

Santa Monica College

A nighttime photograph of the Santa Monica College building. The building is a modern, multi-story structure with a prominent glass facade and a colorful, illuminated facade of vertical panels in shades of blue, green, and yellow. The building is lit up from within, and the sky is a deep blue. In the foreground, there is a paved road with white and yellow markings. To the left, there is a sign that reads "SANTA MONICA COLLEGE" in illuminated letters. To the right, there are three flagpoles with flags flying. The overall scene is well-lit and modern.

Budget Committee

Tentative Budget

June 3, 2027

How can I keep up-to-date?

- **DPAC:** Both in-person and online meetings:
<https://admin.smc.edu/administration/governance/district-planning-policies/meetings.php>
- **Budget Committee:** Both in-person and online meetings:
<https://admin.smc.edu/administration/governance/district-planning-policies/budget-planning-subcommittee.php>
- **SMC Budget Office:** Reports, presentations and guides to budget items.
<https://admin.smc.edu/administration/business-services/budget/>
- **Board of Trustee Meetings:** Both in-person and online meetings.
<https://admin.smc.edu/administration/governance/board-of-trustees/meetings.php>

Where to Begin.....

- Lots of information!
 - Santa Monica College Budget Office
 - <https://www.smc.edu/administration/business-services/budget/>
- Things will change....
 - Legislature and Governor negotiations – Final State Budget
 - Year End Closing
 - District Adopted Budget in September

Overview

- May Revise
- 2025-2026 Tentative Budget

May Revise

2026-2027 May Revision

- State finances have improved since January
 - Governor (*DOF*) projects \$16.5 billion more revenue over the three-year budget window that was projected in January
 - LAO projecting revenue is up to \$25 billion higher than January
 - January projection was \$42.3 billion more than the State Adopted Budget
- Main cause of increased revenue related to stock-market performance
 - Capital gains and strong IPO's
 - LAO and DOF warn increased revenue is likely unsustainable

2026-2027 May Revision

- Governor projects multi-year deficit
 - HR1 – Medi-Cal and CalFresh
- Proposes the following revenue solutions to generate \$3.6 billion in 2026-27 and \$5.1 billion in 2027-28
 - Limiting line-of-credit usage to \$5 million for businesses
 - Imposing taxes on digital software and software-as-a-service platforms
 - Extending taxes on Managed Healthcare Organizations
- Proposes the following expenditure reductions totaling \$411 million in savings in 2026-27, growing to \$711.9 million in savings by 2029-30
 - Applying an asset test for Medi-Cal eligibility
 - Increasing monthly Medi-Cal premiums for adults with unsatisfactory immigration status (*the Administrations terminology*) to \$50 per month

2026-2027 May Revision

- Rebuilding Reserves: Combined reserves of \$29.9 billion
 - \$15.1 billion - Budget Stabilization Account (*Rainy Day Fund*)
 - \$10.3 billion – Public School System Stabilization Account (*PSSSA – Education Rainy Day Fund*)
 - \$4.5 billion – Special Fund for Economic Uncertainties (*SFEU*)
- For Comparison - 2025-2026 State Budget
 - \$11.2 billion - Budget Stabilization Account (*Rainy Day Fund*)
 - \$0 billion – Public School System Stabilization Account (*PSSSA – Education Rainy Day Fund*)
 - \$4.5 billion – Special Fund for Economic Uncertainties (*SFEU*)

Prop 98 – Funding for K-14

- May Revise projections: (State Adopted to May Revise)
 - 2024–25: increased from \$119.9 billion to \$124.9 billion
 - 2025–26: increased from \$114.6 billion to \$125.1 billion
 - 2026–27: increased from \$125.5 billion to \$127.1 billion
- Additionally, a \$10.2 billion one-time Prop 98 payment will be made to repay previous underpayments in 2024-25 and 2025-26
 - 2024-25 “maintenance factor” and 2025-26 “settle-up” obligation
- Approximately \$28 billion more over the three-year budget window
(Community Colleges traditional portion is 10.87% or \$3.04 billion)
- May Revise proposes underfunding the Prop 98 guarantee by \$3.96 billion, creating a “settle-up” funding that would be paid in future years if the minimum guarantee ultimately exceeds the amount funded.

Community Colleges

- Total Increase of ~\$249 million or ~39.2% from January proposal
- Major **Ongoing** changes include:
 - **Increased** Statutory COLA for SCFF from 2.41% to 2.87%
 - **Addition** of a Discretionary COLA of 1.44%
 - Total COLA of **4.31%** - Super COLA!
 - Paid Pregnancy Leave – Up to 14 weeks of paid leave
 - Pregnancy, miscarriage, childbirth, termination of pregnancy, and recovery from those conditions
 - *COLA works different under SCFF*
 - *Old method = Prior Year Apportionment times COLA = \$7.2m*
 - *SCFF method = Prior year payment per metric increased by COLA = \$3.76 million (includes projected growth funding)*

Community Colleges - Ongoing

- No Change in 2026-27 enrollment growth - 0.5% with retroactive 1.0% growth to 2025-26
 - If 1% growth is achieved and available for funding = \$551,414
 - Growth works differently than prior years
 - *Old method = Prior year FTES time Enrollment Growth*
 - *New method = Multifaceted calculation. Guaranteed is 0.13% growth for SMC. Unfunded FTES will be funded if other Districts don't use their allocation*

