



Santa Barbara City College Budget Forum

November 8, 2016

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November 14, 2016

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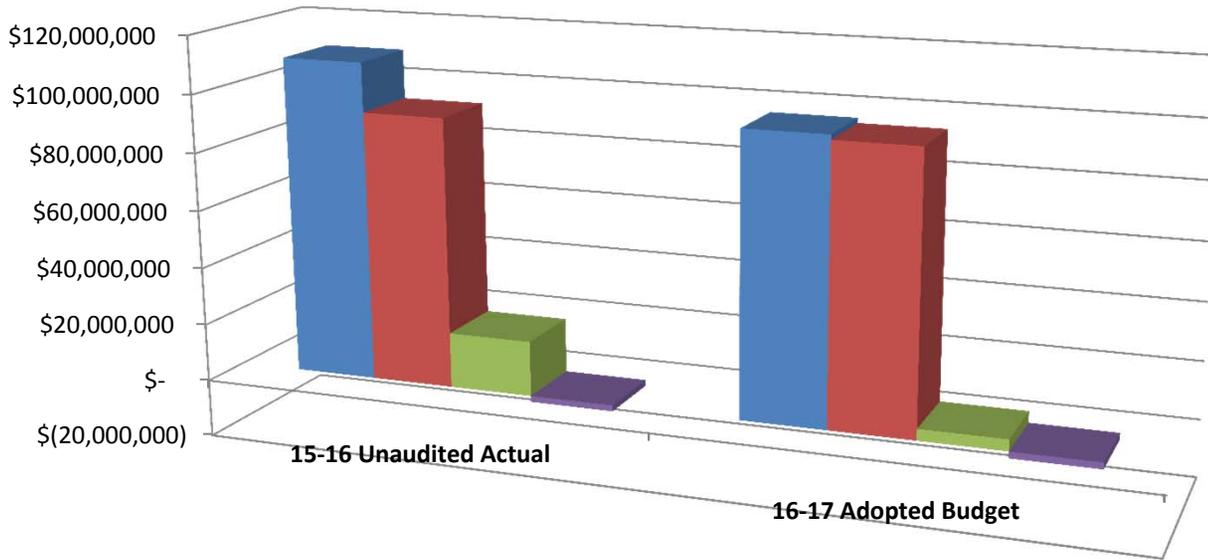
- 2016-17 Adopted Budget Details
 - General Fund & Budget Assumptions
 - Revenues
 - Expenditures
 - Interfund Transfers
 - Board Policy Reserves
 - Ending Fund Balances
- 5 Year Projections
 - Revenue and FTES Projections
 - SERP
 - Ending Fund Balance Projections
 - CPC Workgroups



2016-17 Adopted Budget



General Fund Unrestricted Comparison



	15-16 Unaudited Actual	16-17 Adopted Budget
■ Revenues	\$110,409,489	\$96,957,343
■ Expenditures	\$93,416,798	\$95,255,415
■ Transfers Out	\$19,063,255	\$3,975,847
■ Excess of Revenues	\$(2,070,564)	\$(2,273,919)

