



Santa Barbara City College Budget Forum

A211

May 18, 2017

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Agenda

- SBCC Budget – Where have we been?
- May Revise
- 17-18 Tentative Budget – Assumptions
- Unrestricted General Fund – The Numbers
- Construction Fund
- Equipment Fund
- 17-18 Tentative Budget – Fund Balances
- Campus Store Update
- BRAC Update
- Wrap Up – What's next?



SBCC Budget

Where have we been?

- Revenues have been increasing or remaining stable for the last ten years with only one exception of a decline in 2012-13, followed by a moderate revenue increase in 2013-14.
- Revenues reached their highest amount of \$111 million in 2015-16 to the Unrestricted General Fund, due primarily to large one time funds received.
- \$11.8 million was reserved for the Campus Center Building Replacement in 15-16.
- FTES declined 8% in 2015-16 and another 7% in 2016-17.
- The Districts stability funding ended in 16-17, revenues declined, and the adopted budget included a budget deficit of \$2.3 million.
- The Measure S bond did not pass in Nov. 2014 and the bid for the Campus Center Building Replacement came in \$7 million higher than projected. The bid was rejected.
- Concerned about the declining FTES and budget deficits, the District completed 5 year budget projections which showed the need to stabilize FTES and decrease ongoing expenditures.
- SERP was offered in 2016-17 to help reduce ongoing costs. Projected 5 year savings for the District equal \$8.6 million.



May Revise

- The Governor's May Revise was announced May 11
- Changes from the January Budget that impact SBCC:
 - COLA of 1.56% (up from 1.48%)
 - Base apportionment increase to \$2 million* in recognition of cost increases in pension rates, employee benefits, and utilities
 - Deferred maintenance and instructional equipment increase to \$1.6 million, but funding will not occur until P2 of 18-19

**Caution issued from Community College League of California: funding proposal is higher than required by the constitutional minimum funding level. Legislature could choose to use funds for other priorities*



2017-18 Tentative Budget Unrestricted General Fund

Assumptions



17-18 Tentative Budget Revenue Assumptions

- Revenue Assumptions

- Reduction in resident credit and noncredit FTES reduces state allocation by 8.3%.
- Non resident enrollment fee revenue declines \$483,000.
- COLA of 1.56% - in May Revise but not included at this time.
- Base allocation funding increase of \$2 million.
- Resident enrollment fee remains constant at \$46.00.
- Sales Tax portion of the EPA (Prop 30) expired on 12/31/16 reducing revenue by \$1,900,000.
- Lottery revenue remains flat.
- State mandated on going reimbursements decreased by 5% or \$83,000.
- State mandated one time reimbursements remain flat.
- Deferred maintenance and instructional equipment is not allocated in 17-18.



Current FTES

15-16 Actual FTES compared to 16-17 Projected FTES

	<u>15-16</u>	<u>P2 16-17*</u>	<u>% Change</u>
Credit - Resident	12,675	11,547	-8.9%
Non Credit - Enhanced	245	254	3.7%
Non Credit - Non Enhanced	<u>290</u>	<u>313</u>	7.9%
Subtotal Credit Res & Non Credit	13,210	12,114	-8.3%
Credit - Out of State	1,101	955	-13.3%
Credit - International	<u>1,490</u>	<u>1,294</u>	-13.1%
Subtotal Credit Non Resident	<u>2,591</u>	<u>2,249</u>	-13.2%
Total FTES	<u><u>15,801</u></u>	<u><u>14,363</u></u>	-9.1%

**as of 4/4/17*



FTES Budget Assumptions

16-17 Projected FTES compared to 17-18 Tentative Budget Assumptions

	<u>P2 16-17*</u>	<u>Budget 17-18</u>	<u>% Change</u>
Credit - Resident	11,547	10,970	-5.0%
Non Credit - Enhanced	254	267	5.0%
Non Credit - Non Enhanced	<u>313</u>	<u>407</u>	30.0%
Subtotal Credit Resident & Non Credit	12,114	11,643	-3.9%
Credit - Out of State	955	907	-5.0%
Credit - International	<u>1,294</u>	<u>1,100</u>	-15.0%
Subtotal Credit Non Resident	2,249	2,007	-10.8%
Total FTES	<u>14,363</u>	<u>13,650</u>	-5.0%

