



Southwestern College Tentative Budget Workshop 2016-17 May 24, 2016



Linking Strategic Planning to Budget

- Student Access
- Student Success
- Teaching and Learning
- Economic, Workforce, and Community Development
- Human Resources
- Physical and Financial Resources
- Organizational Effectiveness
- Technology and Research



Overview

- Governor's May Revise
- SWC Tentative Budget
- Questions and Thanks



2016-17 Governor's Priorities

- **Governor's Budget Priorities for 2016-17:**
 - Education - Continuing to allocated 10.93% of Prop 98 to Community Colleges
 - Infrastructure improvements/paying down debt
 - Confronting the effects of poverty
 - Addressing climate change
 - Fiscal Stability – preparing for next recession



Key Components of the Governor's May Revise

- No loss of apportionment funding due to the sun setting of Proposition 30 sales tax which expires in December
- Increased base allocation
 - Community Colleges - \$75 million
 - SCCD – \$1 million approx.
- Cost of Living Adjustment (COLA)
 - The 0.47% increase was removed in the May revise
- Access/Growth
 - 2% increase system-wide
 - Community Colleges – roughly 50,000 students, \$114.7 million
 - SCCD - Approx. 308 additional FTES, and \$1.4 million if earned



Key Components of the May Revise (Continued)

- Scheduled Maintenance and Instructional Equipment/Library Materials
 - Community Colleges - \$219 million
 - SCCD - \$2.8 million approx.
- Proposition 39 Energy Projects
 - Community Colleges - \$49.3 million
 - SCCD - \$665K
- Mandated Claims **One-Time Fund Augmentation**
 - Community Colleges - \$108.5 million, down from \$662 million in 2015-16
 - SCCD - \$1.4 million, down from \$8.5 million in 2015-16



Key Components of the January Budget Continued

- Basic Skills
 - Community Colleges - \$30 million ongoing
 - SCCD – TBD, based on changing allocation model

- Workforce Development/CTE Pathways
 - Community Colleges - \$248 million
 - SCCD – TBD, regional

- Open Educational Resources, Zero Cost Textbook Initiatives
 - Community Colleges - \$5 million
 - SCCD – TBD, application process, maximum is \$200K



Key Components of the January Budget Continued

- Implement Statewide Performance Strategies
 - Community Colleges \$ 10 million
 - SCCD – TBD

- Innovation Awards
 - Community Colleges - \$25 million
 - SCCD – TBD, competitive process

- No backfill funds for PERS and STRS increases



Our Budget Process

- Tentative Budget is an early budget that is adopted by the Governing Board usually based upon the Governor's January budget/May revise but usually before the legislature passes a budget.
- It is required by Education Code to ensure smooth operations when the fiscal year starts July 1, and is based on projected revenues, expenses and ending balance figures.



Tentative Budget Assumptions - State

- Base Allocation Increase \$1.0 M
- Cost Of Living Adjustment \$ 0
- One-time Funds from State \$1.4 M
- Proposition 39 Clean Energy \$665 K
- Scheduled Maint./IELM Funds \$2.8 M
- No Revenue Shortfall included for 2016-17 \$0
 - Zeroed out in 2015-16 in May Revise
- 2.0% Enrollment Growth/Restoration \$0
 - FTES is 15,410
 - Growth available is additional 308 FTES, \$1.4 million



Tentative Budget Assumptions - College

- 2015-16 Available ending balance \$4.5 M
 - Above Board Contingency of \$6.7 M
- Approved vacant positions are filled \$4.9 M
 - Unrestricted - \$3.9 M
 - Restricted - \$1.0 M
 - Note this figure changes daily as hiring continues
- 2015-16 Program Review Funds Retained \$2.9 M
 - Funds not used in 2015-16 are earmarked in 2016-17
- District utilizes stability option in 2015-16
 - Growth funds not included in revenues

FTES Assumptions



| | Estimated 2015-16 | 2015-16 Revised Pushing Summer 2016 | 2016-17 Pushing 2016 & Pulling part of 2017 Summer |
|------------------------------|----------------------|--|---|
| Earned Base FTES | 15,100 | 13,731 | 13,731 |
| Growth FTES | 0 | 0 | 308 |
| Restored FTES | 0 | 0 | 1,679 |
| Stability | 0 | 1,679 | 0 |
| Total Funded FTES | 15,410 | 15,410 | 15,718* |

* If we achieve growth it would add approximately \$1.4 million



Current and Prior Year Revenue Comparison

| | |
|-----------------------|------------------|
| Base Revenue | \$84,146,098 |
| Other Revenue | <u>8,376,025</u> |
| Total Revenue 2016-17 | \$92,522,123 |
| Total Revenue 2015-16 | \$98,320,909 |
| Difference | (\$ 5,798,786) |



