SOUTHWESTERN COLLEGE
ADOPTED BUDGET WORKSHOP
2018-19
AUGUST 28, 2018

SOUTHWESTERN COLLEGE

LINKING STRATEGIC PLANNING TO BUDGET

- **Student Access**
  - Student-centered climate that provides equal access to educational achievement through collaboration that values diversity
- **Student Success**
  - Promote a culture of academic success by creating a safe and supporting environment that enables students to achieve their educational goals
- **Teaching and Learning**
  - Provide excellent instruction, develop culture of independent thinkers and learners
- **Economic, Workforce, and Community Development**
  - Contribute to the region's economic revitalization

SOUTHWESTERN COLLEGE

LINKING STRATEGIC PLANNING TO BUDGET

- **Human Resources**
  - Recruit, hire, train qualified diverse staff, faculty and administrators, demonstrating its commitment to providing an equitable and inclusive environment
- **Physical and Financial Resources**
  - SCCD will act in a responsible, accountable and transparent manner
  - SCCD will provide that the College's design and infrastructure meet evolving needs of students, faculty, staff and the community
- **Organizational Effectiveness**
  - Effective implementation of goals and strategies by cultivating and sustaining processes, systems, and culture
- **Technology and Research**
  - Meet current and future technology needs

SWC SOUTHWESTERN COLLEGE

BUDGET GUIDING PRINCIPLES

- Plan and build budget using the approved State Budget, including new funding formula implementation
- Ensure transparency in the budget process
  - Review funding formula model and impacts with campus and community
  - Hold budget forums for College and community to ensure understanding of the new formula and its impacts on SCCD
- Plan and budget for contractual obligations and State requirements
- Ensure short-term and long-term budget sustainability
  - One-time funds used for one-time expenses
  - Consider ongoing costs of new commitments
  - Develop long range plan to address future liabilities

SWC SOUTHWESTERN COLLEGE

BUDGET GUIDING PRINCIPLES CONTINUED

- Maintain reserves for future uncertainties
- Create multi-year budget model using new funding formula
- Budget current and future FTES based on realistic projections
  - Create long-range budget that anticipates FTES impacts of new funding formula
  - Estimate realistic FTES achievement, goal of 2% growth per year
- Prepare for short-term and long-term impact of new funding formula

SWC SOUTHWESTERN COLLEGE

OVERVIEW

- Brief Overview of the 2018-19 State Budget
- New funding formula for Community Colleges Overview
- Adopted Budget Highlights
- Next Steps

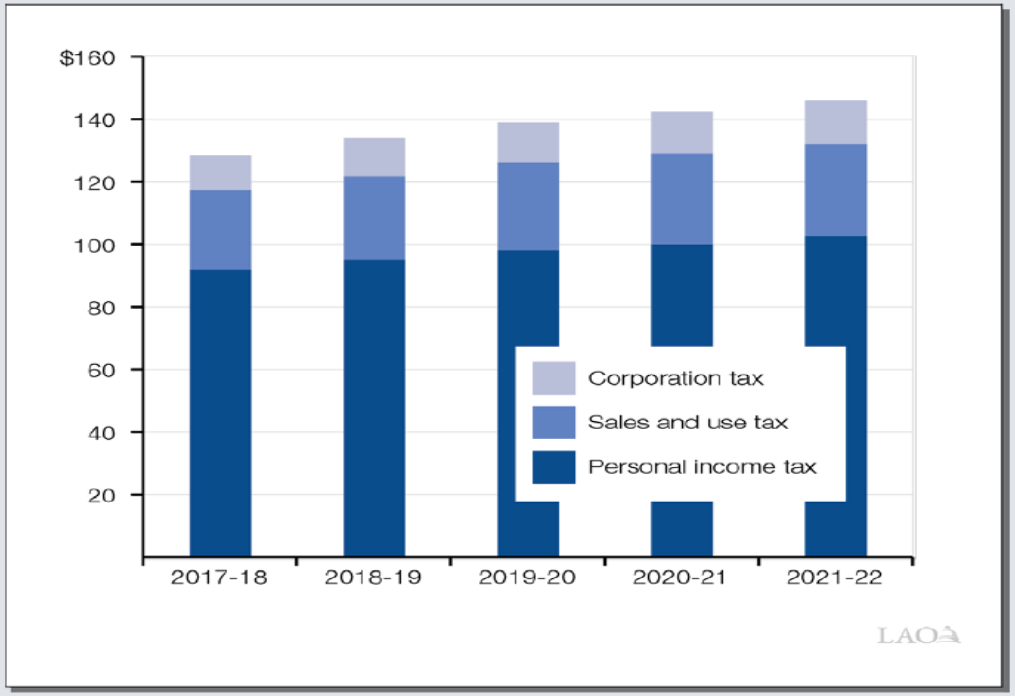
SWC SOUTHWESTERN COLLEGE

GOVERNOR'S MAJOR BUDGET ACTIONS

- **Education –**
  - **One-time and ongoing funding increases for education**
- **Healthcare**
  - **Increase Medical reserves, increased funding for Hepatitis C treatment, and mental health services**
- **Infrastructure**
  - **Increased funding for deferred maintenance, flood control, voting systems, fire fighting equipment and a new Indian Heritage Museum**
- **Homelessness and Poverty**
  - **Increased funding to provide emergency homeless aid block grants, mental health services, housing assistance**

STATE REVENUES – CURRENT AND PROJECTED

Big Three General Fund Revenue Sources (In Billions)

