



# SBCC BUDGET FORUM

January 26 & 28, 2022



# Agenda

- Introductions
- Budget Glossary
- Actuals (District-wide Results)
- Budget History (Facts & Figures)
- 2021-22 Budget
- Highlights from Governor's January Proposed Budget 22-23
- Q&A



# Introductions



# Budget Glossary

- FTES – Full Time Equivalent Students (roughly calculated as 1 FTES = 15 semester units of enrollment)
- STUDENT CENTERED FUNDING FORMULA (SCFF) – Formula used to calculate the Total Computational Revenue for all colleges in the Community College System. Funding is provided based on FTES Enrollment (70%), the Number of Low Income Students we serve (20%), and Student Success in 8 different Factors (10%).
- TOTAL COMPUTATIONAL REVENUE (TCR) – The total revenue the District receives from State Apportionment, Education Protection Act Funds, Local Property Taxes, and Local Enrollment Fees.



# Budget Glossary

- GROWTH FUNDING – Funding allocated in the state budget to allow for enrollment growth.
- DEFICIT FACTOR – When the total money allocated to the Community College System is not sufficient to fund the TCR based on the SCFF Calculations
- DEFERRAL – IOU issued from the State when they do not have enough cash to fund obligations.
- DEFICIT – Occurs when the District’s expenses are more than the District’s Revenues.
- STRUCTURAL DEFICIT – Occurs when deficits are consistently projected into the future due to regular ongoing annual expenditures exceeding annual revenues.

The title 'Budget Glossary' is displayed in a large, white, sans-serif font, centered over a scenic background image of a coastline with mountains and palm trees.

# Budget Glossary

- **EMERGENCY CONDITIONS ALLOWANCES**– Funding allowances due to emergency conditions (including pandemics) that allows districts to not lose FTES apportionment as a result of an emergency or extraordinary condition.



# Actuals

Results & Highlights



# Statements of Revenues, Expenses, and Changes in Net Position for Select Fiscal Years

Major Object	Title	2018-19 Actual	2019-20 Actual	2020-21 Actual
<b>Expenditures</b>				
10	Academic Salaries	44,658,303	44,390,886	39,528,777
20	Classified Salaries	21,491,243	22,223,859	19,946,930
30	Employee Benefits	21,228,647	27,640,294	25,657,271
40	Supplies And Materials	1,699,388	1,088,962	632,941
50	Other Operating Expenses & Services	10,578,613	9,524,626	7,307,845
60	Capital Outlay	428,688	493,804	319,609
70	Other Outgo	6,140	6,854	150,000
80	Transfers Out	1,360,000	2,261,758	1,100,764
<b>Total Expenditures</b>		101,451,022	107,631,042	94,644,135
<b>Revenues</b>				
86	State Revenues	42,131,385	49,501,009	46,846,707
88	Local Revenues	56,354,538	55,377,513	50,178,372
89	Other Financing Sources	800,826	420,101	7,211,612
<b>Total Revenues</b>		99,286,749	105,298,623	104,236,691
Net Change in Position		(2,164,273)	(2,332,418)	9,592,556





# FY19-20 Highlights

- District's total resident FTES were 13,000; growth incurred across various types of enrollment, including credit, noncredit, and dual enrollment programs.
- District saw growth in State Apportionment revenue due to the implementation of the Student Centered Funding Formula; state revenues increased from \$42.1M to \$49.5M.
- Operating Expenses (excl. Other Outgo and Transfers Out) increased from \$100.1M in FY18-19 to \$100.7MM in FY19-20, due primarily to an increase in CalPERS and CalSTRS contributions.
- Salaries and Benefits, as a percentage of Expenditures, increased from 88.5% in FY 18-19 to 91.0% in FY 19-20.



# FY20-21 Highlights

- District's total resident FTES were 10,721 (per Audited Financial Statements); declines incurred across various types of enrollment, including credit, noncredit, and dual enrollment programs.
- District saw a net increase in revenues, as decreases in tuition and apportionment were offset by funding received from the Higher Education Emergency Relief Fund
- Employee benefits rose at a slightly higher rate than Salaries due primarily to ongoing increases in required CalPERS and CalSTRS contributions.
- Salaries and Benefits, as a percentage of Expenditures, increased from 91.0% in FY 19-20 to 91.9% in FY 20-21.
- Throughout pandemic, all spending totals declined
- Operating expenses (excl. Other Outgo and Transfers Out) decreased from \$100.7M in FY19-20 to \$89.7MM in FY20-21, due primarily to significant reductions in adjunct faculty and hourly staff.
- Supplies & materials and other operating expenses/services declined at a higher rate than salaries and benefits; 25% vs 10%, respectively.



