



# Santa Barbara City College Five Year Fiscal Projections

Board Retreat  
February 10, 2017

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Acting Vice President of Business Services

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# Agenda

- Ending Fund Balances – Historical and Budget
- 5 Year Fiscal Projections
  - Review of Oct. 2016 Projections
  - Changes between Oct. 2016 and Now
  - Current Projections
  - Assumptions
  - Ending Fund Balance Projections
  - Transfers
  - Prop 30 Sales Tax revenue
  - STRS/PERS
  - SERP
- Budget Resource Allocation Committee (BRAC)



# Ending Fund Balances

# Historical and Budget



## Board Policy - Reserves

- 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



# General Fund Balance 2016-17 Adopted Budget

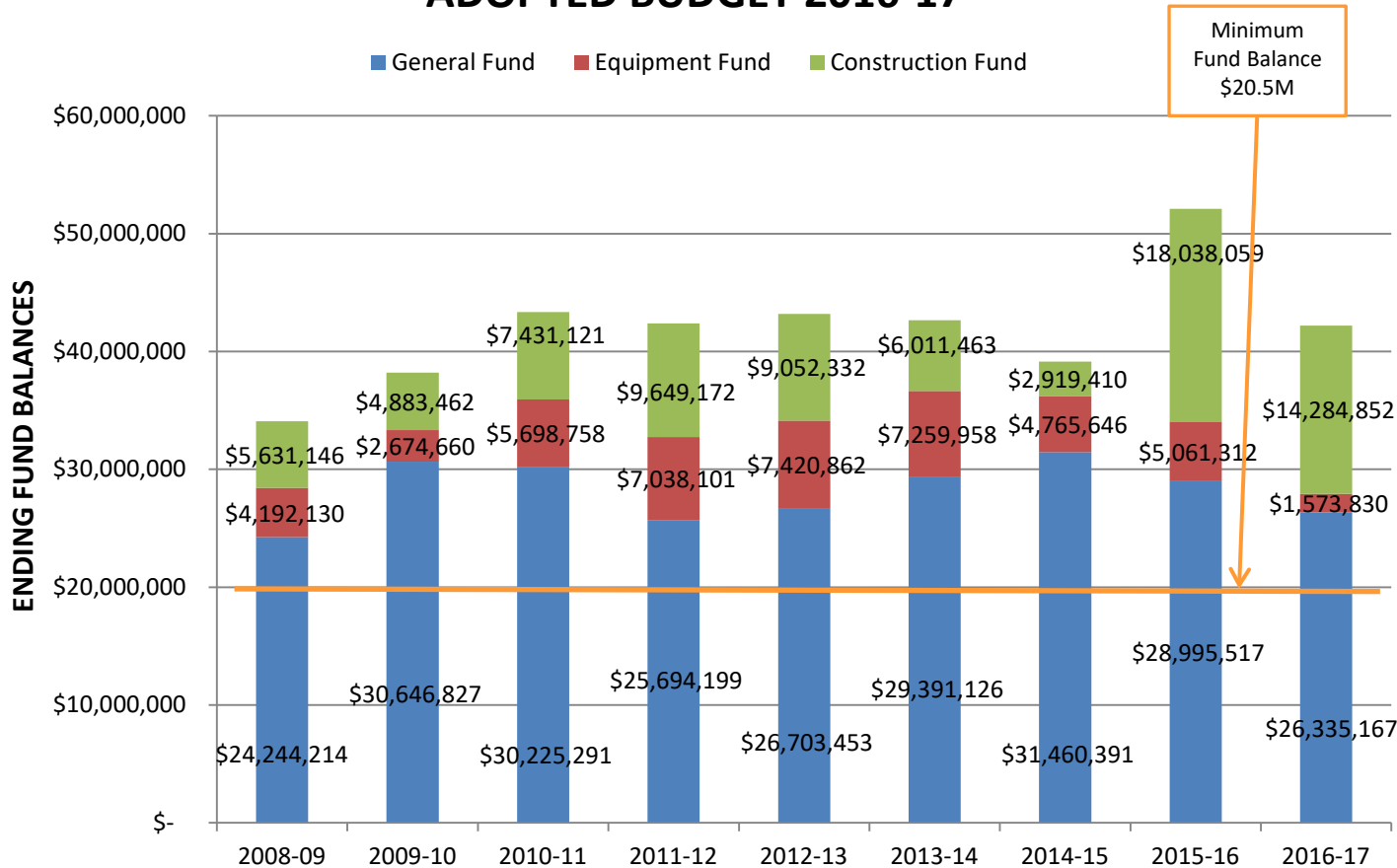
*\*June 30, 16 Ending Balance updated to audited final year end balance.*