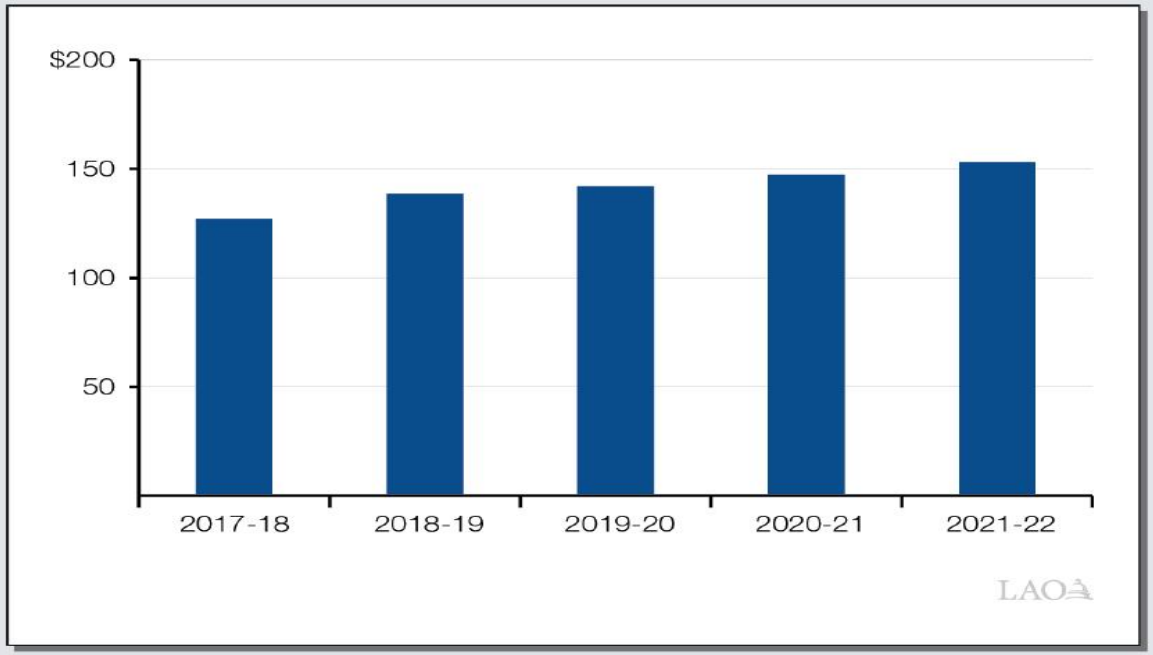


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SOUTHWESTERN COLLEGE

STATE EXPENSES - CURRENT AND PROJECTED

Total General Fund Expenditures (In Billions)

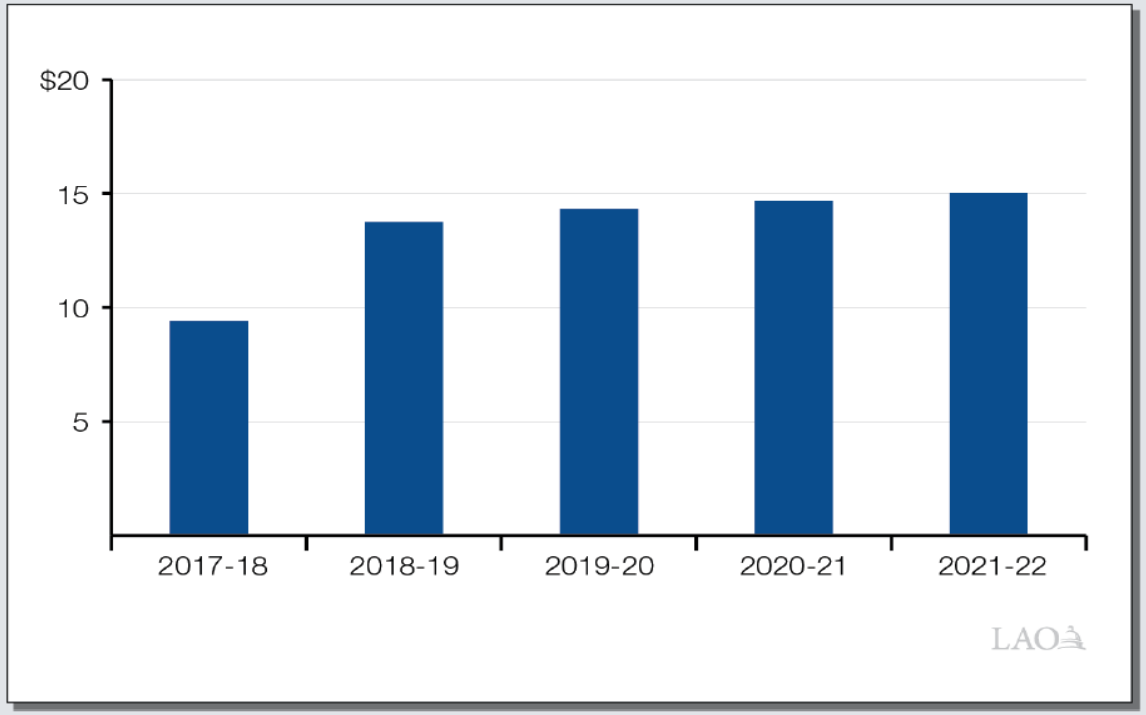


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SOUTHWESTERN COLLEGE

RAINY DAY FUND WILL REACH MAX IN 2018-19

Budget Stabilization Account (In Billions)



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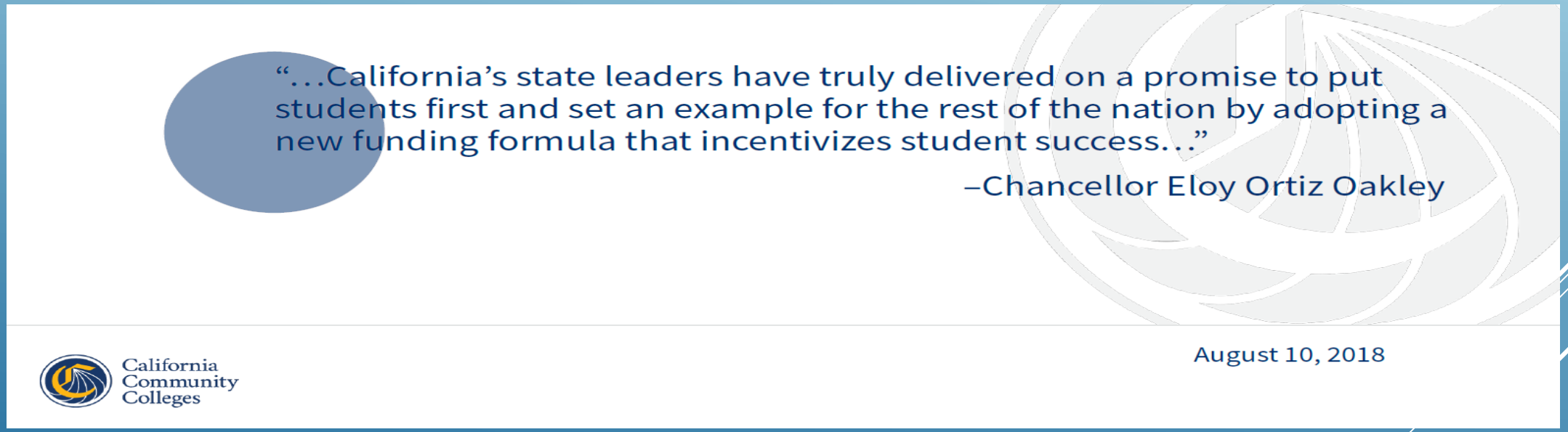
SOUTHWESTERN COLLEGE