Community Colleges - Ongoing

- **Increase** of COLA for Adult Education, EOPS, DSPS, CalWORKs, Mandates, Apprenticeship and CARE from 2.41% to 2.87%
- No Change to the proposal to establish a new California Healthy School Pathway Program - \$14.3 million systemwide
- No Change to the proposal to reallocate \$8 million of funding from the Classified Employee Summer Assistance Program to Basic Needs Centers to allow classified staff access to food pantry services
- No Change in Common Cloud Data Platform - \$5 million systemwide
- No Change in Credit for Prior Learning - \$2 million systemwide

Community Colleges – One-time

- Major **One-time** changes include:
 - No Change of \$120.7m for Deferred Maintenance
 - **Increased** Student Support Block Grant from \$100m to \$100.6m
 - Change in language makes it unrestricted
 - No Change Common Cloud Data Platform - \$36 million
 - No Change Credit for Prior Learning - \$35 million
 - New Adult Learner Demonstration Project - \$9.7 million
- Funding Deferrals
 - \$408.4m deferred from 2025-26 to 2026-27 to be repaid in 26-27

2026-2027
Tentative Budget

Tentative Budget

- Tentative Budget is preliminary
 - State Budget will not be adopted until mid June
 - Trailer bills will continue through summer
 - Allows for operations between July 1 and Adopted
- Not all May Revise proposals included in the Tentative
 - Cannot project due to lack of information
 - Guidelines
 - Application
 - Reporting
 - Allocation
 - CCCCO August Budget Workshop

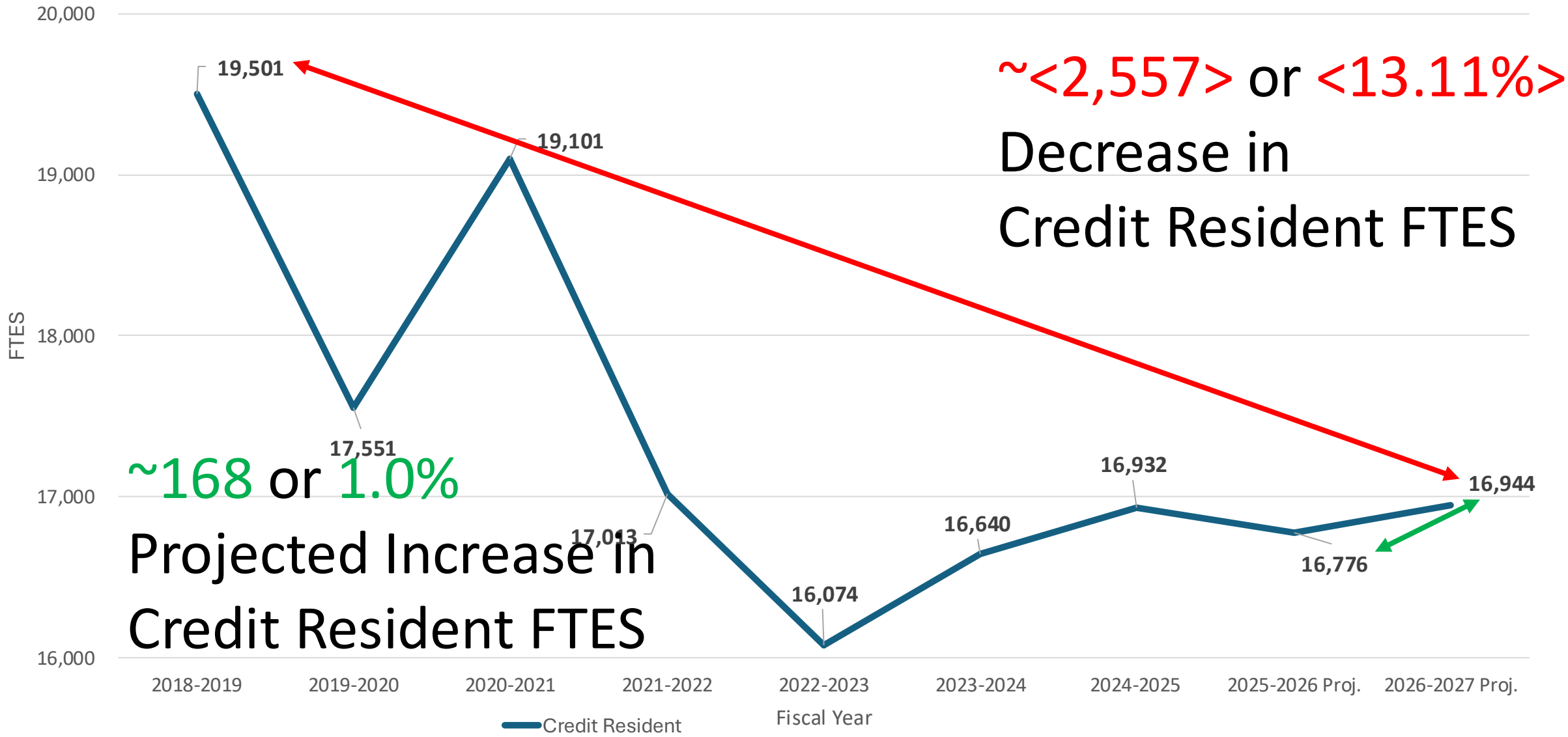
Major Assumptions

- Apportionment \$172,505,073 - **\$3.76** million increase from 25-26
 - Strong May Revise proposed COLA
 - Increased metrics *(as of P1 25-26)*
 - Supplemental metrics/Financial Aid increased 9.1%
 - Student Success metrics-All students increased 3.4%
 - Student Success metrics-Promise students increased 7.2%
 - Student Success metrics-Pell students increased 10.0%
 - Projected resident FTES growth of 1% in 2026-27
- Assuming enrollment meets projections, State fully funds 1% District growth and no major changes from May Revise, it is projected the **District will emerge from Hold Harmless**