	June 30, 2015 Actual Ending Balance	June 30, 2016 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	\$4,702,791	\$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	\$14,108,372	\$14,288,312
Total Designated	<u>\$20,050,484</u>	<u>\$20,326,640</u>	<u>\$20,566,560</u>
Undesignated	\$11,409,907	\$8,668,876	\$5,768,607
Total Fund Balance	<u><u>\$31,460,391</u></u>	<u><u>\$28,995,517</u></u>	<u><u>\$26,335,167</u></u>
% Designated Ending Balance/Expenditures	21.6%	21.6%	21.6%
% Total Ending Balance/Expenditures	33.9%	30.8%	27.6%

Undesignated Reserves for 16-17 Adopted budget are \$5.8 million or 6% of expenditures over Board Policy.

# Historical Fund Balances

## ADOPTED BUDGET 2016-17



2015-16 Construction Fund  
 \$2.1 M District Projects  
 \$12.6 M Campus Center  
 \$2.2 M State Maintenance  
 \$1.1 Swing Space

2016-17 Construction Fund  
 \$2.0 M District Projects  
 \$12.1 M Campus Center  
 \$0.2 M State Maintenance  
 \$0 Swing Space



# Review of Five Year Fiscal Projection From October 2016

Review of Five Year Projection presented in October 2016. Two scenarios provided:

- Scenario 1 with no change to SBCC operations, continue operations as usual with declining enrollment
- Scenario 2 with no change to SBCC operations except offering a Supplemental Employee Retirement Plan (SERP), continue operations as usual with declining enrollment

<b>5 Year Projection Oct. 2016 SCENARIO 1, NO CHANGE</b>	2016-17	2017-18	2018-19	2019-20	2020-21
	<i>Projection</i>	<i>Projection</i>	<i>Projection</i>	<i>Projection</i>	<i>Projection</i>
REVENUES	96,038,895	89,766,818	87,126,117	83,976,863	80,510,588
EXPENDITURES	-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
<b>5 Year Projection Oct. 2016 SCENARIO 2, SERP</b>	2016-17	2017-18	2018-19	2019-20	2020-21
	<i>Projection</i>	<i>Projection</i>	<i>Projection</i>	<i>Projection</i>	<i>Projection</i>
REVENUES	96,038,895	89,766,818	87,126,117	83,976,863	80,510,588
EXPENDITURES	-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

District efforts have been focused on reducing projected \$9.1 M deficit



# Five Year Fiscal Projections 2017-18 to 2021-22

as of Feb. 6, 2017





# Assumptions

- Resident FTES experiences 3.3% decline in 2017-18, 2.0% decline in 2018-19, 2.9% increase in 2019-20, and no changes in 2020-21 and 2021-22.
- Non Credit FTES experiences 30.4% increase in 2017-18, 33.3% increase in 2018-19, 25.0% increase in 2019-20, and no changes in 2020-21 and 2021-22.
- Implementation of SBCC School of Extended Learning.
- Sales tax portion of Prop 30 funding ends Dec. 31, 2016.
- SERP and reorganization savings.
- CalPERS and CalSTRS pension rate increases.
- Educational programs efficiency savings of 5% for 2017-18, 2018-19, and 2019-20, with no further reductions in 2020-21 or 2021-22.
- Hourly staffing reduction of 10% for 2017-18, 2018-19, and 2019-20, with no further reductions in 2020-21 or 2021-22.
- Transfers from the Unrestricted General Fund to other District funds reduced to cover only critical needs for district maintenance, critical replacement of instructional technology equipment, and sustaining the Children's Center.



# 5 Year Fiscal Projections

SBCC's five year fiscal projections have been updated based on 2016-17 adjusted budget figures and multiple updated assumptions to revenues, expenditures, and transfers.

