



## SANTA BARBARA CITY COLLEGE

### ASSUMPTIONS USED TO DEVELOP THE 2019-20 TENTATIVE BUDGET

*As of June 10, 2019*

The 2019-20 Tentative Budget Assumptions are based on the May 2019 Revised Governors Proposed Budget. Assumptions will be updated as new revenue information is received from the state and expenditures are adjusted through the budget development process. The Tentative Budget is scheduled for approval by the Board of Trustees on June 20, 2019.

The First Draft of the 2019-20 Tentative Budget had an \$8 Million deficit in the Unrestricted General Fund. Since the first draft was developed, the District has worked through our processes to identify where reductions in expenditures were possible. The 2019-20 Tentative Budget continues to have a \$5 Million deficit in the Unrestricted General Fund. We will continue to work through our processes to reduce this deficit between now and the Adopted Budget, however it is expected that the Adopted Budget will continue to have a deficit.

It is important to note that in future years expenditures will continue to increase (STRS/PERS, Health & Welfare Benefits, Contracts, Utilities, etc.), and it is important that the District work to grow revenues to cover these increases. If we are unable to grow revenues, we will be forced to make cuts to our services.

The 2019-20 Tentative Budget is based on the following assumptions:

#### **REVENUES**

##### **State Revenue - Ongoing**

1. The District is budgeting that resident credit FTES will continue to decline 1% in Fiscal Year 2019-20 compared to projected FTES for Fiscal Year 2018-19.
2. Enhanced Noncredit FTES are budgeted to increase 3% in 2019-20.
3. Noncredit FTES are budgeted to increase 12% in 2019-20.
4. The state budget includes a 3.26% COLA. This results in an increase in the funding rates used in the calculation of the Student Centered Funding Formula. The increased rates have been used when calculating the revenues for the Tentative Budget.
5. Funding Formula components remains at 70% FTES, 20% Supplemental Allocation, and 10% Student Success Allocation.
6. Total Computational Revenue (TCR) calculated using the May 3, 2019 version of the FCMAT Funding Formula Simulator.
7. Supplemental Allocation Factors:

- a. **Pell Grant Recipients** budgeted - 1% decrease
  - b. **AB 540 Students** budgeted - 1% decrease
  - c. **California College Promise Grant Recipients** budgeted - 1% decrease
8. Student Success Factors:
- a. **Associate Degrees** budgeted - 7% increase
  - b. **Associate Degrees for Transfer** budgeted - 18% increase
  - c. **Credit Certificates** budgeted – 4.5% increase
  - d. Students completing **Nine or More CTE Units** budgeted - 1.5% decrease
  - e. Students who **Transfer to 4 Year Colleges** budgeted - 1.5% decrease
  - f. Students completing **Transfer Level Math and English** budgeted - 3% increase
  - g. Students who achieve a **Regional Living Wage** budgeted to remain flat
9. Education Protection Act revenue remains flat at \$11.2M (*Part of TCR*).
10. Property Tax Revenue increases by 3% (*Part of TCR*).
11. Enrollment fee remains constant at \$46.00.
12. Lottery revenue remains flat.
13. State mandated on going reimbursements remains flat.
14. Schott Center funding is expected to increase to the medium/large center level (750-1,000 FTES, \$927K).
15. Wake Center funding is expected to increase to the large center level (> 1,000 FTES, \$1.2M).

#### **State Revenue - One Time**

- 1. Deficit factor is **not** budgeted.
- 2. State mandated one time reimbursements are not budgeted.
- 3. State apportionment recalculations and prior year adjustments are not budgeted.
- 4. Deferred maintenance and instructional equipment funding for 2019-20 is \$436,000.

#### **Local Revenue**

- 1. The District is projecting a 1% decline in resident credit FTES from 2018-19 to 2019-20, as such Enrollment Fee revenue declines by 1%. (*Part of TCR*)
- 2. International Tuition revenue increases by 5% in 2019-20.
- 3. Non-Resident Tuition revenue declines by 5% in 2019-20.

#### **EXPENDITURES**

- 1. Reclassification of classified staff. *Approximately \$50,000.*
- 2. Permanent Staff Salaries are budgeted based on current contracts. Negotiations are currently open with both the Faculty Association and CSEA. Any changes in salaries

agreed to through the collective bargaining process will result in changes to salary budgets in all funds.

3. The District's Workforce Reduction through Attrition Program (WRAP) results in one time savings while positions are vacant. The 2019-20 Tentative Budget assumes that we have a total of 10 positions vacant for approximately 3 months each. This will save a total of \$325,000 (\$250,000 in salaries and \$75,000 in benefits).
4. Hourly salaries and benefits are budgeted to remain flat for fiscal year. Minimum wage will increase by \$1.00 (8%) effective January 1, 2019. Holding hourly labor budgets constant will effectively decrease the number of hours that are available to departments in fiscal year 19-20.
5. Employer contributions towards health benefits are expected to increase by 4.2% in 2019-20. *Approximately \$410,000.*
6. The State Unemployment Contribution rate remains flat.
7. The State Workers Compensation insurance rate remains flat.
8. The CalPERS employer contribution rate increases from 18.06% to 20.7%. *Approximately \$620,000*
9. The CalSTRS employer contribution rate increases to from 16.28% to 16.7%. *Approximately \$160,000*
10. Instructional supply expenses of *approximately \$900,000* remain in the Lottery Fund for 2019-20.
11. The Budget Resource Allocation Committee (BRAC) reviewed all Unrestricted General Fund Department Budgets, and originally received approximately \$925,000 in requests to augment various department budgets with additional funds. After the first draft of the budget was completed, BRAC met to reduce these requests wherever possible. Total departmental increases to Supplies Materials, and Other Operating Expenditures is \$376,000.

## **TRANSFERS**

Transfer of funds to and from the Unrestricted General Fund Ending Balance:

1. Transfer to the Children's Center Fund remains at \$200,000.
2. Transfer to the Construction Fund for ongoing campus maintenance increases from \$540,000 to \$750,000.
3. Transfer \$250,000 to the Construction Fund to create a sinking fund for future replacement of the field turf at La Playa Stadium. The turf is planned for replacement in the summer of 2020, and will be replaced again in 2028. The current estimated cost to replace the turf is \$2 Million.
4. Transfer to the Equipment Fund for program review items is \$0 for 2019-20.

5. Transfer to the Equipment Fund for equipment and IT refresh increases from \$375,000 to \$750,000.
6. Transfer to Food Service Fund increases from \$100,000 to \$200,000.
7. Transfer in from other grant funds to cover administrative overhead. *Approximately \$400,000.*

**FTES**

Below is a table comparing projected FTES for 2018-19 and budgeted FTES for 2019-20:

<b><u>FTES Comparison</u></b>	<b><u>Projection 18-19</u></b>	<b><u>Projection 19-20</u></b>
Credit - Resident	11,437	11,322
Non-Credit - Enhanced	450	464
Non-Credit - Non Enhanced	662	741
Subtotal Resident	12,549	12,527
Credit - Out of State	668	635
Credit - International	1,143	1,200
Subtotal Non Resident	1,811	1,835
	14,360	14,362