**2015-16 Unaudited Actuals are not final and will change.*



GENERAL FUND UNRESTRICTED

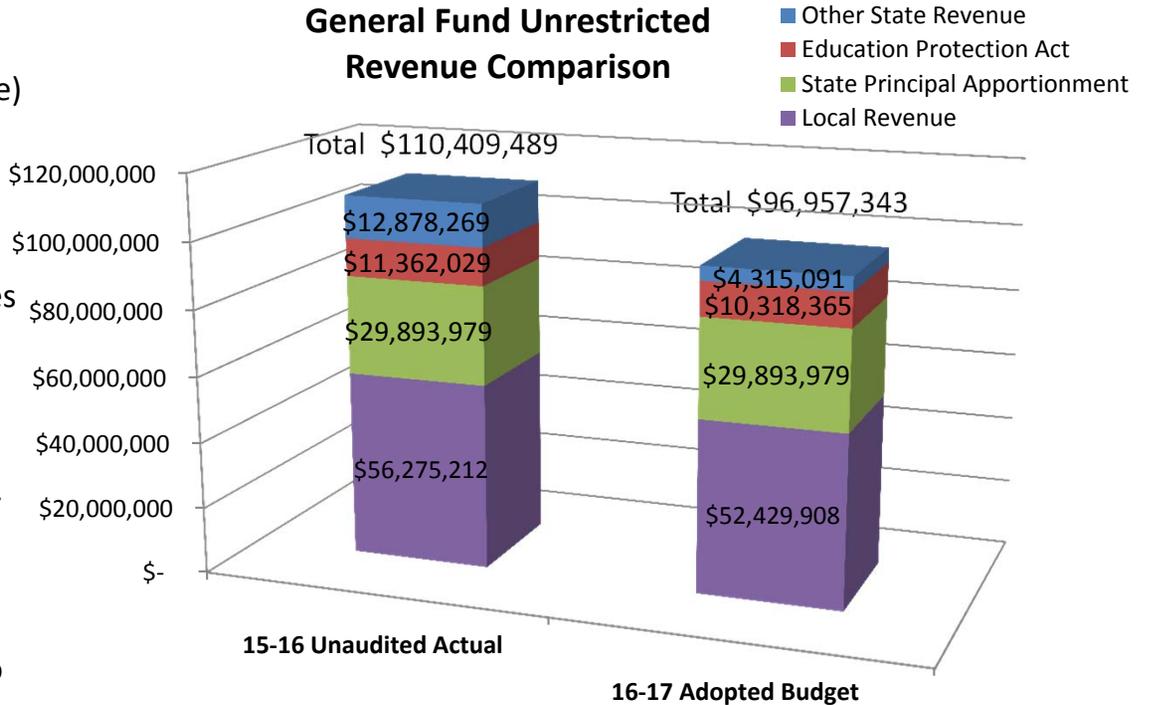
Revenue Comparison

2016-17 Adopted Budget Revenues contain:

- FTES decline in enrollment of 7.3% reduces revenues \$4,307,812.
- COLA is NOT included.
- Growth is NOT included.
- Base allocation increase of \$907,000. (May Revise)
- Education Protection Act (Prop 30), sales tax portion expires 12/31/16 reducing revenues by \$1,146,000.
- Lottery revenue remains flat.
- Ongoing state mandated reimbursements reduces \$26,000 due to 7.3% decline in enrollment.
- One time state mandated reimbursement is \$1,276,000.
- Deficit factor is NOT included.
- State apportionment recalculation and prior year adjustments are NOT included.
- Non resident tuition decreases \$5 per unit or 1.9%. Decline in enrollment of \$592,182.
- School of Culinary Arts venue revenues moved to Special Revenue fund of \$386,430.

Note: Deferred maintenance and instructional equipment funding is \$2,130,359 one time revenues go to Construction and Equipment funds.