2018-19 STATE BUDGET
COMMUNITY COLLEGE MAJOR CHANGES

- Establishes a fully online community college to provide skills and credentials working Californians need to improve their social and economic mobility and move our state forward
- Funds the California College Promise to increase the number of students enrolling in a community college directly from high school and completing a high-value degree or credential
- Provides more flexible funding to colleges and consolidate some categorical programs into a larger flexible grant
- Implements a more equitable and student-centered funding formula than currently exists in our funding allocation model

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NEW STUDENT CENTERED FUNDING FORMULA



SOUTHWESTERN COLLEGE

CURRENT CHALLENGES

- While the system has made significant strides in improving student success, serious challenges remain.
  - Most students who enter a community college never complete a degree or certificate or transfer.
  - Students who do reach an educational goal take a long time to do so.
  - Achievement gaps persist (across student groups and across regions).
- Discussions about a new funding formula began more than a year ago, given concerns among system stakeholders that enrollment—the traditional driver of funding—has been stagnant in many districts.

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PRINCIPLES FOR REFORM

- In reforming funding for community college districts, we aim to do the following:
  - Encourage progress toward the *Vision for Success* adopted by the Board of Governors.
  - Provide groups of students that have faced barriers to success with additional support to meet our goals.
  - Make resources most useful to community college districts by making them stable, predictable, and flexible.
- We want community college finance to further the activities the Chancellor's Office is undertaking through the Guided Pathways framework.

SWC SOUTHWESTERN COLLEGE

STUDENT CENTERED FUNDING FORMULA

- The new formula calculates apportionments generally using three allocations:
  - *Base Allocation*—Current factors including College and Education Center basic allocations and FTES allocations.
  - *Supplemental Allocation*—Counts of low-income students.
  - *Student Success Allocation*—Counts of outcomes related to the *Vision for Success*, with "premiums" for outcomes of low-income students.
- Noncredit FTES (and some other FTES) would be funded at current rates.
- The rates are calculated to provide a three-year transition.

SOUTHWESTERN COLLEGE

STUDENT CENTERED FUNDING FORMULA – YEAR 1

70% Base Allocation

Based primarily on FTES, and continues to Include basic allocation for college size, and number of higher education centers. FTES calculated on a 3 year average. Rates have changed

20% Student Equity Allocation

Based on the number of low-income students served in following categories: (1) Pell Grant recipients, (2) all College Promise Grant recipients, and (3) AB 540 students.