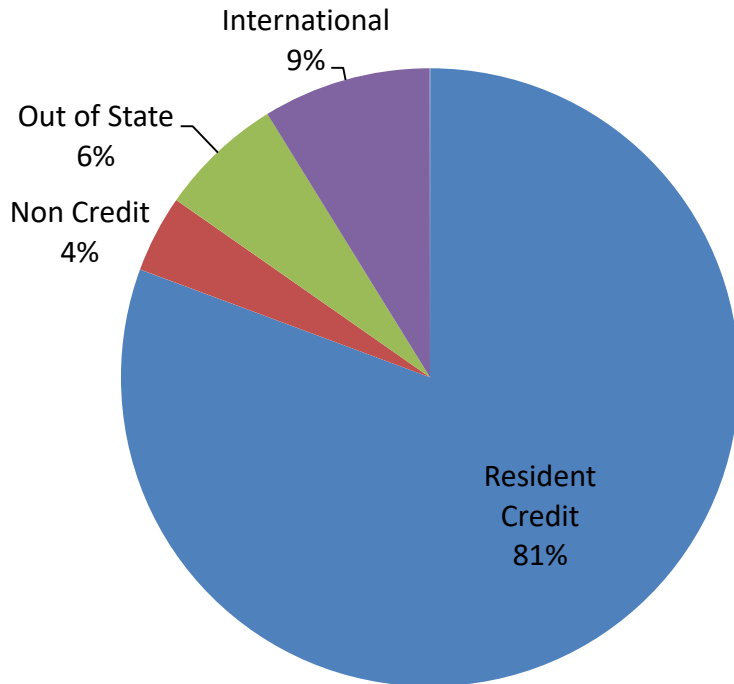
**as of 4/4/17*



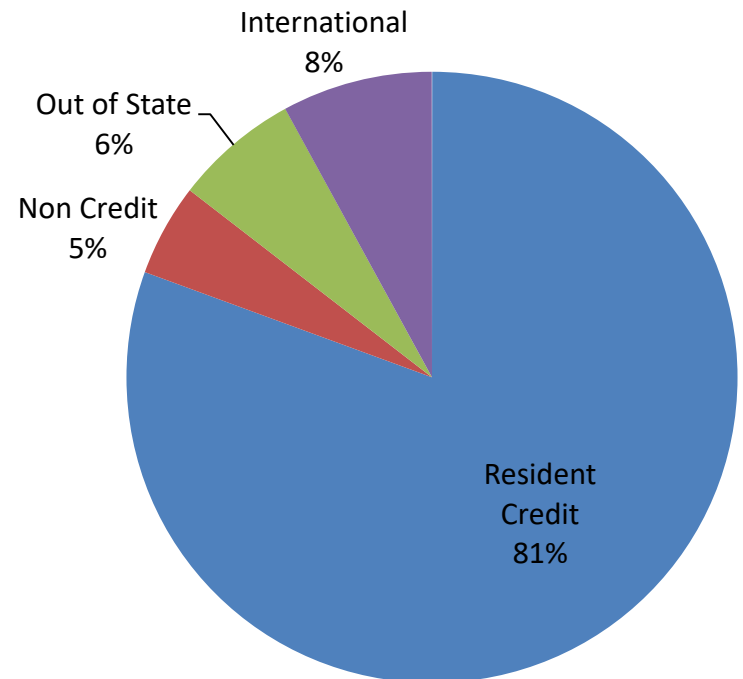
FTES Type Breakdown

FTES broken down by the type of FTES for 16-17 and 17-18

FTES Ratio 16-17



FTES Ratio 17-18



Projections indicate 1% increase of Non Credit and 1% decrease of International from 16-17 to 17-18



17-18 Tentative Budget Expenditure Assumptions

- Expenditure Assumptions

- COLA of 1.56% - in May Revise but not included at this time.
- Hourly salary and benefits decrease slightly – additional budget reviews will occur prior to September Final budget adoption.
- Employer contribution towards health benefits increase cost \$400,000.
- State Unemployment rate is expected to remain flat.
- State Workers Compensation rate is expected to increase.
Amount TBD
- CalPERS employer contribution rate increases to 15.80%,
increase cost of \$220,00.
- CalSTRS employer contribution rate increases to 14.43%,
increase cost of \$360,00.