2015-16 Ending Balance Assumptions

2015-16 Est. Ending Balance

| | |
|-------------------------------------|---------------------|
| Beginning Balance from 2014-15 | \$8,404,996 |
| Estimated Total Revenues | 98,320,910 |
| Less Estimated Expenses | <u>(92,430,018)</u> |
| Estimated 2015-16 Ending Balance | \$14,295,888 |



Available Ending Balance Assumptions

| | |
|--|----------------------------------|
| Total Ending Balance Including Board Reserve | \$14,295,888 |
| Less estimated 7% Board Reserve for 2016-17 FY | (6,750,876) |
| Less unspent 2015-16 Board Approved Program Review Allocation | <u>(2,979,813)</u> |
| Available Ending Balance for 2016-17 Shortfalls | <u><u>\$4,565,199</u></u> |
| Need \$3.9 million to balance 2016-17 Budget | |



Unrestricted Base Revenue

| | |
|-------------------------|---------------------|
| Principal Apportionment | \$57,707,462 |
| Property Tax | 22,101,629 |
| Enrollment Fees | 3,737,007 |
| Redevelopment | <u>600,000</u> |
| Total | \$84,146,098 |



Unrestricted Other Sources

| | |
|------------------------|------------------|
| Federal | \$ 212,000 |
| Other State | 6,574,025 |
| Local Revenue | <u>1,590,000</u> |
| Subtotal Other Sources | \$ 8,376,025 |



Total Funds Available

| | |
|----------------------------|------------------|
| Total Revenue 2016-17 | \$92,522,123 |
| Est. Avail. Ending Balance | <u>4,565,199</u> |
| Funds Available | \$97,087,322 |



Tentative Expenditures

| | |
|-------------------------|----------------|
| Academic Salaries | \$41,485,225 |
| Classified Salaries | 22,196,793 |
| Benefits | 20,895,607 |
| Vacant Salary Savings | - 1,000,000 |
| Supplies and Materials | 2,166,018 |
| Operating Costs | 9,968,828 |
| Capital Outlay | 368,814 |
| Other Outgo | <u>359,802</u> |
| Total Estimated Expense | \$96,441,087 |



Funds Versus Expenditures

| | |
|---------------------------|-------------------|
| 2016-17 Funds Available | \$97,087,322 |
| 2016-17 Projected Expense | <u>96,441,087</u> |
| 2016-17 Net Balance | \$ 646,235 |



Unrestricted Funds Summary

We have presented a balanced budget for 2016-17 but...

- **Utilizing one-time savings from 2015-16**
- **Need to better align budgets to actual spending**
- **2016-17 Revenue = \$92.5 M**
- **2016-17 Expenses = \$96.4 M**
- **Deficit of \$ 3.9 M**

- **Remember that:**
 - **We will continue to adjust up to Adopted Budget**
 - **We have potential to capture \$1.4 M in growth funding by earning an additional 308 FTES**



OTHER FUNDS RESTRICTED GENERAL FUND



Total Restricted General Fund Revenue

| | |
|---------|------------------|
| Federal | \$ 2,825,096 |
| State | 14,657,505 |
| Local | <u>4,901,159</u> |
| Total | \$22,383,760 |



OTHER FUNDS - ENTERPRISE

Bookstore



| | | |
|---|-----------|------------------|
| Total revenue | \$ | 3,206,498 |
| Expenses | | |
| 2000 Classified and student salaries | \$ | 518,740 |
| 3000 Employee benefits | | 107,752 |
| 4000 Supplies | | 2,309,845 |
| 5000 Other operating | | 180,200 |
| 6000 Capital outlay | | 50,000 |
| 7000 Other outgo and transfers | | |
| Total Expenses | \$ | 3,166,537 |
| Surplus (Deficit) | \$ | 39,961 |