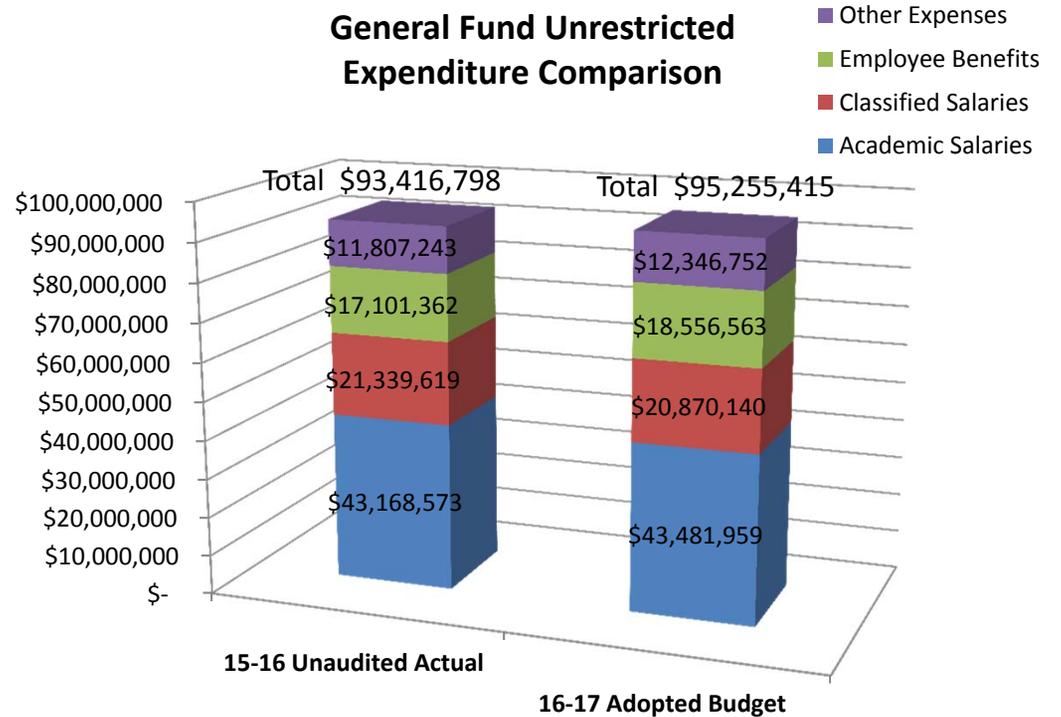
General Fund Unrestricted Revenue Comparison



GENERAL FUND UNRESTRICTED Expenditure Comparison

2016-17 Adopted Budget Expenditures contain:

- Salary model adjustments for step increases, longevity, open positions, replacements and adjustments to agree with actual staffing of \$465,000.
- Adjuncts and Overload salaries decreased by \$1,087,575 due to enrollment decline of 7%.
- Summer adjuncts increased by \$480,000 to account for two summer sessions.
- Reclassification of classified staff of \$41,300.
- Hourly budgets decreased by \$400,000 due to enrollment decline of 7%.
- COLA is NOT included.
- CalSTRS and CalPERS rate increases of \$983,000.
- Health benefits increase of \$110,000.
- Non labor expense reductions of \$358,000.
- Fixed and mandated expenses increase approximately \$90,000.





	2015-16 Adopted Budget	2015-16 Unaudited Actuals	2016-17 Adopted Budget	Variance A15-16 vs B16-17	
				\$	%
INTERFUND TRANSFERS - OUT					
To Construction- District Projects Fund	\$2,283,786	\$2,283,786	\$669,845	(\$1,613,941)	(71%)
To Construction- West Campus Replacement	\$0	\$0	\$2,800,000	\$2,800,000	0%
To Construction- Campus Center Replaceme	\$11,800,000	\$11,800,000	\$0	(\$11,800,000)	n/a
To Construction- Swing Space	\$1,500,000	\$1,500,000	\$0	(\$1,500,000)	n/a
To Construction- Facility Master Plan	\$800,000	\$800,000	\$360,000	(\$440,000)	(55%)
To Equipment Fund	\$2,700,700	\$2,700,700	\$0	(\$2,700,700)	n/a
To Athletics - Trust	\$25,000	\$26,414	\$25,000	(\$1,414)	(5%)
To Study Abroad - Trust	\$0	\$9,568	\$0	(\$9,568)	n/a
To Children's Center Fund		\$200,000	\$200,000	\$0	0%
Total	\$19,109,486	\$19,320,468	\$4,054,845	(\$15,265,623)	(79%)

- Transfers from General Fund to Construction Fund of \$615,000 for ongoing projects and for loan repayments of \$54,845. (Construction Fund receives \$1.1 million of revenue from Deferred Maintenance one time funds.)
- Transfers from General Fund to Construction Fund of \$2,800,000 required to fund final construction costs of West Campus Classroom Building.
- Transfers from General Fund to Construction Fund of \$360,000 to fund final phase of Facility Master Plan completion.
- Transfers from General Fund to Equipment Fund of \$0. (Equipment Fund receives \$1.1 million of revenue from Instructional Equipment one time funds.)
- Transfers from General Fund to Athletics Trust remains flat compared to prior years budgets.
- Transfers from General Fund to Children's Center remains flat.



