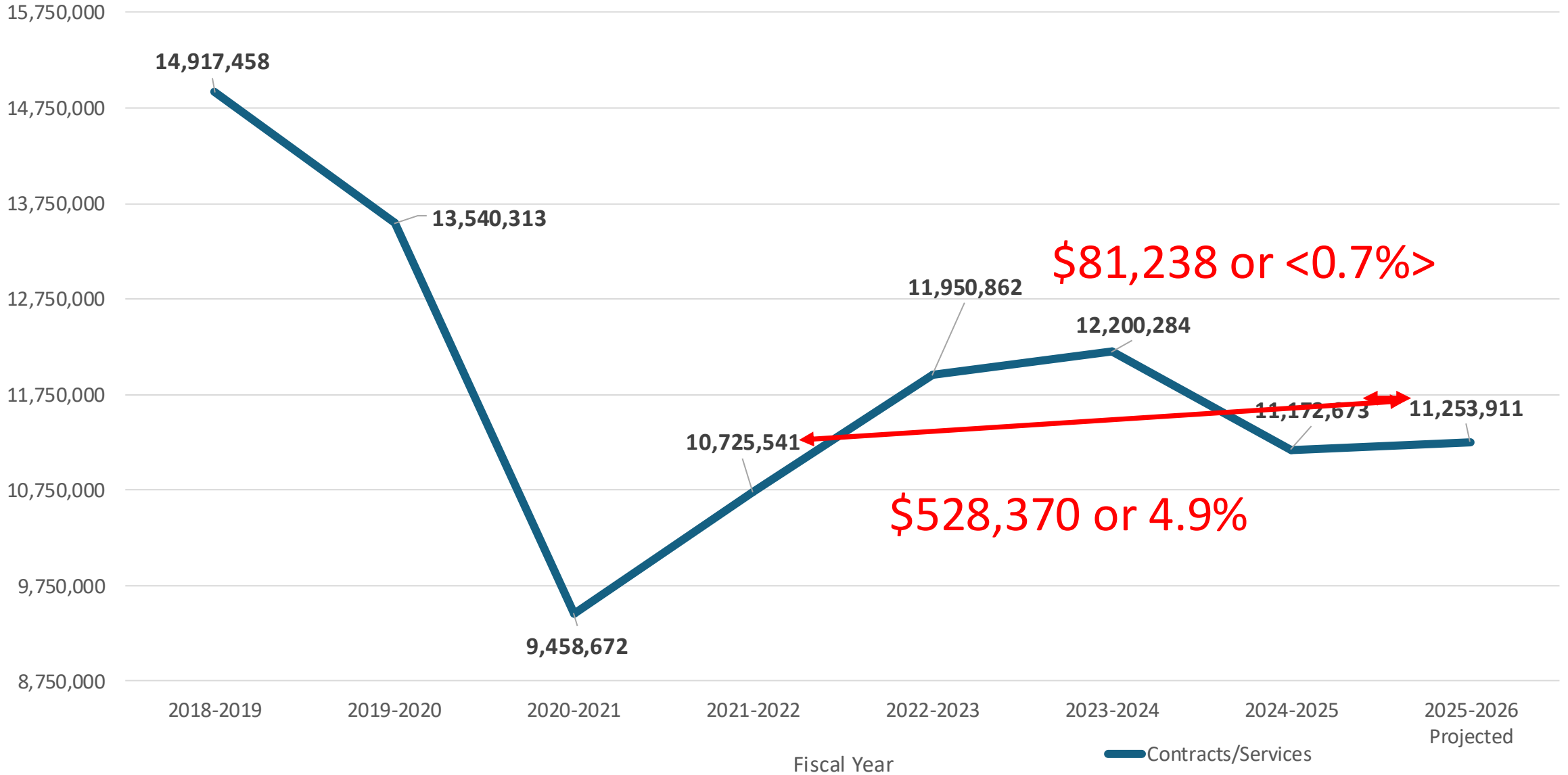


# Supplies

## 2018-2019 Through 2025-2026 Projected

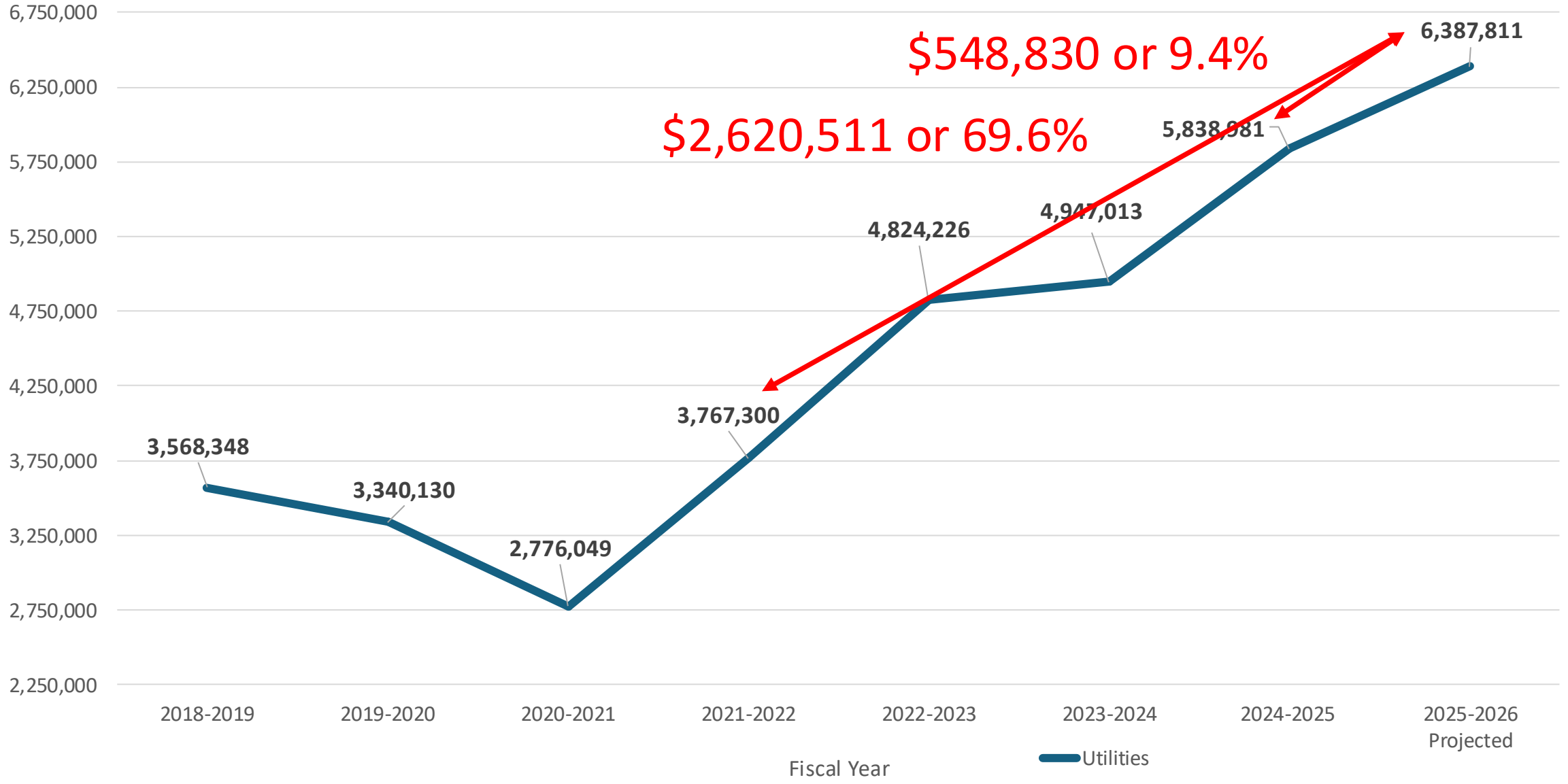


# Contracts/Services 2018-2019 Through 2025-2026 Projected



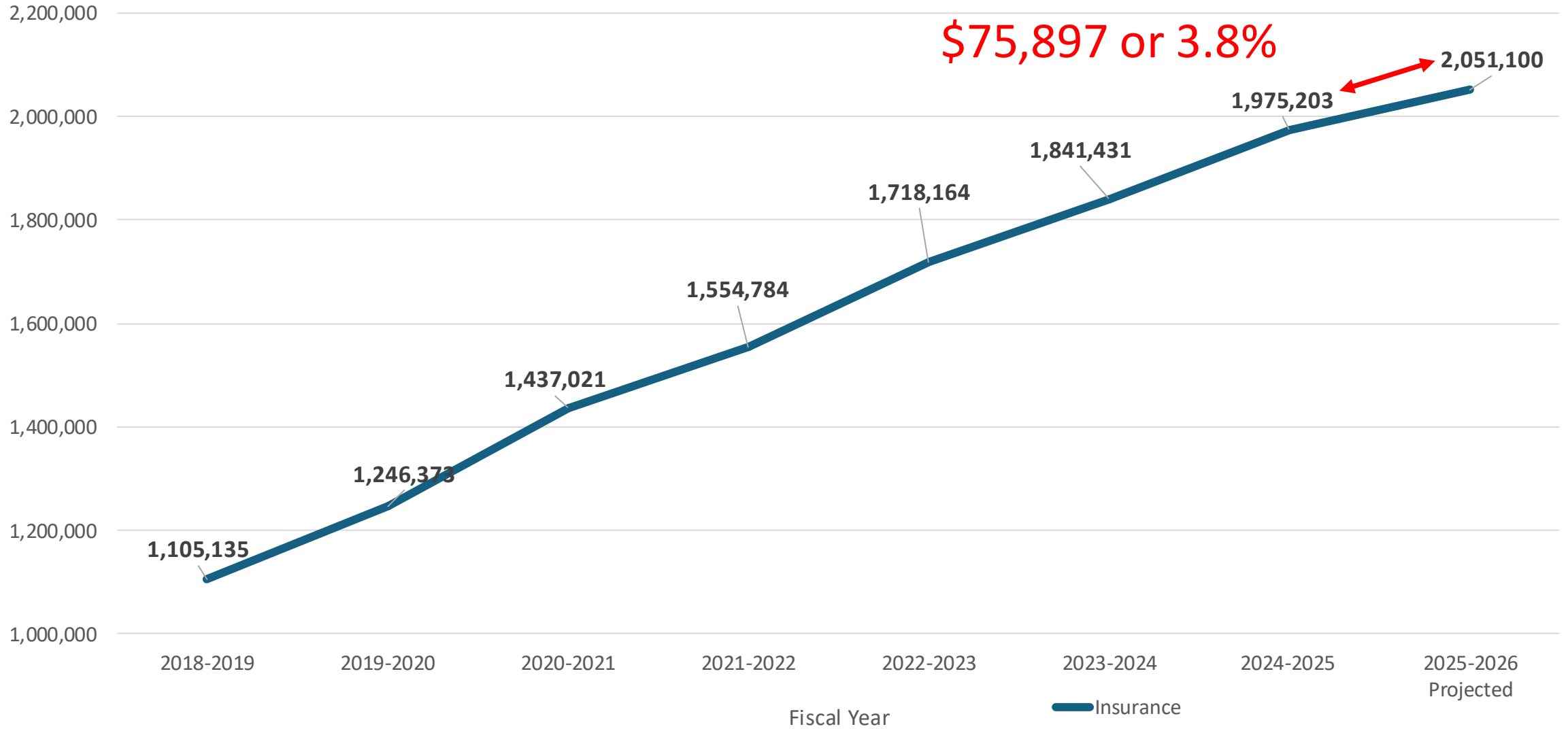
# Utilities

## 2018-2019 Through 2025-2026 Projected




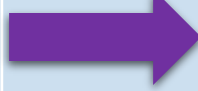



# Insurance

## 2018-2019 Through 2025-2026 Projected



# Fund Balance

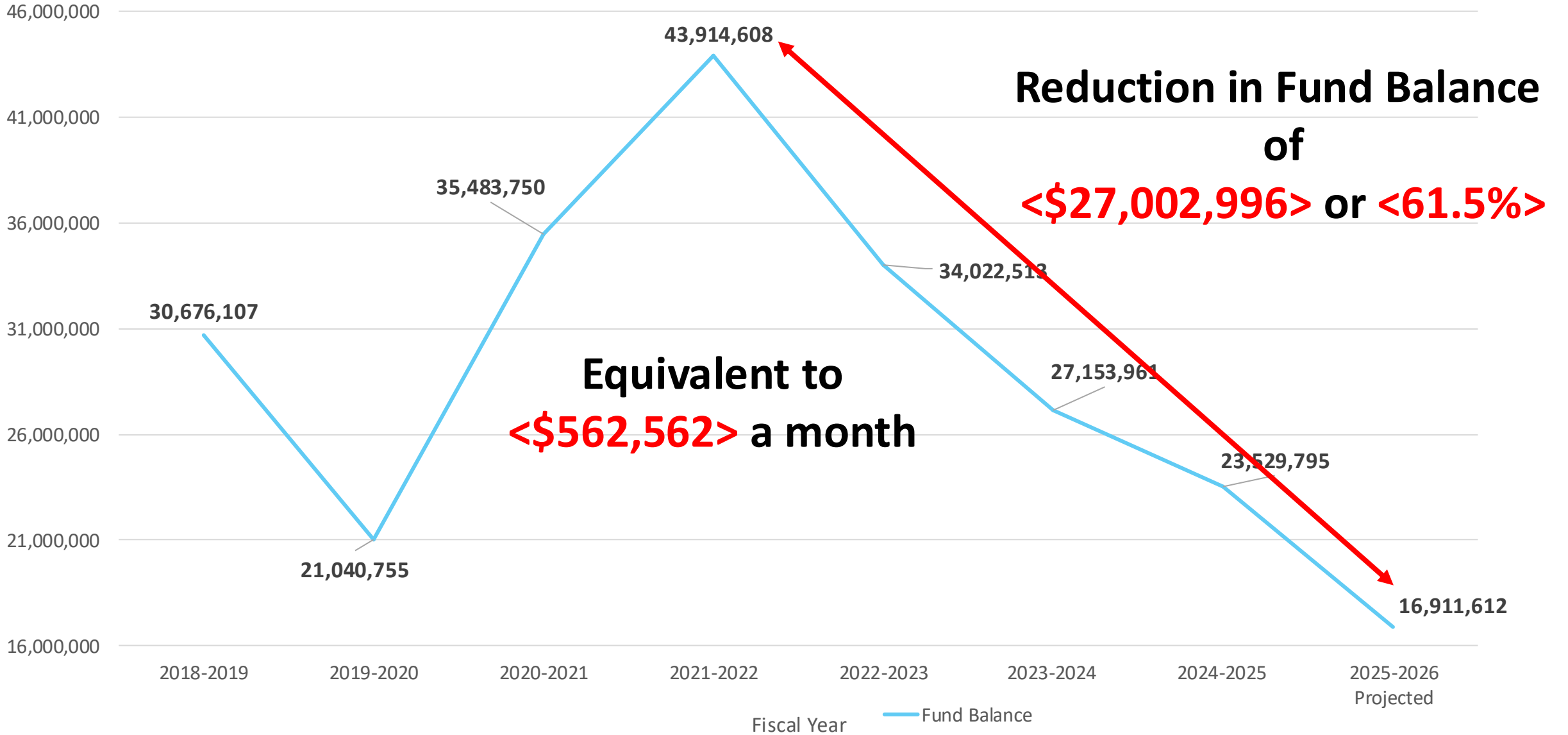
	Adopted Budget	Third Quarter
Beg. Fund Balance:	23,529,795	23,529,795