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- Projected Credit Resident Enrollment Increase of 1.0% or 167.76 FTES
 - Resident enrollment drives 80+% of revenue
 - Apportionment, Lottery, Fees
 - 2018-2019 Final: 19,501
 - 2019-2020 Final Actual: 17,551
 - 2020-2021 Final: 19,101
 - 2021-2022 Final: 17,013
 - 2022-2023 Final: 16,074
 - 2023-2024 Final: 16,640
 - 2024-2025 Final: 16,932
 - 2025-2026 Projected : 16,776
 - 2026-2027 Projected : 16,944

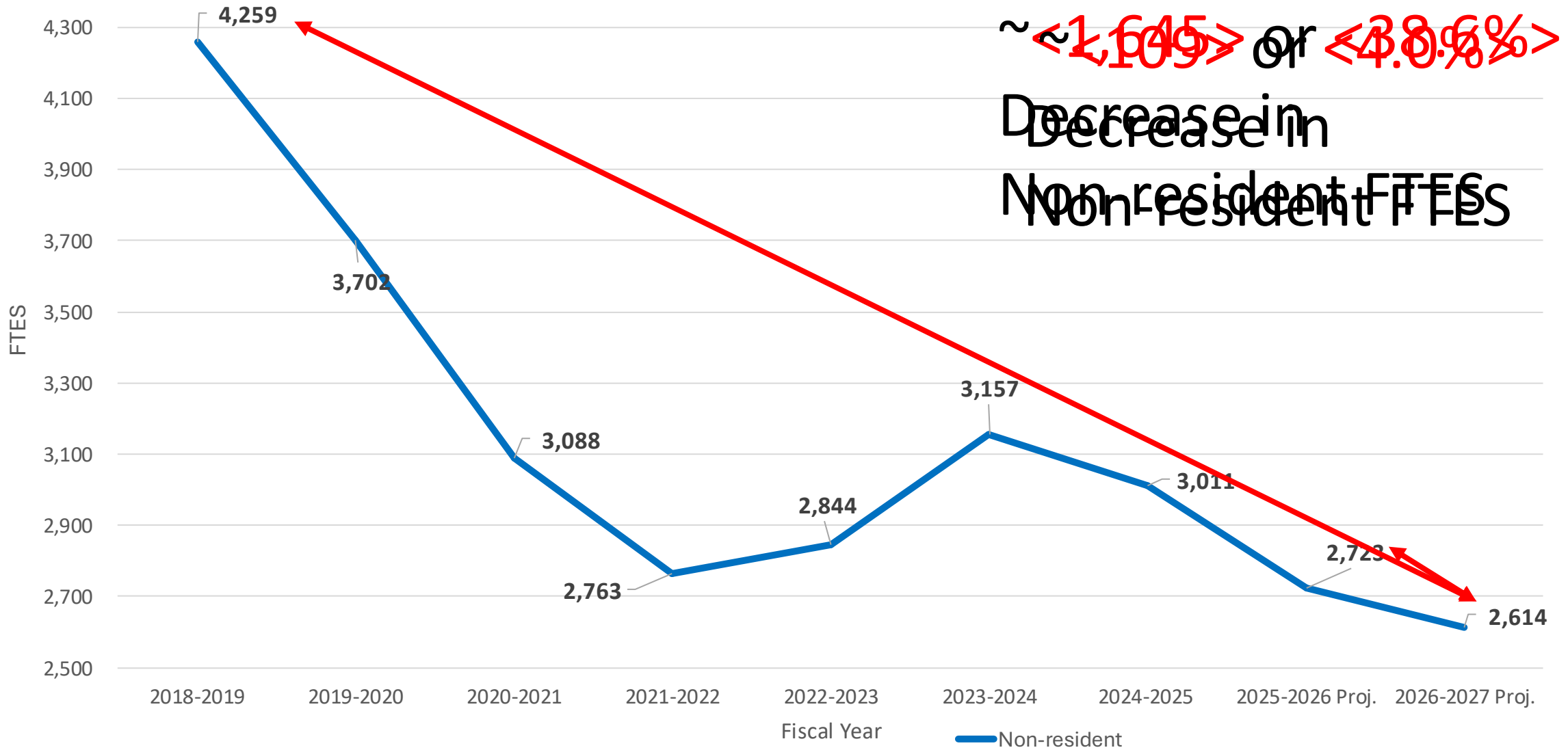
Credit Resident FTES

2018-2019 Through 2026-2027 Projected



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- Proj. Non-resident Enrollment Decrease of <4.00%> or <108.92> FTES
 - Second largest source of revenue – 12.2% of UGF Revenue
 - 2018-2019 Final: 4,259
 - 2019-2020 Final: 3,702
 - 2020-2021 Final: 3,088
 - 2021-2022 Final: 2,763
 - 2022-2023 Final: 2,844
 - 2023-2024 Final: 3,157
 - 2024-2025 Final: 3,011
 - 2025-2026 Projected: 2,723
 - 2026-2027 Projected: 2,614