2017-18 Tentative Budget Unrestricted General Fund

“The Numbers”



Revenue Details

May Revise:
Included - \$2 M Base Apportionment Increase
Not Included - 1.56% COLA

	2015-16 Actual	2016-17 Adjusted Budget	2017-18 Tentative Budget	Variance B16-17 vs B17-18	
				\$	%
REVENUES					
State	\$54,131,756	\$45,682,816	\$37,912,000	(\$7,770,816)	(17%)
Local	\$56,498,440	\$52,609,899	\$53,030,100	\$420,201	1%
Total Revenues	<u>\$110,630,196</u>	<u>\$98,292,715</u>	<u>\$90,942,100</u>	<u>(\$7,350,615)</u>	<u>(7%)</u>

Details of Unrestricted General Fund Revenue Variances:

Decrease of state apportionment & enrollment fees due to 8.3% enrollment decline	\$7,870,359
Increase of base apportionment	2,000,000
Increase of state apportionment for COLA of 0.0%	0
Increase of Local Property Tax Revenue	3,418,000
Decrease of EPA (Prop 30) revenues due to sales tax portion ending 12/31/16	1,900,457
Decrease of Enrollment Fee Revenue due to declining enrollments (5%)	1,022,860
Decrease of Out of State enrollment (5%) and International enrollment (15%)	1,735,818
Other miscellaneous revenue adjustments	239,121
Total Variance	<u><u>\$7,350,615</u></u>



Expenditure Details

	2015-16 Actual	2016-17 Adjusted Budget	2017-18 Tentative Budget	Variance B16-17 vs B17-18	
				\$	%
EXPENDITURES					
Academic Salaries	\$43,166,480	\$43,519,319	\$41,614,605	(\$1,904,714)	(4%)
Classified and Other Nonacademic Salaries	\$21,356,458	\$20,886,516	\$20,300,233	(\$586,283)	(3%)
Employee Benefits	\$17,238,140	\$18,630,549	\$20,218,617	\$1,588,068	9%
Supplies & Materials	\$2,287,847	\$2,088,820	\$1,654,915	(\$433,905)	(21%)
Other Operating Expenses and Services	\$9,737,212	\$10,069,163	\$10,054,942	(\$14,221)	(0%)
Capital Outlay	\$263,508	\$291,858	\$177,220	(\$114,638)	(39%)
Other Outgo	\$6,171	\$40,740	\$32,780	(\$7,960)	(20%)
Total Expenditures	<u>\$94,055,816</u>	<u>\$95,526,965</u>	<u>\$94,053,312</u>	<u>(\$1,473,653)</u>	<u>(2%)</u>



Expenditure Variance Details

Details of Unrestricted General Fund Expenditure Variances:

Academic salary model adjustments including SERP changes, and step increases	-\$613,788
Classified salary model adjustments including SERP, step increases & longevity	-\$546,408
School of Extended Learning Instructor Salaries & Supplies	\$379,497
Fall & Spring Adjuncts & Overload salaries decreased by 9.2% due to enrollment decline	-\$1,285,312
Summer Salaries decreased by 9.7% due to enrollment decline	-\$377,930
Hourly Staff/Students decreased	-\$15,370
Classified Staff Overtime decreased	-\$28,205
CalSTRS employer contribution rate increase from 12.58% to 14.43%	\$412,539
CalPERS employer contribution rate increase from 13.89% to 15.80%	\$229,161
Health & Welfare expenses increased by a combined 4.2%	\$408,528
Payroll taxes decreased by 7.1%	-\$287,980
SERP Annuity payments and payments to Kenan	\$871,936
Move qualified instructional expenses to Lottery Fund	-\$505,404
Non labor budget adjustments through budget process	-\$65,319
Miscellaneous adjustments	-\$49,598
Total Variance	-\$1,473,653

NOTE: Projected SERP Savings for 17/18 were \$1.56M. All SERP changes are included in the above variances.