GENERAL FUND UNRESTRICTED

	2015-16 Adopted Budget	2015-16 Unaudited Actuals	2016-17 Adopted Budget	Variance A15-16 vs B16-17	
				\$	%
REVENUES					
State	\$52,976,432	\$54,141,447	\$44,527,435	(\$9,614,012)	(18%)
Local	\$54,618,987	\$56,268,043	\$52,429,908	(\$3,838,135)	(7%)
Total Revenues	\$107,595,419	\$110,409,489	\$96,957,343	(\$13,452,147)	(12%)
EXPENDITURES					
Academic Salaries	\$44,422,054	\$43,168,573	\$43,481,959	\$313,386	1%
Classified and Other Nonacademic Salaries	\$21,185,273	\$21,339,619	\$20,870,140	(\$469,479)	(2%)
Employee Benefits	\$17,514,887	\$17,101,362	\$18,556,563	\$1,455,201	9%
Supplies & Materials	\$2,480,803	\$2,267,893	\$2,157,395	(\$110,498)	(5%)
Other Operating Expenses and Services	\$10,079,106	\$9,271,105	\$9,881,598	\$610,493	7%
Capital Outlay	\$251,158	\$262,074	\$291,370	\$29,296	11%
Other Outgo	\$16,389	\$6,171	\$16,389	\$10,218	166%
Total Expenditures	\$95,949,671	\$93,416,798	\$95,255,415	\$1,838,616	2%
Excess of Revenues over (under) Expenditures	\$11,645,748	\$16,992,691	\$1,701,928	(\$15,290,763)	(90%)
Other Financing Sources (Uses)					
Intrafund Transfers - In	\$87,892	\$148,266	\$78,998	(\$69,269)	(47%)
Intrafund Transfers - Out	\$0	\$0	\$0	\$0	0%
Interfund Transfers - In	\$0	\$108,947	\$0	(\$108,947)	(100%)
Interfund Transfers - Out	\$19,309,486	\$19,320,468	\$4,054,845	(\$15,265,623)	(79%)
Total Other Financing Sources (Uses)	(\$19,221,594)	(\$19,063,255)	(\$3,975,847)	\$15,087,407	(79%)
Excess of Revenues & Other Sources over (under) Expenditures & Other Uses	(\$7,575,846)	(\$2,070,563)	(\$2,273,919)	(\$203,856)	10%
Beginning Fund Balance	\$31,460,391	\$31,460,391	\$29,389,828		
Ending Fund Balance	\$23,884,545	\$29,389,828	\$27,115,908		

Transfer Out Amounts:
 \$200,000 Children's Center
 \$54,845 Energy loan repayments
 \$25,000 Athletics
 \$3,775,000 Construction