Non-Resident FTES 2018-2019 Through 2026-2027 Projected



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- Continuation of Fee Based Instruction: Approximately \$2 million
 - Non-resident Tuition reflects fee increase of 4.5% and FTES decline of <4.0%>
 - Non-repetition of one-time items from 2025-26 totaling a revenue reduction of <\$6.7> million
 - KCRW reimb., SMCF donation for sections, Wildfire Assistance, Auxiliary Transfer

- Salaries and Benefits reflect:
 - Reduction in force for management/administration and CSEA
 - Implementation of furloughs for management/administration (*2 days of furlough a month*) and CSEA (*1 day furlough a month*)
 - Implementation of salary freezes for management/administration, SMCPOA and CSEA
 - Hourly instruction expenditure deferral from intersession banking of **~\$1.09** million
 - Increase of step, column and longevity for Faculty
 - Increase in District funded instructional hours of 2.4% - Credit Efficiency of 89.0%
 - 2022-23: 78.6%; 2023-24 = 83.6%; 2024-25: = 87.4%; 2025-26 Proj.: 90.3%
- Health and Welfare
 - Current Employees: **10.66%** increase
 - Retirees: **6.34%** increase plus 25-26 retirees

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- Supplies: Continue prior year reductions adj. for PBAR
 - Contracts: Continue prior year reductions adj. for PBAR
 - Insurance increased by 15% and \$400,000 for AB 218
 - Utilities increased by 10%

Projected Changes in Revenue

2025-2026 Projection to 2026-2027 Tentative Budget

2025-2026 Projected	\$230,181,499
Apportionment	3,764,747
Lot	Decrease in revenue of <\$3,157,286> or <1.37%> 3,208
Interest – Lower Fund Balance	-302,700
Non-repetition of One-time Items	-6,694,116
Other	-113,425
2026-2027 Tentative Budget Revenue Projection	\$227,024,213

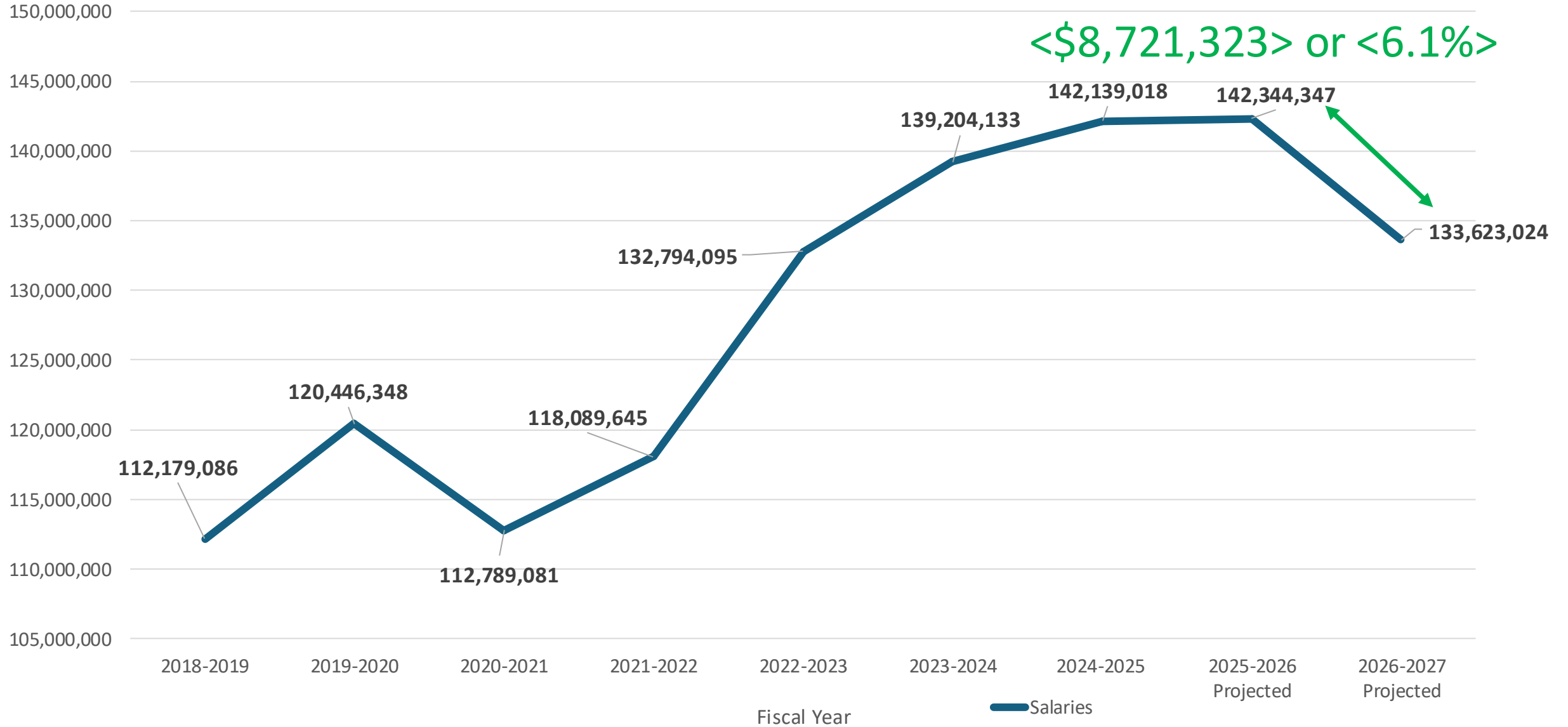
Projected Changes in Expenditures 2025-2026 Projection to 2026-2027 Tentative Budget