Unrestricted General Fund

	2015-16 Actual	2016-17 Adjusted Budget	2017-18 Tentative Budget	Variance B16-17 vs B17-18	
				\$	%
Excess of Revenues over (under) Expenditures	\$16,574,380	\$2,765,750	(\$3,111,212)	(\$5,876,962)	(212%)
Other Financing Sources (Uses)					
Intrafund Transfers - In	\$148,267	\$232,485	\$342,618	\$110,133	47%
Intrafund Transfers - Out	\$0	\$0	\$0	\$0	0%
Interfund Transfers - In	\$107,947	\$0	\$8,800	\$8,800	100%
Interfund Transfers - Out	\$19,295,468	\$4,054,845	\$870,000	(\$3,184,845)	(79%)
Total Other Financing Sources (Uses)	(\$19,039,254)	(\$3,822,360)	(\$518,582)	\$3,303,778	(86%)
Excess of Revenues & Other Sources over (under) Expenditures & Other Uses	(\$2,464,874)	(\$1,056,610)	(\$3,629,794)	(\$2,573,184)	244%
Beginning Fund Balance	\$31,460,391	\$28,995,517	\$27,938,907		
Ending Fund Balance	\$28,995,517	\$27,938,907	\$24,309,113		



Transfers from Unrestricted GF

Details and review of transfers out of Unrestricted General Fund:

<i>Transfers from Unrestricted General Fund to Other Funds</i>	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Budget	2017-18 Budget
To Construction- District Projects Fund	2,183,792	-	2,000,000	615,000	615,000
To Construction- Energy Loan Payments	191,846	283,786	283,786	54,845	55,000
To Construction- West Campus Replacement	-	-	-	2,800,000	-
To Construction- Campus Center Replacement	-	-	11,800,000	-	-
To Construction- Swing Space	-	-	1,500,000	-	-
To Construction- Facility Master Plan	-	-	800,000	360,000	-
To Equipment Fund - IT Refresh & Program Review	1,723,234	755,000	2,700,700	-	-
To Athletics Trust	-	32,472	26,414	25,000	-
To Children's Center Fund	209,000	157,833	200,000	200,000	200,000
	4,307,872	1,229,091	19,310,900	4,054,845	870,000



2017-18 Tentative Budget

Construction Fund



Construction Fund

Construction Fund 17-18 Tentative Budget includes:

- **Revenues budgeted include:**
 - \$0 deferred maintenance funding
 - \$670,000 transfer in from General Fund to cover unexpected district maintenance and energy loan
- **Expenditures budgeted include:**
 - \$615,000 unexpected district maintenance
 - \$55,000 energy loan payments
 - \$65,000 Facility Master Plan consultants
 - \$407,000 Campus Center improvements funded from remaining Campus Center swing space
 - \$1,160,000 remaining deferred maintenance projects from prior years
 - \$1,300,000 West Campus project completion
- **Ending Fund Balances:**
 - \$2,530,644 Construction District Projects
 - \$12,706,311 Campus Center remains
 - \$215,000 Facility Master Plan remains (originally set aside \$360,000 in 16-17)



2017-18 Tentative Budget

Equipment Fund



Equipment Fund

Equipment Fund 17-18 Tentative Budget includes:

- **Revenues budgeted include:**
 - \$0 instructional equipment funding
 - \$0 transfer in from General Fund to cover program review
- **Expenditures budgeted include:**
 - \$750,000 IT refresh
 - \$509,000 various departments equipment budgets, including classroom furniture replacement, duplicating, emergency preparedness, administrative systems, and educational programs
 - \$0 Program review carryover of requests from prior years (exceptions will be considered)
 - \$0 Program review requests for 17-18
- **Ending Fund Balances:**
 - \$1,621,647 Equipment Fund



2017-18 Tentative Budget Unrestricted General Fund

Ending Fund Balances “The Reserves”