5 Year Fiscal Projection as of February 6, 2017	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	Adj. Budget	Projection	Projection	Projection	Projection	Projection
REVENUES	97,821,957	91,549,422	89,517,241	89,653,168	94,874,843	102,828,252
EXPENDITURES	-95,620,157	-94,462,556	-94,637,831	-93,465,599	-97,091,102	-97,889,471
TRANSFERS	-3,966,953	-1,565,000	-1,565,000	-1,565,000	-1,565,000	-1,565,000
NET ADJ TO ENDING BALANCE	-1,765,153	-4,478,134	-6,685,590	-5,377,431	-3,781,260	3,373,780
ENDING BALANCE	27,230,364	22,752,230	16,066,640	10,689,209	6,907,950	10,281,730

The 2017-18 budget development process begins now. The 2017-18 budget will be finalized in September 2017.

Bringing the projected \$4.5 million budget deficit down as much as possible will be a primary focus of the President's Cabinet, Fiscal Services, and the new Budget Resource Allocation Committee .



# Changes to Fiscal Projections

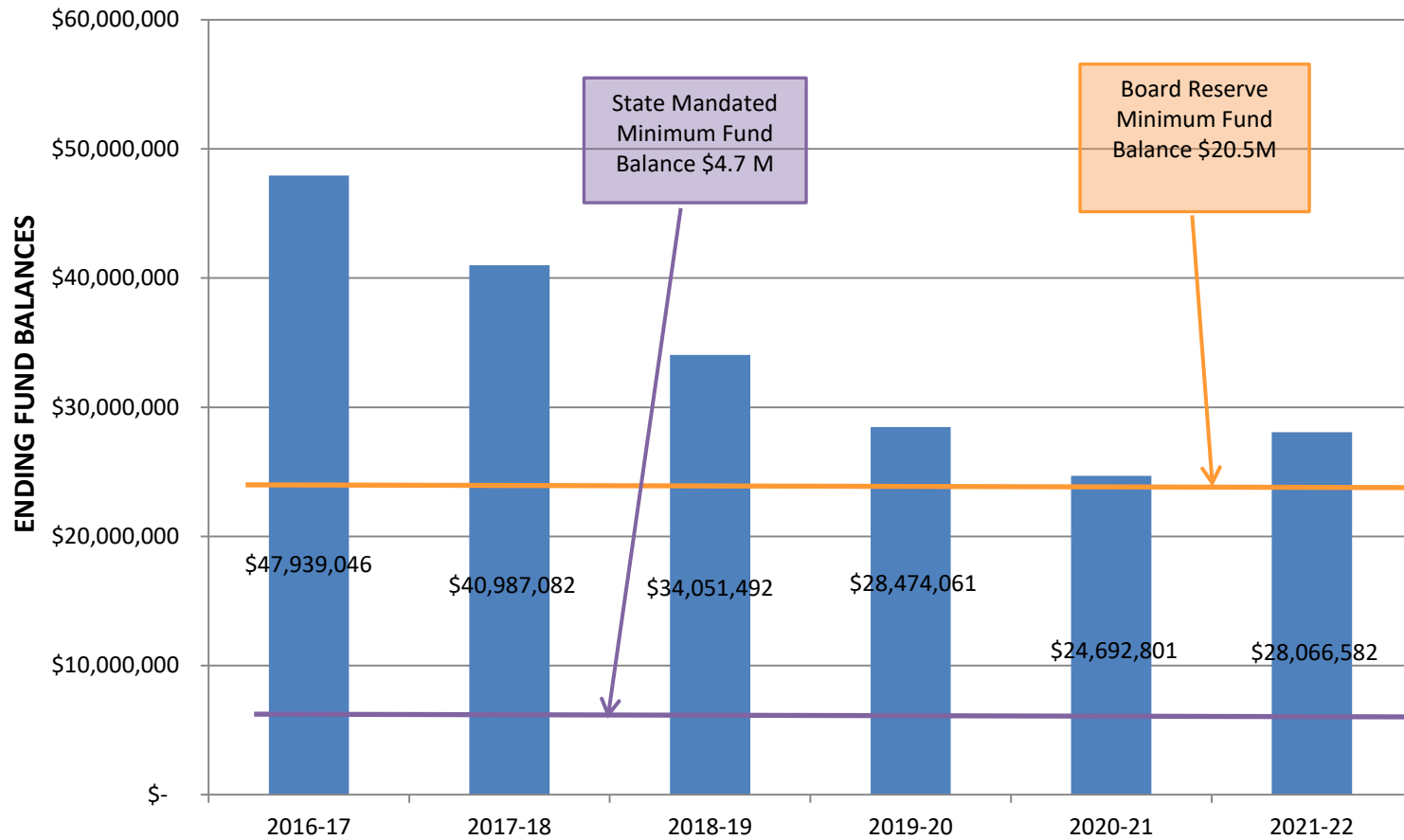
Below is a list of major adjustments made to the five year fiscal projections from the Oct. 2016 projections to the current projections. The current projections result in an Unrestricted General Fund deficit of approximately \$4.5 million in 2017-18.