	2015-16 Adopted Budget	2015-16 Unaudited Actuals	2016-17 Adopted Budget	Variance A15-16 vs B16-17	
				\$	%
REVENUES					
Federal	\$3,845,427	\$2,767,725	\$3,836,213	\$1,068,488	39%
State	\$12,395,066	\$13,279,449	\$13,659,231	\$379,782	3%
Local	\$1,819,312	\$1,090,818	\$1,983,091	\$892,273	82%
Total Revenues	\$18,059,805	\$17,137,993	\$19,478,535	\$2,340,543	14%
EXPENDITURES					
Academic Salaries	\$4,156,723	\$3,112,098	\$5,182,542	\$2,070,444	67%
Classified and Other Nonacademic Salaries	\$4,062,574	\$3,818,887	\$4,173,446	\$354,559	9%
Employee Benefits	\$1,778,878	\$1,726,258	\$2,295,290	\$569,032	33%
Supplies & Materials	\$556,110	\$408,709	\$845,941	\$437,232	107%
Other Operating Expenses and Services	\$6,043,590	\$6,522,914	\$5,075,504	(\$1,447,410)	(22%)
Capital Outlay	\$301,753	\$511,864	\$869,525	\$357,661	70%
Other Outgo	\$1,072,284	\$888,996	\$957,290	\$68,294	8%
Total Expenditures	\$17,971,912	\$16,989,726	\$19,399,537	\$2,409,811	14%
Excess of Revenues over (under) Expenditures	\$87,892	\$148,267	\$78,998	(\$69,269)	(47%)
Other Financing Sources (Uses)					
Intrafund Transfers - In	\$0	\$0	\$0	\$0	0%
Intrafund Transfers - Out	\$87,892	\$148,267	\$78,998	(\$69,269)	(47%)
Interfund Transfers - In	\$0	\$0	\$0	\$0	0%
Interfund Transfers - Out	\$0	\$0	\$0	\$0	0%
Total Other Financing Sources (Uses)	(\$87,892)	(\$148,267)	(\$78,998)	\$69,269	(47%)
Excess of Revenues & Other Sources over (under) Expenditures & Other Uses	\$0	\$0	\$0	\$0	
Beginning Fund Balance	\$0	\$0	\$0		
Ending Fund Balance	\$0	\$0	\$0		



- BP 6305 Reserves, adopted May 22, 2014:
 - The unrestricted general fund reserve shall include:
 - A minimum 5% general fund contingency; PLUS
 - Funds to cover all banked TLU obligations; PLUS
 - Funds equivalent to any deferrals of the college’s state apportionment OR 15% of annual projected unrestricted general fund expenditures, whichever is greater.
 - Facility and Infrastructure Maintenance (Construction) Fund: \$2.0 million base reserve
 - Equipment Fund: \$1.5 million base reserve



	June 30, 2015 Actual Ending Balance	June 30, 2016 Unaudited Actual Ending Balance	June 30, 2017 Adopted Budget Ending Balance
Fund Balance			
Reserved for Restricted Purpose	\$0	\$0	\$0
Designated:			
State Mandated Contingency (5%)	\$4,646,500	\$4,670,840	\$4,762,771
Banked TLUs	\$1,464,483	\$1,515,477	\$1,515,477
General Apportionment Deferral	\$0	\$0	\$0
Additional Reserve required to meet 15% principle	\$13,939,500	\$14,012,520	\$14,288,312
Total Designated	<u>\$20,050,484</u>	<u>\$20,198,837</u>	<u>\$20,566,560</u>
Undesignated	\$11,409,907	\$9,190,991	\$6,549,348
Total Fund Balance	<u><u>\$31,460,391</u></u>	<u><u>\$29,389,828</u></u>	<u><u>\$27,115,908</u></u>
% Designated Ending Balance/Expenditures	21.6%	21.6%	21.6%
% Total Ending Balance/Expenditures	33.9%	31.5%	28.5%