2025-2026 Projection	\$237,301,699
Health and Welfare – Current and Retirees	3,043,866
Insurance and Utilities <i>(Incl. \$400,000 for AB 218)</i>	1,347,196
Step and Longevity <i>(Faculty only – No Step and Longevity for Management, Administration or CSEA)</i>	1,240,815
Increase in Hourly Instruction and Non-Instruction <i>(Net of intersession banking deferral)</i>	904,677
Vacancy List	852,762
Supp	-488,045
Employment and Retirement Benefits	-835,788
Non-repetition on One-time Items <i>(\$1m SMCF Donation and \$1.67m Vacation Payout)</i>	-2,674,801
Full Year Effect of Hiring, Termination and Retirements Incl. Benefits	-2,689,897
Furlough of Management/Admin. <i>(2 days a month)</i> and CSEA <i>(1 day a month)</i> Incl. Benefits	-3,622,063
Reduction in Force of Management/Admin, and CSEA Incl. Benefits	-5,376,099
Other	7,926
2026-2027 Tentative Budget Expenditure Projection	\$229,012,248

Reduction in expenditure of \$8,289,451 or 3.49%

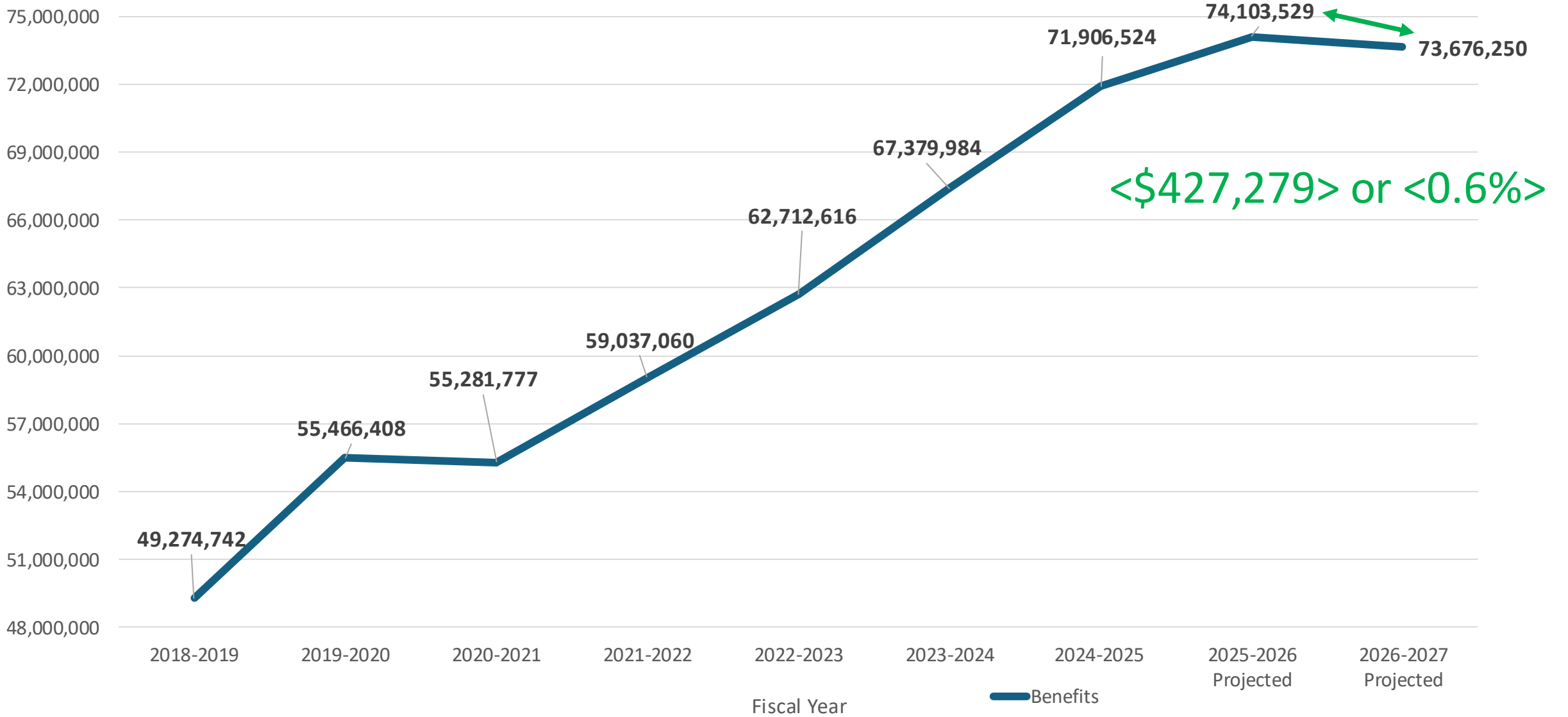
Salaries

2018-2019 Through 2026-2027 Projected



Benefits

2018-2019 Through 2026-2027 Projected

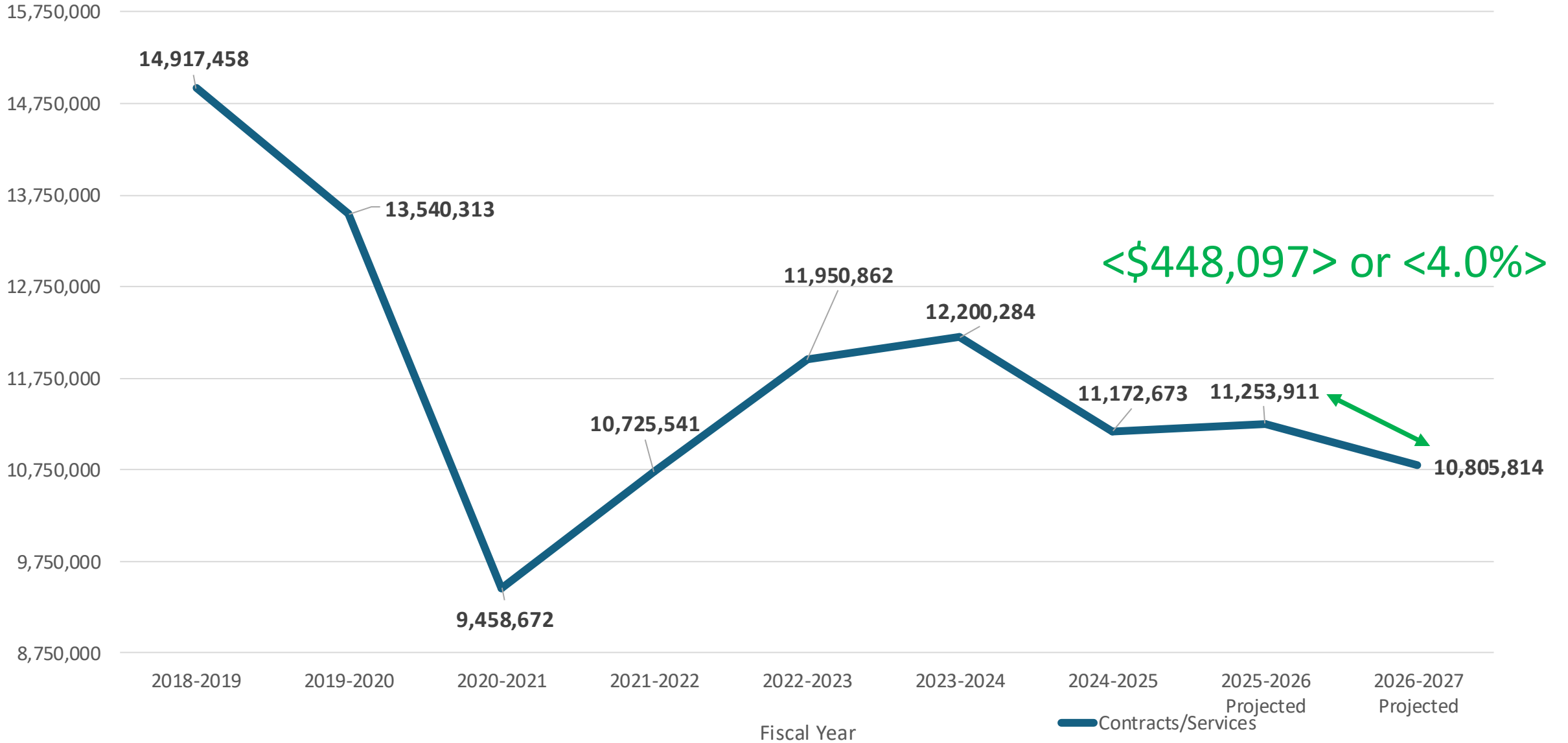


Supplies

2018-2019 Through 2026-2027 Projected

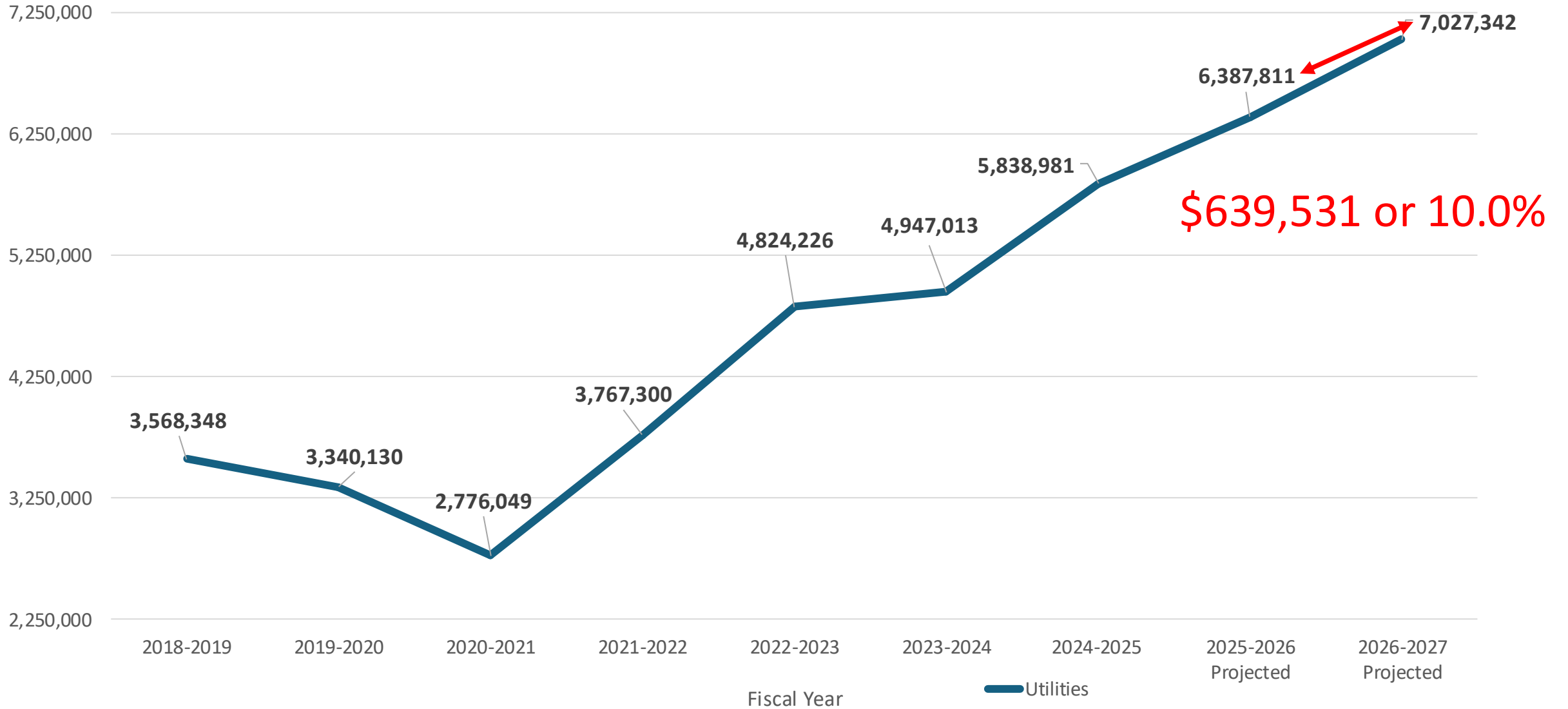