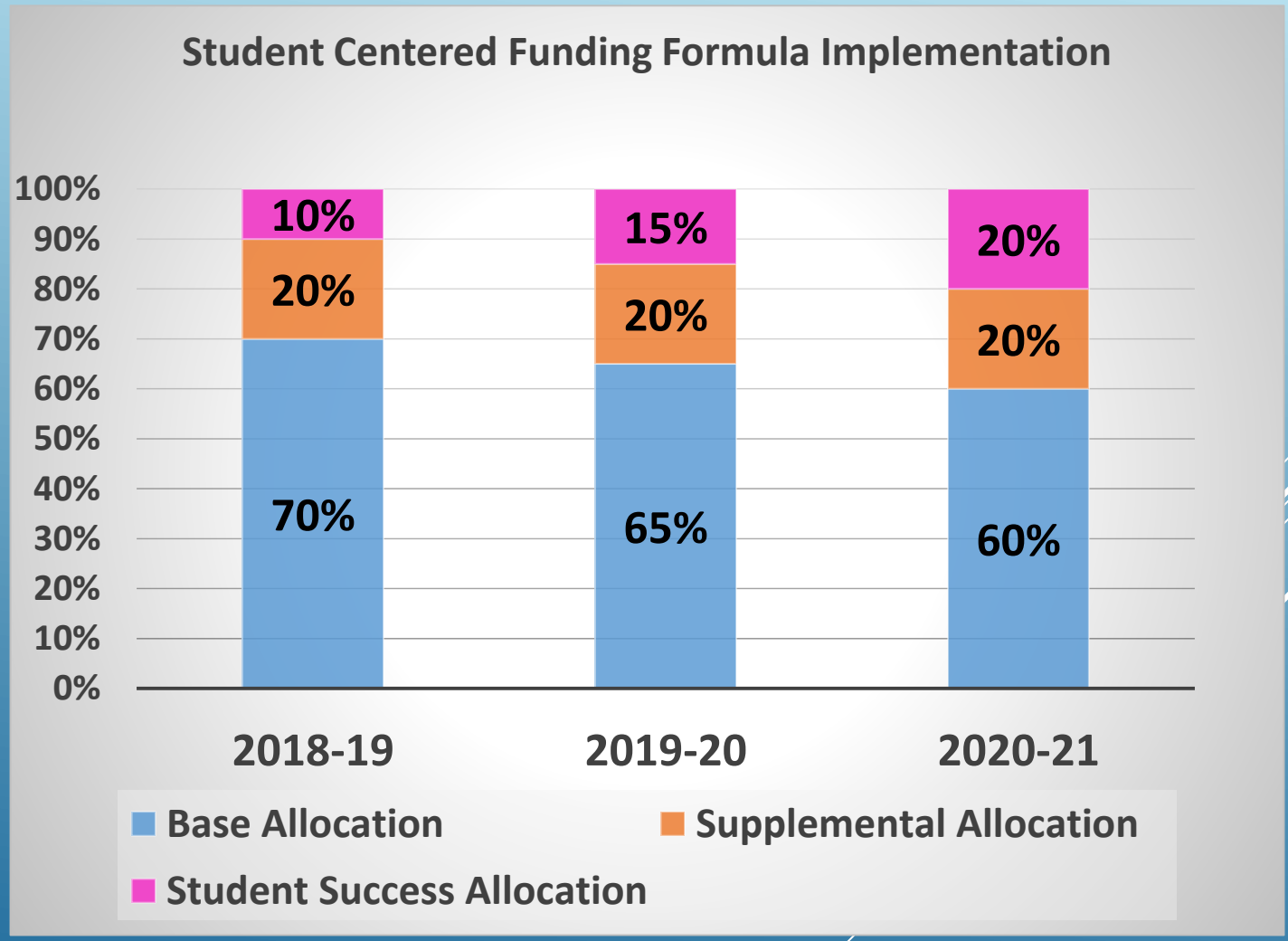
10% Student Success Allocation

Based on the number of students meeting a more broadly-defined set of success outcomes such as: . Completion of ADT, Certificate, Associate Degree, Transfer, Completion of both transfer-level mathematics and transfer-level English within the first year of enrollment, etc.. Points based

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FUNDING FORMULA PHASED IN OVER 3 YEARS

- Implemented over three years
- Base allocation decreases by 5% per year until 2020-21, where it stabilizes at 60%
- Student Success allocation increases 5% per year until 2020-21 where it stabilizes at 20%



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IMPLEMENTATION AND HOLD HARMLESS

- In 2018-19, 2019-20, and 2020-21, a district would receive the greater of the new formula total or the amount the district received in 2017-18, adjusted by the changes in the cost-of-living.
- The formula includes a "stability" provision that delays any decreases in revenues by one year.
- Further, the bill would require the following of districts:
  - *Goals*—Adoption, by January 1, 2019, of goals that are aligned with the Vision for Success.
  - *Comprehensive Plans*—Alignment of comprehensive plans with those goals and alignment of annual budgets with the comprehensive plans.
  - *Capacity*—If directed by the chancellor (with approval by the Board of Governors), use of funds for technical assistance or professional development.

SWC SOUTHWESTERN COLLEGE

BASE ALLOCATION

This amount used in Exhibit R August 2018

Type of Full-Time Equivalent Student (FTES)	2016-17	2017-18	2018-19 Projected
Credit	15,625.79	14,258.01	14,258.01
Noncredit	212.31	219.45	212.31
Career Development College Prep (CDCP)	38.97	22.54	38.97
Incarcerated Students Credit			28.75
Incarcerated Students Noncredit			1.59
Special Admit Students			154.74
3 year average			14,530.45

SOUTHWESTERN COLLEGE

BASE ALLOCATION = 70%

Based on State Schedule R	FTES	Funding Rate	Total
Credit (3 yr average less Incarcerated and Special Admit)	14,530.45	3,727.00	54,154,975
Noncredit	217.86	3,347.49	729,284
Career Development College Prep	22.54	5,456.67	122,993
Special Admit	154.74	5,456.67	844,365
Incarcerated Student Credit	28.75	5,456.67	156,879
Incarcerated Student Noncredit	1.59	3,347.49	5,323
FTES Allocation	14,955.93		56,013,819
Basic Allocation- (1 Mid size college and 3 Centers)			9,136,691
Total Base Allocation			65,150,510

SOUTHWESTERN COLLEGE

SUPPLEMENTAL ALLOCATION

- For the supplemental allocation, a district would receive one "point" based on the number of students served in the prior year within each of the areas below:
  - Pell Grant recipients.
  - California College Promise Grant recipients.
  - AB 540 students.

SOUTHWESTERN COLLEGE

SUPPLEMENTAL ALLOCATION = 20%

	Number of Students	2018-19 Rate	Total
Pell Grant	6,786	$919	$ 6,236,334
AB 540	665	$919	611,135
Promise Grant	16,527	$919	15,188,313
Supplemental Allocation Total			$ 22,035,782

SOUTHWESTERN COLLEGE

STUDENT SUCCESS ALLOCATION = 10%

Student Success Allocation—Measures	All Students $ per Point	All Students	Promise Grant $ per point	Promise Grant Total	Pell Grant Premium $ per Point	Pell Grant Premium Total
Associate degrees for transfer granted	$1,320	$1,376,760	$500	$319,680	$333	$294,039
Associate degrees granted (excluding ADTs)	$1,760	$1,149,280	$666	$269,730	$444	$236,208
Credit certificates (16 units or more) granted	$880	$572,880	$333	$142,191	$222	$123,210
Completion of nine or more CTE units	$440	$949,960	$167	$196,970	$111	$189,366
Successful transfer to four-year university	$660	$1,061,280	$250	$187,562	$167	$199,134
Completion of transfer-level Mathematics and English courses within first academic year of enrollment	$880	$179,520	$330	$28,638	$222	$ 26,640
Attainment of regional living wage	$440	$769,120	$167	$75,258	$111	$101,121
Totals		$6,058,800		$1,220,029		$1,169,718

SWC SOUTHWESTERN COLLEGE

TOTAL BASE ALLOCATION WITHOUT DEFICIT

Based on State Schedule R			
	FTES	Funding Rate	Total
Credit (3 yr. average less Incarcerated and Special Admit)	14,530.45	3,727.00	54,154,975
Noncredit	217.86	3,347.49	729,284
Career Development College Prep	22.54	5,456.67	122,993
Special Admit	154.74	5,456.67	844,365
Incarcerated Student Credit	28.75	5,456.67	156,879
Incarcerated Student Noncredit	1.59	3,347.49	5,323
FTES Allocation	14,955.93		56,013,819
Basic Allocation- (1 Mid size college and 3 Centers)			9,136,691
Total Base Allocation			65,150,510
Supplemental Allocation			22,035,782
Student Success Allocation			8,448,547
Total Computational Revenue			95,634,839
Less State estimated revenue shortfall			(336,093)
Total Available Base Revenue			95,298,746