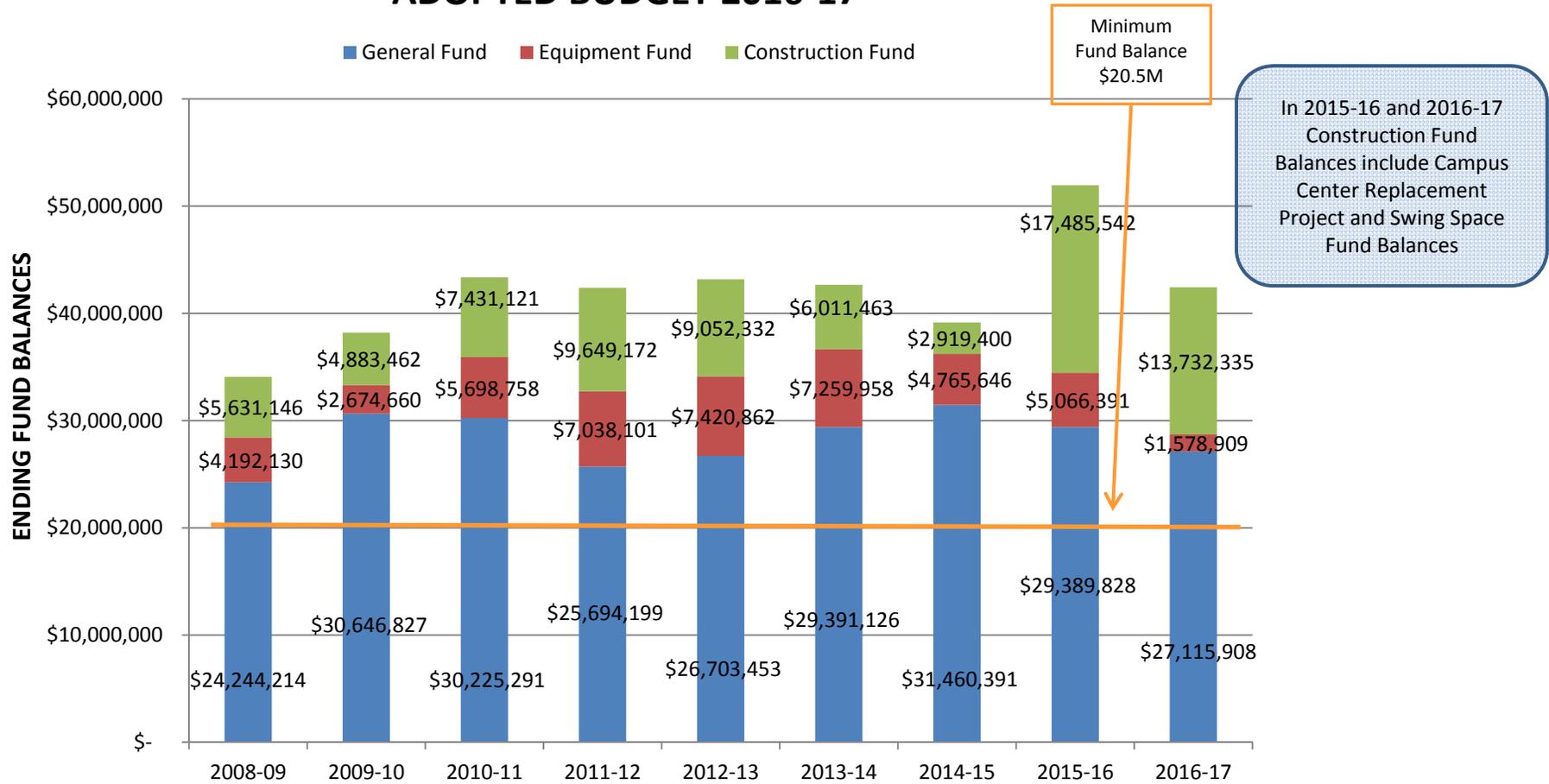
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Undesignated Reserves for 16-17 Adopted budget are \$6.6 million or 7% of expenditures over Board Policy.