Revenue - Ongoing	223,080,065	222,681,753
Expenditures - Ongoing	234,619,530	233,901,894
Structural Surplus/ <b>Deficit</b>	<11,539,465>	 <11,220,141>
One-time Revenue and <b>Exp.</b> (Net)	1,453,476	 4,601,958
Overall Surplus/ <b>Deficit</b>	<10,085,989>	 <6,618,183>
Ending Fund Balance:	13,443,806	 16,911,612
FB to Total Expenditure and Trfr:	5.72%	 7.14%



\*Chancellor's Office recommended minimum fund balance is 16.67%

# Fund Balance

## 2018-2019 Through 2025-2026 Projected



2026-2027

Projection Update



	Q3 Projected 2025-2026	Projected 2026-2027	2026-2027 Reduction Needed
Beg. Fund Balance:	23,529,795	16,911,612	16,911,612
Ongoing Revenue:	222,681,753	223,194,675	223,194,675
Ongoing Expenditure:	233,901,894	237,943,726	237,943,726
Structural Surplus/Deficit:	<11,220,141>	<14,749,051>	<14,749,051>
Net One-time Items:	4,601,958	-	-
Surplus/Deficit w/OT Items:	<6,618,183>	<14,749,051>	<14,749,051>
Deficit Reduction to Balance:	-	-	14,749,051
Ending Fund Balance:	16,911,612	2,162,562	16,911,612
FB to Total Expenditure and Trf:	7.14%	0.91%	7.58%

*\*Note: 2026-27 includes Board approved furlough and freeze of longevity, step and column for management*

# Key Take Aways

- Expenditures continue to outpace revenues
- Continued budget balancing actions needs to occur
- May Revise will be important but not the solution
- 2026-2027 Tentative Budget in June



Special Thank You To...

Veronica Diaz and the Budget Team

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and the Facilities Planning Team

Kim Tran, Irma Haro and the Accounting Team

The Budget Committee



# Questions

