



SANTA BARBARA CITY COLLEGE

ASSUMPTIONS USED TO DEVELOP THE 2016-17 ADOPTED BUDGET

As of August 19, 2016

Table with 2 columns: Presented To, Date Presented. Rows: Board of Trustees (8/25/16), Board of Trustees (9/8/16)

The revenue assumptions are from the 2016-17 Governor’s Final State Budget presented by the California Community College Chancellor’s Office at the Annual Statewide Budget Workshop on August 4, 2016.

Items highlighted in yellow were changes from the Tentative to Adopted Budget.

The 2016-17 Adopted Budget includes the following assumptions:

REVENUES

State Revenue - Ongoing

- 1. The District experienced a reduction in FTES generated in 2015-16 of 7.3%. The “Hold Harmless” delay in the reduction in revenue will impact the District in 2016-17 reducing the state allocation by 7.3%. See 5 Year Projection attached for a more complete explanation.
2. COLA increase is not projected for the District.
3. Growth is not projected for the District.
4. Base allocation funding increase of \$907,000.
5. Enrollment fee remains constant at \$46.00.
6. Education Protection Act revenue: the Sales Tax portion of the EPA (Prop 30) expires on 12/31/16 reducing revenue by \$1,146,000.
7. Lottery revenue remains flat.
8. State mandated on going reimbursements decline \$26,000 due to the 7.3% decline in enrollment.

State Revenue - One Time

- 9. Deficit factor is not projected.
10. State mandated reimbursement is \$1,276,000 one time.
11. State apportionment recalculations and prior year adjustments are not projected.
12. Deferred maintenance and instructional equipment with no local match required of \$2,130,359 one time.

Local Revenue

- 13. Non-resident enrollment fee will decrease \$5 per unit or 1.9% in 2016-17. Non resident tuition fees reduced by \$592,182 to account for Fall 2016 decline in enrollment.
14. Interest revenue remains flat.

EXPENDITURES

1. Reclassification of classified staff, board approved March 24, 2016, estimated at \$41,300.
2. COLA increase is not projected for the District.
3. Hourly salaries and benefits decreased approximately \$400,000 to account for enrollment decline.
4. Employer contribution towards health benefits increase for PPO 80% plan to bring out-of-pocket to \$0 for employees, approximately \$110,000.
5. The State Unemployment Contribution rate remains flat.
6. The State Workers Compensation insurance rate remains flat.
7. The CalPERS employer contribution rate increase from 11.85% to 13.05%, approximately \$275,000.
8. The CalSTRS employer contribution rate increase from 10.73% to 12.58% approximately \$708,000.
9. Supplies and materials, other operating expenses and services, capital outlay, and other outgo reduced approximately \$358,000 through budget process.
10. The fixed and mandated expenses, consisting of maintenance agreements, utilities, postage, rent, transportation, etc., are expected to increase based on actual and trends. *Increase of approximately \$90,000.*

TRANSFERS

These are the transfer of funds to and from the Unrestricted General Fund Ending Balance.

1. Transfer to the Children's Center Fund increases to \$200,000.
2. Transfer to the Construction Fund for ongoing campus maintenance decreases to \$615,000. *Projects that qualify as deferred maintenance will be funded using the one time deferred maintenance revenues (item #11 under Revenue).*
3. Transfer to the Construction Fund for interest portion of the loan payments to the California Energy Commission for the photovoltaic system loan of \$50,088 and for the light program loan of \$4,757. These amounts will continue for the life of the loans (ending in 2024 and 2021).
4. Transfer to the Construction Fund required to fund final construction costs of West Campus Classroom Building not covered by the Measure V Bond of \$2,800,000. *Presented to the Fiscal Subcommittee on January 11, 2016.*
5. Transfer to the Equipment Fund for program review items decreases to \$0. *Program Review items totaling \$1,042,845 are identified as instructional equipment and will be funded using the one time instructional equipment revenues (item #11 under Revenue).*
6. Transfer to the Equipment Fund for equipment decreases to \$0. *Equipment items that are identified as instructional equipment will be funded using the one time instructional equipment revenues (item #11 under Revenue).*
7. Transfer in from the "I Can Afford College" State Financial Aid Media campaign grant. This is a pass through of funds that the College manages for the Chancellor's office.
8. Transfer to Athletics Trust for ongoing athletic sports events remains flat.

Appendix

***The 5 Year Revenue Projection: 2016-17 through 2020-21**

The 5 Year projections for the Unrestricted General Fund assumes a reduction in FTES generated of 7.3% for 2015-16, 7.0% for 2016-17, 2.0% for 2017-18, and flat for 2018-19 through 2020-21.

The College is in stability in 2015-16 and will remain in stability as long as FTES continues to decline. Stability is covered in SB361, the legislation that provided for equalization of funding among Community Colleges. The application of stability under SB 361 allows for a “hold harmless” in the first year of an enrollment decline. In other words, the first year that there is a reduction in revenue is the year following the initial decline in enrollment. For two years following the hold harmless year the District is eligible for FTES restoration. Restoration allows the District to recover any FTES generated up to the FTES generated in the year prior to going into stability, but does not guarantee any revenues.

The following chart has the projections for FTES and the revenue that results from the FTES generated, based upon the FTES assumptions noted above. The chart illustrates the “Hold Harmless” effect of stability. The reduction in revenue is in the year following the reduction in FTES generated. In this example the revenue for 2015-16 is equal to the revenue earned in 2014-15 because of the interplay of declining enrollment and the hold harmless year. At the most basic level, revenue in the current year is based on the prior year FTES.

	Actual 2014-15	Estimated 2015-16	Estimated 2016-17	Estimated 2017-18	Estimated 2018-19	Estimated 2019-20	Estimated 2020-21
FTES Generated	14,273	13,295	12,364	12,106	12,106	12,106	12,106
Revenue	\$ 66,127,722	\$ 66,127,722	\$ 61,819,910	\$ 57,492,516	\$ 56,289,026	\$ 56,289,026	\$ 56,289,026