FUND BALANCES

ADOPTED BUDGET 2016-17





FUND BALANCES

Ending Fund Balances	Actual 2008-09	Actual 2009-10	Actual 2010-11	Actual 2011-12	Actual 2012-13	Actual 2013-14	Actual 2014-15	Unaudited Actuals 2015-16*	Adopted Budget 2016-17
General Fund	24,244,214	30,646,827	30,225,291	25,694,199	26,703,453	29,391,126	31,460,391	29,389,828	27,115,908
Equipment Fund	4,192,130	2,674,660	5,698,758	7,038,101	7,420,862	7,259,958	4,765,647	5,066,391	1,578,909
Construction Fund	5,631,146	4,883,462	7,431,121	9,649,172	9,052,332	6,011,463	2,919,410	17,485,542	13,732,335
Bond Fund	43,198,136	35,301,278	20,731,085	9,627,411	15,125,129	5,874,080	2,650,002	13,172,770	423,851

**2015-16 Unaudited Actuals are not final and will change.*



Statewide CCC Reserve Levels

As of June 30, 2015:

- California Community Colleges Unrestricted General Fund ending balances ratio to expenditures range from 36.5% to 3.9% of expenditures held in reserves
- Santa Barbara City College had the third highest reserves out of 72 California Community College Districts at 33.9% of expenditures held in reserves
- Average reserves for all California Community College Districts were 17.3% of expenditures or \$15,560,639
- 17.3% of SBCC's expenditures would equal \$16,500,000 in reserves



Five Year Projections

Fiscal years: 2016-17 to 2020-21



FTES	2012-13 Actual	2013-14 Actual	2014-15 Actual	2015-16 Actual
Fall	5,781	6,085	6,019	5,802
Spring	5,861	6,169	5,813	5,441
Leading Summer	0	0	1,081	802
Trailing Summer	1,047	1,158	659	630
Borrowed from next Summer to meet Cap	680	0	n/a	n/a
Borrowed from previous Summer	0	-680	n/a	n/a
Total Credit FTES	13,369	12,732	13,572	12,675
Total Non Credit FTES	987	844	772	535
Total Funded FTES	14,356	13,576	14,344	13,210



Why the Dramatic Decline in FTES?

- The strength of the economy.
- Cal State and UC increasing acceptance rates significantly.
- The high cost of housing.
- The strength of the dollar on international markets.
- Fewer incoming and continuing students.



Drop in Residents FTES

- Projected decline in FTES is 23% from 2015-16 to 2019-20.
- Projected decline in revenues is \$16.1 million from 2015-16 to 2019-20;
 - \$9 million in revenue has already been lost from 2015-16 to 2016-17.

	Actual	Actual	Estimated	Estimated	Estimated	Estimated	Estimated
	Decline	6.9%	6.3%	3.3%	4.1%	4.8%	0.0%
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
FTES Produced (Stability)	14,273	13,295	12,454	12,037	11,537	10,988	10,988
Revenue	\$70,771,330	\$70,771,330	\$66,161,016	\$61,976,732	\$59,899,550	\$57,414,351	\$54,682,616



REVENUE REDUCTIONS	2016-17	2017-18	2018-19	2019-20	2020-21
Percent FTES reduction applied to:	6.9%	6.3%	3.3%	4.1%	4.8%
Mandate Costs		104,321	54,351	68,437	78,482
Lottery		126,488	65,900	82,979	95,159
State Enrollment Fees		548,750	285,900	359,992	412,832
State Apportionment Revenues		4,184,284	2,077,182	2,485,199	2,731,735
SubTotal FTES Revenue Reduction		4,963,842	2,483,334	2,996,608	3,318,207
Prop 30 Sales Tax Discontinuance		1,146,000			
Loss in Nonresident Enrollments	1,058,000	162,235	157,368	152,646	148,067
Total Revenue Reduction	1,058,000	6,272,077	2,640,701	3,149,254	3,466,275

This is for Unrestricted General Fund only, not categorical funding based on FTES.