<i>Changes to FY 2017-18 Fiscal Projections</i>	
<b>Deficit Projected as of 10/01/16</b>	<b>9,143,000</b>
<i>Revenue Adjustments</i>	
Projection adjustments to 16-17 revenues	(920,000)
Budget adjustments to 16-17 revenues	(864,000)
<i>Expense Adjustments</i>	
SERP & Reorg projection updates	(439,000)
School of Extended Learning Implementation	365,000
Class size efficiencies (hourly faculty reduction)	(562,000)
Hourly staffing reduction	(200,000)
Budget adjustments to 16-17 expenditures	365,000
<i>Transfer Adjustments</i>	
Facility Master Plan one time in 2016-17	(360,000)
Construction - West Campus Classroom Building one time in 2016-17	(2,800,000)
IT Refresh reinstated transfer from UGF	750,000
<b>Deficit Projected as of 2/6/17</b>	<b>4,478,000</b>



# Fund Balances 5 Year Projections

## Five Year Fiscal Projections SBCC Reserves





# Detail of Fund Balances

The balances below are the funds included in the blue bar on the previous bar chart.

These are all of SBCC’s largest funds that have ending balances year over year.

	Budget	Projection	Projection	Projection	Projection	Projection
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
General Fund	27,230,364	22,752,230	16,066,640	10,689,209	6,907,950	10,281,730
Construction Fund	14,284,852	14,284,852	14,284,852	14,284,852	14,284,852	14,284,852
Equipment Fund	1,573,830	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Lottery Fund	750,000	500,000	250,000	50,000	50,000	50,000
Campus Store Fund	3,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Food Service Fund	200,000	200,000	200,000	200,000	200,000	200,000
Center for Lifelong Learning	900,000	750,000	750,000	750,000	750,000	750,000
<b>Total All Funds</b>	<b>47,939,046</b>	<b>40,987,082</b>	<b>34,051,492</b>	<b>28,474,061</b>	<b>24,692,801</b>	<b>28,066,582</b>



# Transfers from Unrestricted GF

Review of past transfers out of Unrestricted General Fund, in comparison to 2016-17 budget, and 2017-18 projections:

<i>Transfers from Unrestricted General Fund to Other Funds</i>	<b>2013-14 Actual</b>	<b>2014-15 Actual</b>	<b>2015-16 Actual</b>	<b>2016-17 Budget</b>	<b>2017-18 Projection</b>
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	-	750,000
To Athletics Trust	-	32,472	26,414	25,000	25,000
To Children's Center Fund	209,000	157,833	200,000	200,000	200,000
	<b>4,307,872</b>	<b>1,229,091</b>	<b>19,310,900</b>	<b>4,054,845</b>	<b>1,645,000</b>



# Prop 30 and 55 Fiscal Impacts

Review from the Nov. 2016 election:

- Passage of Prop 55 did not provide SBCC with any additional ongoing revenues.
- Prop 55 only extends the income tax portion of Prop 30 (EPA) funding.

SBCC - Proposition Funding Projections\*

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

\*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.

# CalSTRS and CalPERS Rate Increase

Employer pension contribution rates continue to increase through 2023-24. Costs to SBCC are included in 5 year fiscal projection:

	Budget	Projection	Projection	Projection	Projection	Projection	Projection	Projection
<b>District Contribution Rates</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
<b>STRS</b>	<b>12.58%</b>	<b>14.43%</b>	<b>16.28%</b>	<b>18.13%</b>	<b>19.10%</b>	<b>19.10%</b>	<b>19.10%</b>	<b>19.10%</b>
STRS District Amount	4,136,728	4,745,071	5,353,413	5,961,756	6,280,724	6,280,724	6,280,724	6,280,724
Annual \$ Increase	491,813	608,342	608,342	608,342	318,969	-	-	-
Cumulative Increase	-	608,342	1,216,685	1,825,027	2,143,996	2,143,996	2,143,996	2,143,996
<b>PERS</b>	<b>13.89%</b>	<b>15.80%</b>	<b>18.70%</b>	<b>21.60%</b>	<b>24.90%</b>	<b>26.40%</b>	<b>27.40%</b>	<b>28.20%</b>
PERS District Amount	2,649,776	3,014,144	3,567,372	4,120,601	4,750,138	5,036,290	5,227,059	5,379,674
Annual \$ Increase	400,997	364,368	553,229	553,229	629,536	286,153	190,769	152,615
Cumulative Increase	-	364,368	917,597	1,470,826	2,100,362	2,386,515	2,577,283	2,729,898
STRS & PERS District Amount	6,786,504	7,759,214	8,920,786	10,082,357	11,030,862	11,317,015	11,507,783	11,660,398
<b>STRS &amp; PERS Annual \$ Increase</b>	-	972,710	1,161,571	1,161,571	948,505	286,153	190,769	152,615
<b>STRS &amp; PERS Cumulative Increase</b>	-	972,710	2,134,282	3,295,853	4,244,358	4,530,511	4,721,279	4,873,894





# SERP

Supplemental Employee Retirement Plan (SERP) offering of Fall 2016 was successful. Many employees opted for the benefit.

Replacement Summary	SERP Retirement	To Be Hired	Non SERP Resignations	Other To Be Hired	% Hired
Faculty	22	5	2	7	50%
Classified	35	21			60%
Administration/Management	10	6			60%
<b>Total</b>	<b>67</b>	<b>32</b>	<b>2</b>	<b>7</b>	<b>57%</b>

- October 2016 projected a five year savings of \$9.3 million due to the SERP.
- Current projections are a five year savings of \$8.6 million due to the SERP, which include district reorganization costs, banked TLU and vacation payouts.



# SERP Financial Savings

	Year 1 17/18	Year 2 18/19	Year 3 19/20	Year 4 20/21	Year 5 21/22	Total
Faculty SERP Savings	2,813,878	2,813,878	2,813,878	2,813,878	2,813,878	14,069,390
Classified SERP Savings	2,561,706	2,561,706	2,561,706	2,561,706	2,561,706	12,808,530
Admin/Managers SERP Savings	1,768,839	1,768,839	1,768,839	1,768,839	1,768,839	8,844,195
<b>Total Savings from Retired Employees</b>	<b>7,144,423</b>	<b>7,144,423</b>	<b>7,144,423</b>	<b>7,144,423</b>	<b>7,144,423</b>	<b>35,722,115</b>
Faculty SERP Costs	600,675	362,912	354,280	338,680	326,512	1,983,059
Classified SERP Costs	558,853	332,014	322,920	307,151	292,246	1,813,184
Admin/Managers SERP Costs	451,104	227,800	218,707	211,456	204,780	1,313,847
<b>Total SERP Program Costs</b>	<b>1,610,632</b>	<b>922,726</b>	<b>895,907</b>	<b>857,287</b>	<b>823,538</b>	<b>5,110,090</b>
Faculty Replacement Costs	629,700	653,564	677,898	695,178	702,908	3,359,248
Classified Replacement Costs	1,139,927	1,177,136	1,214,795	1,251,353	1,255,595	6,038,806
Admin/Managers Replacement Costs	1,076,779	1,114,543	1,152,766	1,189,857	1,192,023	5,725,968
<b>Total Replacement Costs</b>	<b>2,846,406</b>	<b>2,945,243</b>	<b>3,045,459</b>	<b>3,136,388</b>	<b>3,150,526</b>	<b>15,124,022</b>
<b>Total Non SERP Faculty Replacements</b>	<b>819,348</b>	<b>849,979</b>	<b>881,200</b>	<b>893,765</b>	<b>898,474</b>	<b>4,342,766</b>
<b>Total Re-Org Costs</b>	<b>499,803</b>	<b>509,224</b>	<b>520,077</b>	<b>527,416</b>	<b>527,731</b>	<b>2,584,251</b>
<b>Net Savings</b>	<b>1,368,234</b>	<b>1,917,251</b>	<b>1,801,780</b>	<b>1,729,567</b>	<b>1,744,154</b>	<b>8,560,986</b>

New subcommittee of CPC being formed called Budget Resource Allocation Committee (BRAC). 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.



Questions?