SOUTHWESTERN COLLEGE

STATE-WIDE COMPARED TO SOUTHWESTERN ALLOCATION PERCENTAGES

Year 1 State from their model	Funding	% of Funding	Southwestern	% of Funding	% of State
Base Allocation	$4,946,185,152	69.92%	$65,150,511	68.12%	1.32%
Supplemental Allocation	$1,413,878,743	19.99%	$22,035,782	23.04%	1.56%
Student Success Allocation	$714,342,529	10.10%	$8,448,547	8.83%	1.18%
Total State Allocation	$7,074,406,424	100.00%	$95,634,840	100.00%	1.35%

SOUTHWESTERN COLLEGE

BUDGET ACT ONGOING REVENUES

Ongoing Funds		
Item	2018-19 State Budget Act	SWC's allocation
Cost of Living Adjustment (COLA)	$173.1 M (2.71%)	$2,509,621
Base Augmentation	$175 M (plus $35 million one time)	Included as part of our base allocation
Enrollment Growth	$59.7 M (1.00%)	$0
California Online College	$20 M	No Increase, this is a system allocation
California College Promise Program	$46 M	$601,518
Full-Time Student Success Grant and the Completion Grant	$40.7 M	$3.07 M
Financial Aid Technology	$5 M	$56,538
COLA for EOPS, DSPS, Cal Works, Childcare Tax Bailout	$7.3 M (2.51%)	TBD, Based on populations served
COLA for Adult Education Block Grant	$21.6 M	TBD
Full-time Faculty Hiring	$50 M	TBD

SOUTHWESTERN COLLEGE

BUDGET ACT ONE-TIME ALLOCATIONS

One-Time Funds		
Item	2018-19 State Budget Act	SWC's allocation
Online College	$100 M	No Increase to SWC, system allocation
Online Education Incentive Grants	$ 35 M	TBD
Physical Plant & Instructional Equipment	$28.46 M	$366,809
Financial Aid Streamlining and Modernization	$13.5 M	$152,653
Part-time Faculty Office Hours	$50 M	$75,000
Open Educational Resources	$6 M	TBD

SOUTHWESTERN COLLEGE

WHAT DOES THIS ALL MEAN?

- Proposed 2018-19 Ongoing Unrestricted Increases total $2.50 million
  - COLA increase of $2,509,786
  - Base increase used to hold districts harmless
- Estimated 2018-19 Increased Costs
  - Increased PERS & STRS costs
  - Estimated 5% H&W increases
  - Wellness and Aquatics Center positions and filling funded vacancies

SOUTHWESTERN COLLEGE

BUDGET BUILDING ASSUMPTIONS

Develop a balanced Adopted Budget for 2018-19

- Include the COLA percentage of 2.71% ($2.50 M to project funding increases in Unrestricted General Fund
- Do not include State growth funds in the 2018-19 budget
- Use new ongoing revenue to fund ongoing cost increases
  - PERS/STRS, health care, new facility operational costs

SOUTHWESTERN COLLEGE

BUDGET BUILDING ASSUMPTIONS CONTINUED

Use one-time funds for one-time purposes

- **Physical Plant and Instructional Equipment funds will be allocated to meet Instructional Equipment and Library Materials needs**
- **Financial Aid Streamlining and Modernization funds will be used to improve technology and services in the Financial Aid Offices**

SOUTHWESTERN COLLEGE

ADOPTED BUDGET HIGHLIGHTS

SOUTHWESTERN COLLEGE

BUDGET TO ACTUALS COMPARISONS

- 2017-18 Adopted Budget Projected Expenses to actual Expenses were within $581
- 2017-18 Adopted Budget Revenues to actual revenues were off by $5.3 Million
- Comparisons are highlighted on page 33, but will provide some of the main reasons in the next slide

SOUTHWESTERN COLLEGE

2017-18 UNRESTRICTED ENDING BALANCE

	FY16-17 Audited Actual	FY17-18 Unaudited Actual	FY18-19 Adopted Budget
SUMMARY OF OPERATIONS:			
Beginning Balance	$ 11,624,241	$ 12,567,714	$ 17,874,070
Adjustments			
Adjusted Beginning Balance	$ 11,624,241	$ 12,567,714	$ 17,874,070
Income	$ 96,265,157	$ 101,250,530	$ 100,682,081
Adjustments	-	-	
Total Income	$ 96,265,157	$ 101,250,530	$ 100,682,081
Total Funds Available for Distribution	**$ 107,889,398**	**$ 113,818,244**	**$ 118,556,151**
Less Expenditures	95,321,684	95,944,174	101,682,081
Adjustments	-	-	-
Total Expense	95,321,684	95,944,174	101,682,081
Total Ending Balance	$ 12,567,714	$ 17,874,070	$ 16,874,070