Proposition 30: Tax increases to benefit schools

- Began January 1, 2012
- Includes two different types of tax increases: Sales tax and Income tax
- Sales tax portion is approximately 20%, ending Dec. 31, 2016
- Income tax portion is approximately 80%, ending Dec. 31, 2018

Proposition 55: Initiative to extend income tax increases to benefit schools

- Increased state revenues ranging from \$4 billion to \$9 billion each year (in today's dollars) from 2019 through 2030, depending on the economy and the stock market.
- Increased funding for schools and community colleges of roughly half of the revenue raised by the measure.
- Allocates tax revenues 89% to K-12 schools and 11% to California Community Colleges.
- Funding is for another 12 years, through 2030.



Passage of Prop 55 does not provide SBCC with any additional ongoing revenues.

SBCC - Proposition Funding Projections*

	Prop 30 Funding		Prop 55 Funding	
	Income Tax Portion	Sales Tax Portion	Income Tax Portion	Total Revenues
2015-16	\$9,081,870	\$2,270,468	n/a	\$11,352,338
2016-17	\$9,081,870	\$1,135,234	n/a	\$10,217,104
2017-18	\$4,540,935	n/a	\$4,540,935	\$9,081,870
2018-19	n/a	n/a	\$9,081,870	\$9,081,870
2019-20	n/a	n/a	\$9,081,870	\$9,081,870

*based on 2015-16 FTES funding levels

- The sales tax portion of Prop 30 funding ends Dec. 31, 2016 and Prop 55 does not extend the sales tax portion of the funding.
- Prop 55 only extends the income tax portion of Prop 30 funding.



Supplemental Employee Retirement Plan

- The Supplemental Employee Retirement Plan (SERP) may be utilized to reduce staffing to the levels required in the assumption. Savings from the SERP given the assumptions of 20 classified, 1 classified manager, 2 certificated managers, 11 faculty not being replaced are:

SERP	2017-18	2018-19	2019-20	2020-21	2021-22	Total
Faculty	462,810	470,481	480,141	492,633	501,876	2,407,941
Certificated Managers	99,950	96,565	98,049	96,781	94,206	485,551
Classified	1,028,773	1,064,949	1,089,481	1,115,199	1,127,275	5,425,677
Classified Managers	188,870	187,691	187,092	189,255	185,982	938,890
Total	1,780,403	1,819,686	1,854,763	1,893,868	1,909,339	9,258,059



SCENARIO 1, NO CHANGE	2016-17	2017-18	2018-19	2019-20	2020-21
	Projection	Projection	Projection	Projection	Projection
REVENUE	96,038,895	89,766,818	87,126,117	83,976,863	80,510,588
EXPENSE	95,255,415	96,714,396	97,760,737	98,828,206	99,305,219
TRANSFERS	(3,975,847)	(3,975,847)	(3,975,847)	(3,975,847)	(3,975,847)
NET ADJ TO ENDING BALANCE	(3,192,367)	(10,923,425)	(14,610,467)	(18,827,190)	(22,770,478)
ENDING BALANCE	26,197,461	15,274,036	663,569	(18,163,621)	(40,934,098)
SCENARIO 2, SERP	2016-17	2017-18	2018-19	2019-20	2020-21
	Projection	Projection	Projection	Projection	Projection
REVENUE	96,038,895	89,766,818	87,126,117	83,976,863	80,510,588
EXPENSE	95,255,415	94,933,993	95,941,051	96,973,443	97,411,351
TRANSFERS	(3,975,847)	(3,975,847)	(3,975,847)	(3,975,847)	(3,975,847)
NET ADJ TO ENDING BALANCE	(3,192,367)	(9,143,022)	(12,790,781)	(16,972,427)	(20,876,610)
ENDING BALANCE	26,197,461	17,054,439	4,263,658	(12,708,769)	(33,585,378)

These are projected ending balances from the 5 Year Projection based on the two scenarios included in the projection assumptions.



Workgroups focused on:

- 1) Marketing
- 2) Enrollment Management
- 3) IT Replacement
- 4) Non Credit
- 5) Staffing & Hourly
- 6) Facilities & Maintenance



Questions?