Contracts/Services 2018-2019 Through 2026-2027 Projected



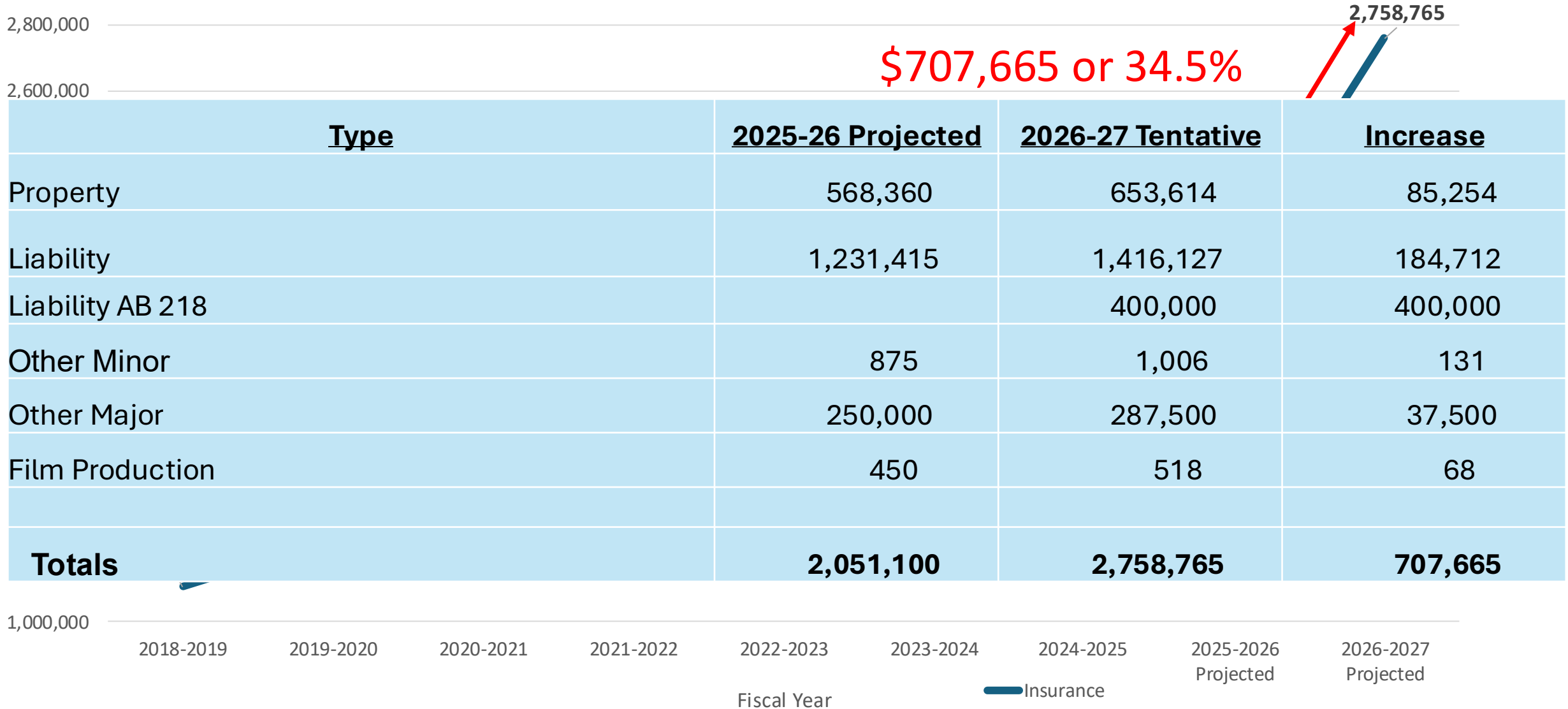
Utilities

2018-2019 Through 2026-2027 Projected



Insurance

2018-2019 Through 2026-2027 Projected



Fund Balance

	Projected 2025-2026	Tentative 2026-2027
Beg. Fund Balance:	23,529,795	16,409,595
Revenue - Ongoing	222,681,753	226,218,579
Expenditures - Ongoing	233,901,894	233,830,419
Structural Surplus/ Deficit	<11,220,141>	<7,611,840>
One-time Revenue and Exp. (Net)	4,099,941	5,623,803
Overall Surplus/ Deficit	<7,120,200>	<1,988,037>
Ending Fund Balance:	16,409,595	14,421,558
FB to Total Expenditure and Trfr:	6.92%	6.30%