SOUTHWESTERN COLLEGE

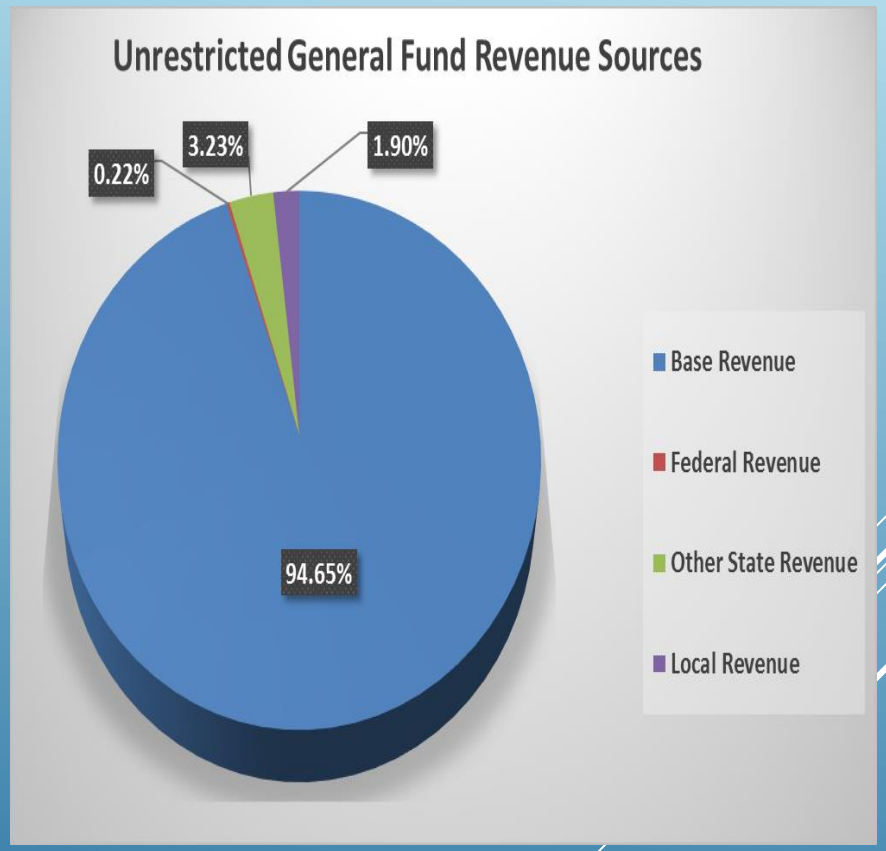
SOME OF THE MAJOR VARIANCES FROM ADOPTED

Description	2017-18 Adopted Budget	2017-18 Unaudited Actual	2017-18 Variance Amounts	Notes on Revenue Changes Impacting Ending Balance :
Principal Apportionment, Faculty Hiring	$ 58,911,876	$ 62,020,698	$3,108,822	$1 Million for additional 283 FTES claimed in 2016-17 by pushing summer 2017 back into the 2016-17 year. This also increased the FTES base for 2017-18 from 15,594 up to 15,877 resulteing in an additional increase of $1.6 Million. State removed the deficit factor at the end of the year resulting in an additional $500K
Redevelopment and Residual	750,000	1,148,589	$ 398,589	sales of multiple redevelopment properties held by the agency during the 2017-18 year. When agency properties are sold, the amounts are allocated to the various agencies on a proportional basis
Lottery Proceeds	2,276,724	2,784,957	$ 508,233	FTES increase change made in 2016-17 as detailed above. Also overall allocation was more as the State had us use an estimated $146 per FTES in 2017-18.
Mandated Costs	431,870	879,038	$ 447,168	The College received a one-time allocation of $435K for mandated cost from the State in November that we had not included in the budget.
Interest Income	$ 85,000	$ 302,432	$ 217,432	Interest earned by the District on deposits went from a projection of $85K to an actual of $302K. We have adjusted this amount for 2018-19
Local - Child-Care and Other	250,000	888,624	$ 638,624	Reclassification of $457K of Redevelopment funds from fund 41 to fund 11. Includes surplus property sales revenue and a donation form the Foundation for a software purchase

SOUTHWESTERN COLLEGE

UNRESTRICTED REVENUE FROM STATE SCHEDULE R

Property Taxes	$29,020,402
Enrollment Fees	$4,448,534
Full-Time Faculty Hiring (old Allocation)	$823,286
Education Protection Act (EPA)	$13,098,608
General Apportionment	$47,907,916
Total Base Revenue	$95,298,746
Total Federal	216,600
Total State	3,250,714
Total Other Local	1,916,021
TOTAL UNRESTRICTED REVENUE	$100,682,081



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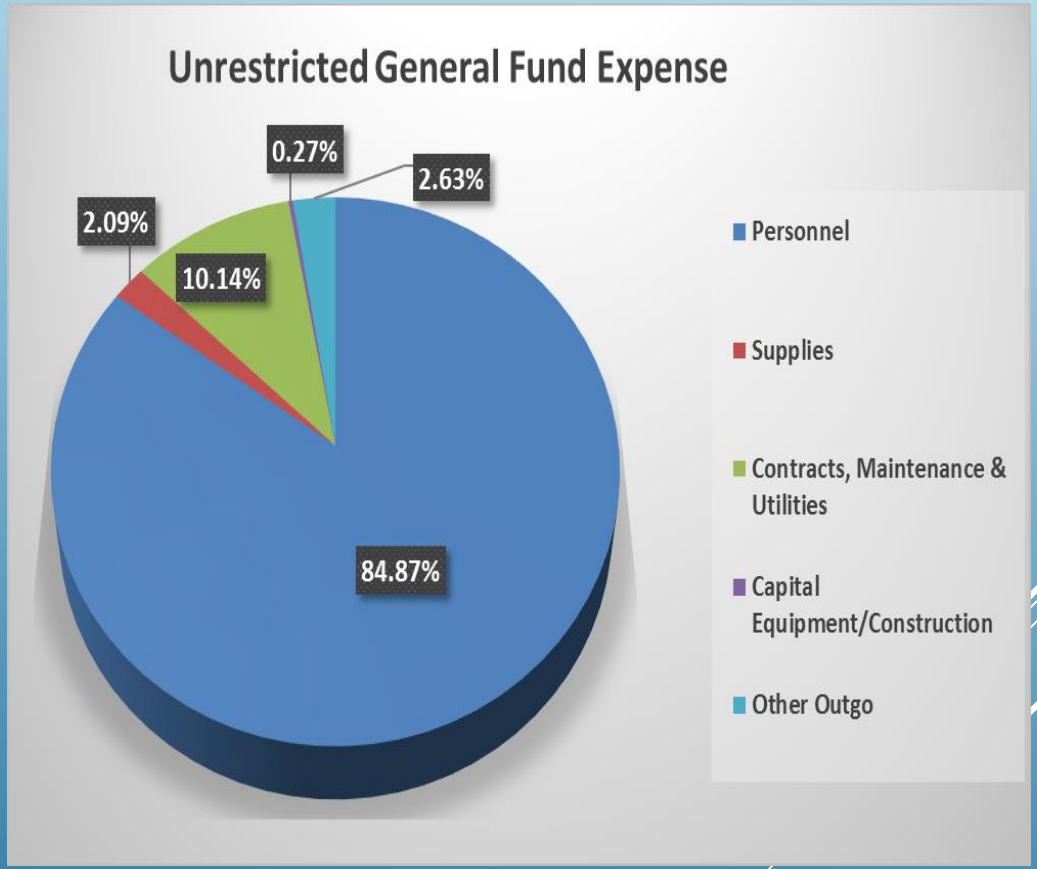
UNRESTRICTED GENERAL FUND REVENUE TRENDS