Bookstore

| | AUDITED ACTUAL 2014-2015 | ADOPTED ACTUAL 2015-2016 | TENTATIVE BUDGET 2016-2017 |
|---------------------------------------|--------------------------------|--------------------------------|----------------------------------|
| 9720 Beginning Fund Balance | \$ 1,901,217 | \$ 1,988,419 | \$ 2,003,499 |
| Revenue | | | |
| Sales | \$ 3,168,112 | \$ 3,109,067 | \$ 3,167,845 |
| Other Income | - | - | 38,653 |
| Total Revenue | \$ 3,168,112 | \$ 3,109,067 | \$ 3,206,498 |
| Expenses | | | |
| 2000 Classified & Student Salaries | \$ 506,426 | \$ 538,058 | \$ 518,740 |
| 3000 Employee Benefits | 121,085 | 119,570 | 107,752 |
| 4000 Supplies & Replacement | 2,287,116 | 2,256,959 | 2,309,845 |
| 5000 Other Operating Costs | 165,254 | 179,400 | 180,200 |
| 6000 Capital Outlay and transfers out | 1,029 | - | 50,000 |
| Total Expenses | \$ 3,080,910 | \$ 3,093,987 | \$ 3,166,537 |
| Ending Fund Balance | <u>\$ 1,988,419</u> | <u>\$ 2,003,499</u> | <u>\$ 2,043,460</u> |

Food Service



| | CAFETERIA | TRADEWINDS | CAFÉ | CONCESSIONS | COMBINED |
|--------------------------------------|---------------------|--------------------|--------------------|------------------|---------------------|
| Revenue | | | | | |
| Sales | \$ 700,000 | \$ 200,000 | \$ 746,000 | \$ 60,000 | \$ 4,873,845 |
| Pepsi contribution and commissions | 50,000 | | | | 50,000 |
| Vending machine revenue | 18,000 | | | | 18,000 |
| Other income | 33,700 | 200 | 500 | 3,050 | 76,103 |
| Transfers-in | - | 2,000 | 4,500 | | 6,500 |
| Total revenue | \$ 801,700 | \$ 202,200 | \$ 751,000 | \$ 63,050 | \$ 1,817,950 |
| Expenses | | | | | |
| 2000 Classified & student salaries | \$ 400,497 | \$ 80,895 | \$ 232,195 | \$ 6,000 | \$ 1,238,327 |
| 3000 Employee benefits | 143,000 | 26,600 | 70,000 | | 347,352 |
| 4000 Supplies | 405,600 | 99,000 | 423,600 | 31,550 | 3,269,595 |
| 5000 Other operating | 49,450 | 15,850 | 62,650 | 2,277 | 310,427 |
| 6000 Capital outlay | - | - | - | | 50,000 |
| 7000 Other outgo and transfers | 36,500 | | | | 36,500 |
| Total Expenses | \$ 1,035,047 | \$ 222,345 | \$ 788,445 | \$ 39,827 | \$ 2,085,664 |
| Surplus (Deficit) | \$ (233,347) | \$ (20,145) | \$ (37,445) | \$ 23,223 | \$ (267,714) |
| Estimated Ending Fund Balance | \$ (233,347) | \$ 216,157 | \$ 215,584 | \$ 74,090 | \$ 272,484 |



Civic Center

Revenue: Budget FY16-17

Facility Rentals and Leases \$ 350,000

Expenses:

Classified Contract Salaries 123,630

Classified Overtime 40,000

Hourly Employees 7,800

Total Payroll **171,430**

Benefits 41,918

Total Supplies 119,652

Contract Services 15,000

Admin Travel 2,000

Total Expenses \$ **350,000**



CAPITAL OUTLAY AND PROPOSITION R FUNDS



Fund 41 Capital Outlay

| | |
|---|---------------------|
| Beginning Fund Balance | \$ 2,784,324 |
| Revenue - Redevelopment, Clean Energy and Scheduled Maintenance. | 7,159,397 |
| Revenue - Other | 0 |
| Total revenue | \$ 7,159,397 |
| Expense: | |
| Redevelopment, Clean Energy and Scheduled Maintenance | \$ 7,159,397 |
| Transfer Out | 0 |
| Total Expense | \$ 7,159,397 |
| Ending Fund Balance | \$ 2,784,324 |



Fund 41 Breakdown

| | |
|------------------------------------|-------------------------|
| Clean Energy Projects | \$1,097,153 |
| State Scheduled Maintenance | 4,124,298 |
| Redevelopment Funds | <u>1,937,946</u> |
| Total | \$7,159,397 |



Proposition R Projects Breakdown

| | |
|---|------------------------------|
| Program Management / Consultants | \$ 2,697,000 |
| Performing Arts | 500,000 |
| Technology | 1,000,000 |
| Security Complex | 2,500,000 |
| National City Classroom | 15,500,000 |
| Wellness Center | 36,000,000 |
| Math and Science | 42,000,000 |
| Total Budget | <u>\$ 100,197,000</u> |



Questions and Appreciations

Special thanks to the Planning & Budget Committee, the Shared Consultation Council, and all the individuals and budget managers across the District who assisted in developing our Tentative Budget Plan presented here today.