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

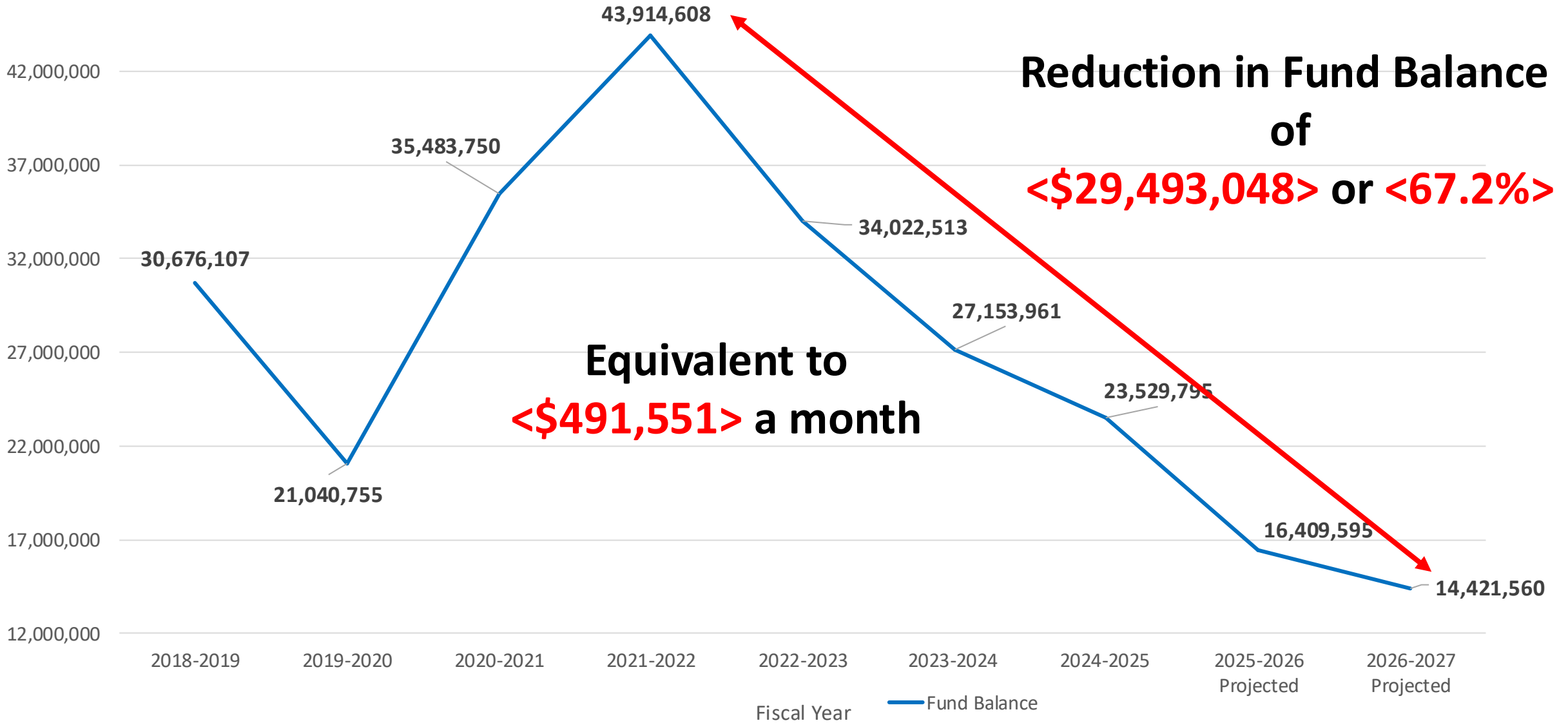


	Tentative 2026-2027	Projected 2027-2028	2027-2028 Reduction Needed
Beg. Fund Balance:	16,409,595	14,421,558	14,421,558
Ongoing Revenue:	226,218,579	230,754,423	230,754,423
Ongoing Expenditure:	233,830,419	239,610,018	239,610,018
Structural Surplus/Deficit:	<7,611,840>	<8,855,595>	<8,855,595>
Net One-time Items:	5,623,803	-	-
Surplus/Deficit w/OT Items:	<1,988,037>	<8,855,595>	<8,855,595>
Deficit Reduction to Balance:	-	-	8,855,595
Ending Fund Balance:	14,421,558	5,565,965	14,421,558
FB to Total Expenditure and Trf:	6.30%	2.32%	6.02%

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

Fund Balance

2018-2019 Through 2026-2027 Projected



Key Take Aways

- May Revise is better than expected but does not provide enough new funding to solve our fiscal situation
- Tentative budget includes non-permanent savings actions
 - Furloughs and freeze of step, column and longevity for Management/Admin. and CSEA
- Adopted budget is in September and numbers will change
 - Final State budget
 - District Year End Closing
- The District is near 5% fund balance. State recommends fund balance of 2 months or 16.67%
- Further budget actions are still required

Special Thank You To...

Veronica Diaz and the Budget Team

John Greenlee, Yu-Ngok Lo
and the Facilities Planning Team

Kim Tran, Irma Haro and the Accounting Team

The Budget Committee

Questions