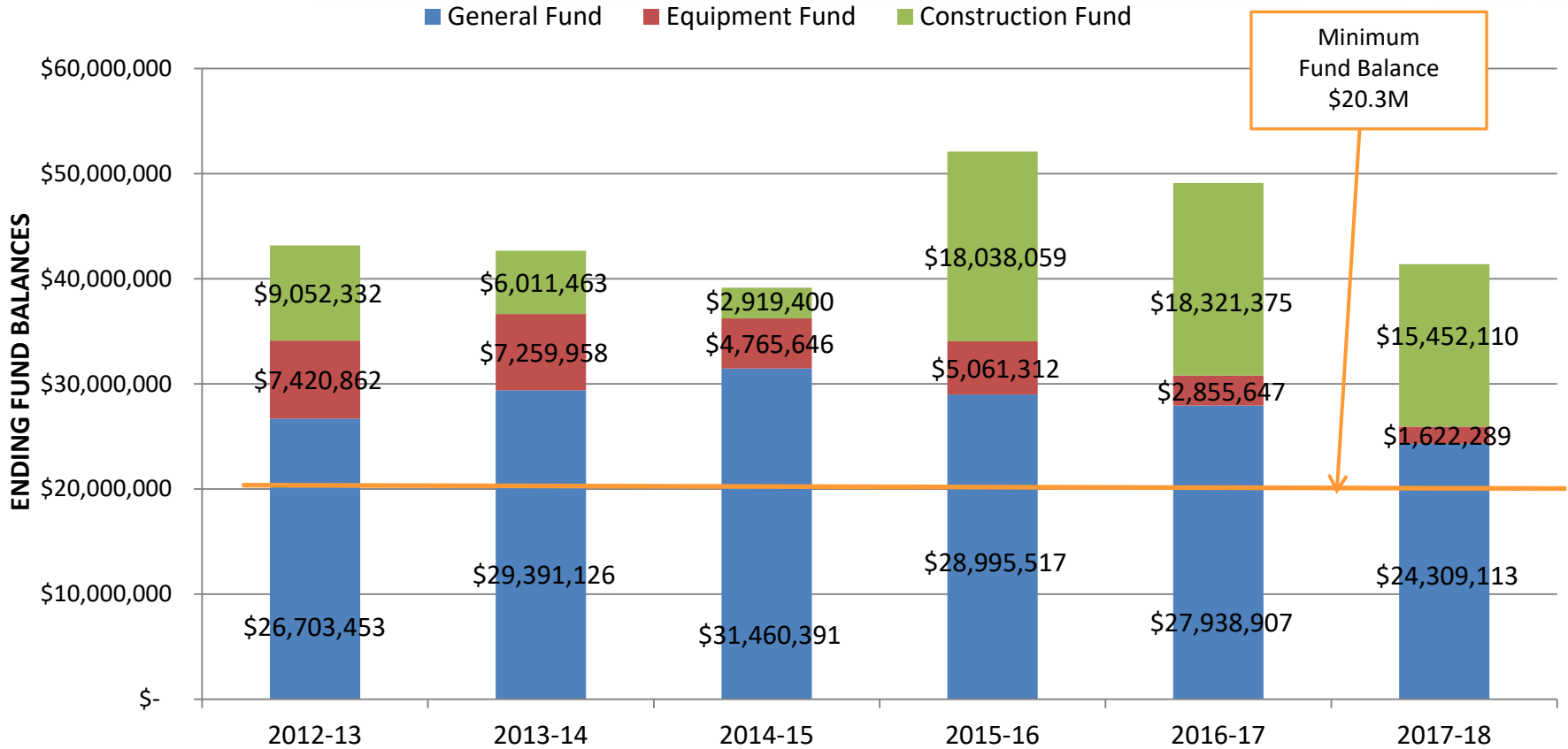


General Fund Reserve Details

	June 30, 2016 Actual Ending Balance	June 30, 2017 Projected Ending Balance	June 30, 2018 Tentative Budget Ending Balance
Fund Balance			
Reserved for Restricted Purpose	\$0	\$0	\$0
Designated:			
State Mandated Contingency (5%)	\$4,702,791	\$4,776,348	\$4,702,666
Banked TLUs	\$1,464,483	\$1,515,477	\$1,515,477
General Apportionment Deferral	\$0	\$0	\$0
Additional Reserve required to meet 15% principle	\$14,108,372	\$14,329,045	\$14,107,997
Total Designated	<u>\$20,275,647</u>	<u>\$20,620,870</u>	<u>\$20,326,140</u>
Undesignated	\$11,184,745	\$7,318,037	\$3,982,973
Total Fund Balance	<u><u>\$31,460,391</u></u>	<u><u>\$27,938,907</u></u>	<u><u>\$24,309,113</u></u>
% Designated Ending Balance/Expenditures	21.6%	21.6%	21.6%
% Total Ending Balance/Expenditures	33.4%	29.2%	25.8%

Undesignated Reserves for 17-18 Tentative budget are \$4.0 million or 4.2% of expenditures over Board Policy.

Fund Balances



2016-17 Construction Fund
 \$2,70,644 Construction
 \$12,706,311 Campus Center
 \$280,000 Facility Master Plan

\$406,558 Campus Center Improvements
 \$1,157,862 State Maintenance
 \$1,300,000 West Campus Building

2017-18 Construction Fund
 \$2,530,644 Construction
 \$12,706,311 Campus Center
 \$215,000 Facility Master Plan



Campus Store Update



The Campus Store had been planning a major remodel for many years to bring the building up to current code requirements, improve the layout, and provide more services.