Description	2015-16 Audited Actual	2016-17 Audited Actual	2017-18 Unaudited Actual	2018-19 Tentative Budget	2018-19 Adopted Budget
Total Base Revenue	$ 85,258,547	$ 87,406,899	$ 94,129,544	$ 94,627,816	$ 95,298,746
Total Federal Revenue	$ 225,000	$ 243,488	$ 236,526	$ 216,600	$ 216,600
Other State Revenue	$ 14,388,095	$ 6,454,060	$ 4,329,761	$ 3,332,582	$ 3,250,714
Other Local Revenue	$ 2,475,264	$ 2,160,710	$ 2,554,699	$ 1,938,048	$ 1,916,021
Total Revenue	$ 102,346,906	$ 96,265,157	$ 101,250,530	$ 100,115,046	$100,682,081

SOUTHWESTERN COLLEGE

UNRESTRICTED FUND EXPENSE

Academic Salaries	$42,849,715
Classified Salaries	22,326,326
Benefits	22,116,611
Estimated Salary Savings	(1,000,000)
Supplies and Materials	2,124,826
Operating Costs	10,308,530
Capital Outlay	279,216
Other Outgo	2,676,857
Total	$101,682,081



SOUTHWESTERN COLLEGE

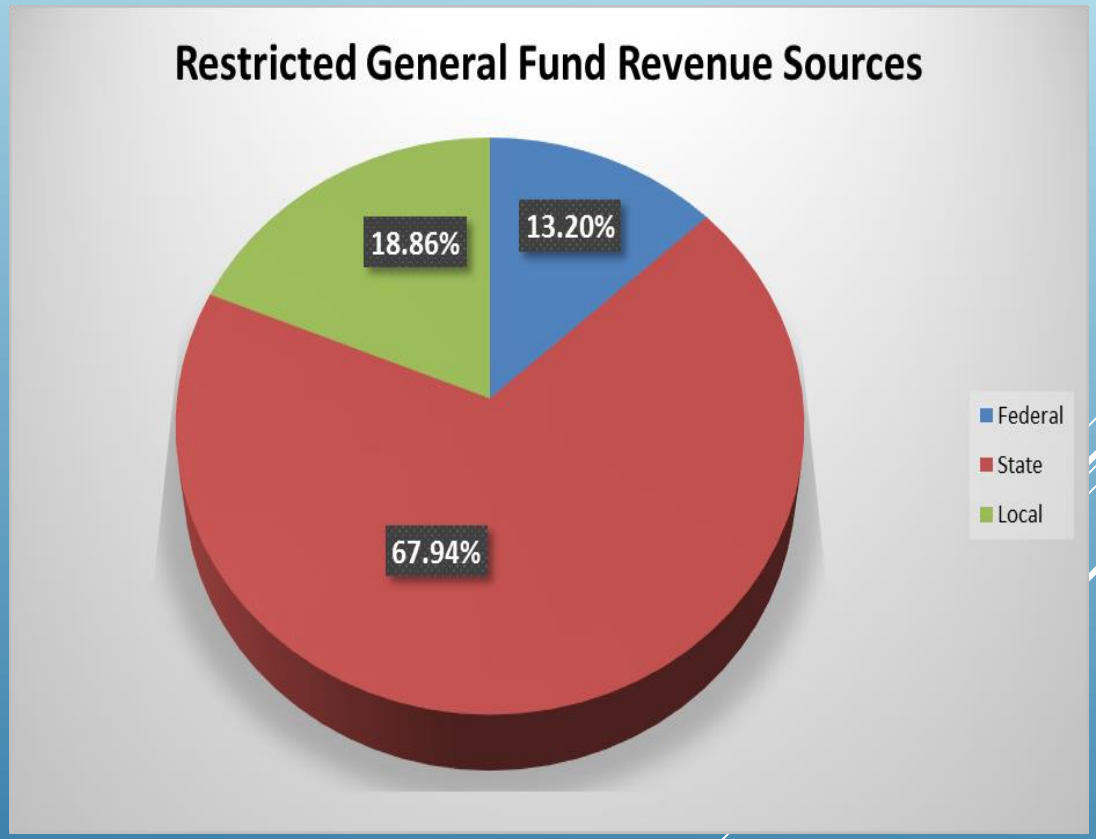
UNRESTRICTED GENERAL FUND EXPENSE TRENDS

Description	2016-17 Audited Actual	2017-18 Unaudited Actual	2018-19 Tentative Budget	2018-19 Adopted Budget
TotalAcademic Salaries	$ 40,427,742	$ 41,575,860	$ 42,386,206	$ 42,849,715
Total Non-Academic salaries	$ 21,130,616	$ 21,581,228	$ 21,798,394	$ 22,326,326
Total Benefits	$ 19,501,249	$ 18,998,235	$ 22,029,782	$ 22,116,611
Vacant positions - savings			$ (1,000,000)	$ (1,000,000)
Total Personnel	$ 81,059,607	$ 82,155,323	$ 85,214,382	$ 86,292,652
Total Supplies and Materials	$ 1,960,161	$ 1,619,393	$ 2,018,065	$ 2,124,826
Total Operating Costs	$ 8,407,028	$ 9,727,521	$ 10,501,097	$ 10,308,530
Total Capital Outlay	$ 291,048	$ 250,135	$ 196,216	$ 279,216
Total Other Outgo	$ 3,603,840	$ 2,191,802	$ 1,737,705	$ 2,676,857
Total Other Expense	$ 14,262,077	$ 13,788,851	$ 14,453,082	$ 15,389,429
Total Expenses	$ 95,321,684	$ 95,944,174	$ 99,667,464	$ 101,682,081

SOUTHWESTERN COLLEGE

RESTRICTED FUND REVENUE

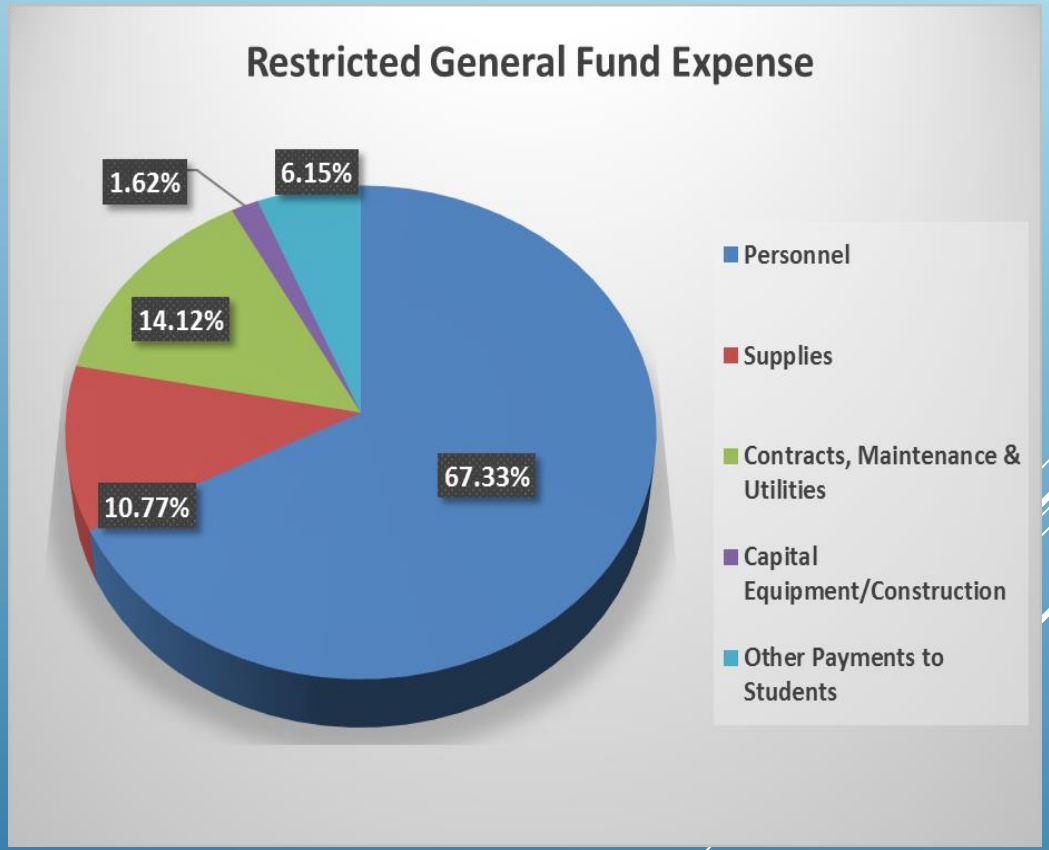
Federal Revenue	$3,450,310
State Revenue	$17,760,006
Local Revenue	$4,928,565
Total Restricted Revenue	$26,138,881



SOUTHWESTERN COLLEGE

RESTRICTED FUND EXPENSE

Academic Salaries	$ 5,057,244
Classified Salaries	8,758,698
Benefits	3,784,195
Supplies and Materials	2,815,450
Operating Costs	3,691,917
Capital Outlay	423,685
Other Outgo/Payments	1,607,692
Total Estimated Expense	$26,138,881



SOUTHWESTERN COLLEGE

RESTRICTED GENERAL FUND REVENUE & EXPENSE TRENDS

Description	2016-17 Audited Actual	2017-18 Unaudited Actual	2018-19 Tentative Budget	2018-19 Adopted Budget
Federal Revenue	$ 2,813,300	$ 2,138,220	$ 3,185,498	$ 3,450,310
State Revenue	16,951,268	19,932,160	19,711,426	17,760,006
Local Revenue	3,958,730	4,550,228	4,928,565	4,928,565
Total Revenue	$ 23,723,298	$ 26,620,608	$ 27,825,489	$ 26,138,881
Total Academic Salaries	$ 5,062,226	$ 4,967,072	$ 4,981,802	$ 5,057,244
Total Non-Academic Salaries	$ 7,832,807	$ 8,310,242	$ 8,530,768	$ 8,758,698
Total Benefits	$ 3,352,935	$ 3,802,612	$ 3,741,684	$ 3,784,195
Total Supplies and Materials	$ 2,692,955	$ 2,409,679	$ 4,707,795	$ 2,815,450
Total Operating Costs	$ 2,673,414	$ 2,739,713	$ 2,887,176	$ 3,691,917
Total Capital Outgo	$ 249,468	$ 411,633	$ 881,769	$ 423,685
Total Expense	$ 23,940,362	$ 24,077,220	$ 27,825,489	$ 26,138,881

SOUTHWESTERN COLLEGE

2018-19 TOTAL EXPENSE BUDGET

Fund Type	2018-19 Expense	Book Pages
Unrestricted General Fund	$101,682,081	37-39
Restricted General Fund	26,138,881	40-42
Bookstore	3,094,781	44
Food Service	1,976,373	45-49
Civic Center	450,000	50
Proposition R	9,558,786	51-52
Proposition Z	43,983,000	53-54
Capital Outlay	4,303,029	55-56
Associated Student Organization	480,000	57
Student Center Fee	174,568	58
Student Success and Completion	3,070,538	60
Total Expenses	$ 194,912,037	

SOUTHWESTERN COLLEGE



Thanks to all the individuals and budget managers across the District who assisted in developing our Adopted Budget Plan presented here today. A special thanks goes to the team in Finance who worked to close the books earlier than ever before, and overcame many challenges along the way.

Planning & Budget Committee Members 2017-18 and 2018-19

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Andrew Rempt
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