- The Campus Store reserved a little over \$3 million from their revenues over many years to remodel the store.
- The total construction costs for the project were \$3.4 million.
- \$500,000 was borrowed from the District on 6/30/16 to cover cash flow needs during the remodel. The Campus Store is on track to pay back the loan to the District by 6/30/17.
- The remodel was completed during the 16-17 year.
- The Store now has a café proudly serving Starbucks coffee.



Campus Store Balance Sheet

ASSETS	Cash on Hand
	Cash Reserved for Remodel
	Accounts Receivable
	Inventory
	Building & Equip less Depr

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LIABILITIES	Payables & Unearned Income
	Construction Loan from District

+

EQUITY	Current Profit
	Fund Balance

	3/31/2017
ASSETS	
Cash on Hand	757,148
Cash Reserved for Remodel	928,608
Accounts Receivable	279,855
<i>Inventory</i>	<i>1,178,222</i>
<i>Building & Equip less Depr</i>	<i>4,565,872</i>
TOTAL ASSETS	7,709,705
LIABILITIES	
Payables & Unearned Income	276,730
Construction Loan from District	500,000
TOTAL LIABILITIES	776,730
EQUITY	
Current Profit (Loss)	22,172
<i>Fund Balance</i>	<i>6,910,802</i>
TOTAL EQUITY	6,932,975
TOTAL LIABILITIES & EQUITY	7,709,705



Budget Resource Allocation Committee (BRAC) Update



New subcommittee of CPC called Budget Resource Allocation Committee (BRAC) was formed March 2017. The committee will provide:

- Shared governance inclusion in annual budget creation and approval process, at account by account detailed level, for all departments across the college.
- Added transparency to shared governance groups of department budgets.
- Budget prioritization and recommendations to CPC for the President's approval.
- Review and approval of mid year budget adjustment requests.
- Group of college faculty, staff, administration/management personnel focused on reducing budgeted expenditures to bring college budget into balance.



In only a couple of short months, BRAC accomplished the following:

- Developed BRAC Guidelines, available on Business Services website
- Conducted 4 all day meetings and reviewed all department budgets
- Adjusted department budgets to ensure accuracy and funding levels were appropriate
- Org and programs were consolidated for simplicity
- Instituted new Lottery Fund allocation process and collaborated in writing Lottery Fund Guidelines
- Moved General Fund instructional supply budgets to Lottery Fund
- Discussed budget deficit, May Revise, and hourly budget concerns



BRAC Summer Plans:

Focus on hourly budgets. Send out new hourly budget files that will need to be completed by budget owners and returned to BRAC for review meetings in July and August. Purpose will be to understand hourly needs across the college and assist budget owners in learning how to stay within their budget on a monthly basis.

- June 9: Regular meeting to prepare for Hourly department budget reviews
- July 14 and Aug. 11: Hourly budget review meetings
- Aug. 25: Regular meeting to finalize Hourly budgets and review 17-18 Final budget.



Wrap Up



What's Next

- June 22: 17-18 Tentative Budget including updated 5 year projections presented to Board of Trustees for approval
- Sept. 14: 17-18 Final Budget presented to Board of Trustees for adoption
- District wide efforts will continue to assist in stabilizing FTES.
 - FTES optimal college size goal to reach by 2020-21:
 - Credit Resident 11,750 FTES – 78.3%
 - Non Credit 1,250 FTES – 8.3%
 - Credit Non Resident 2,000 FTES – 13.3%
 - Total of 15,000 FTES
- District wide efforts will continue to bring the budget into balance and maintain required reserve balances.



Budgets Matter!

If you are a budget owner, you should know the following:

- Your Department/Org number
- How to access and use Simpler Reporting to review your budget compared to actual spend
- What your 17-18 budget is across all spending types (faculty, staff, hourly expenses and supply and equipment)
- NOT to assume your budget is the same that it has always been for years. Confirm with Fiscal Services what your budget is in Simpler, not on a spreadsheet passed down to you from someone outside of Fiscal Services.
- To check your budget versus actual spending on a monthly basis in 17-18
- When to use the Lottery budget code for instructional supplies

If you do not know some or all of these things, please contact Fiscal Services to receive training right away!



Questions?