# Budget History

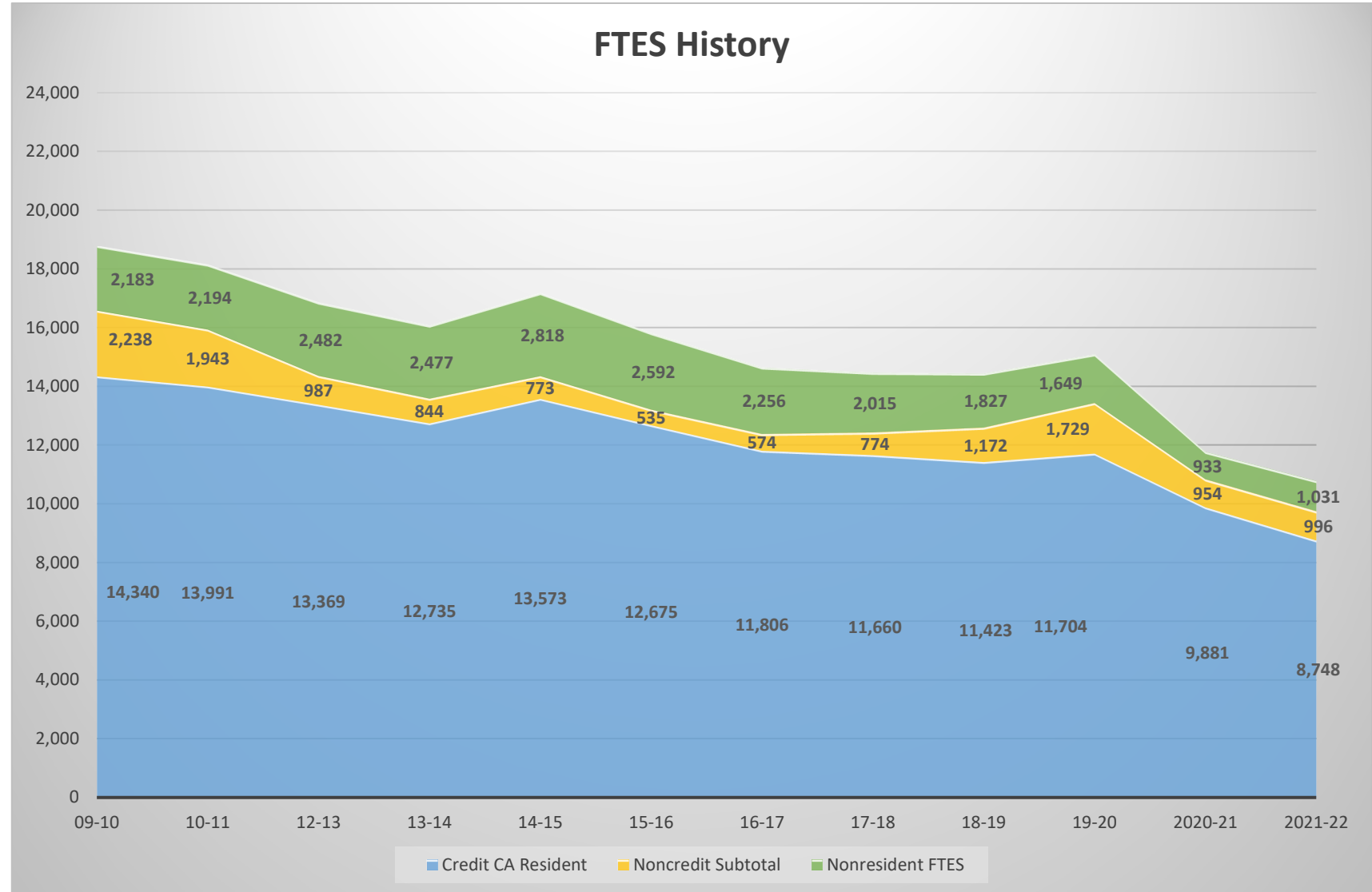
Facts and Figures



# FTES Historical Trends

**Total Full Time Equivalent Students (FTES) has declined 43% since 2009-10. That year had extraordinarily high enrollment as a result of a deep recession and high unemployment that led many to return to college.**

**COVID Pandemic began in March 2020 - FY2019-20**

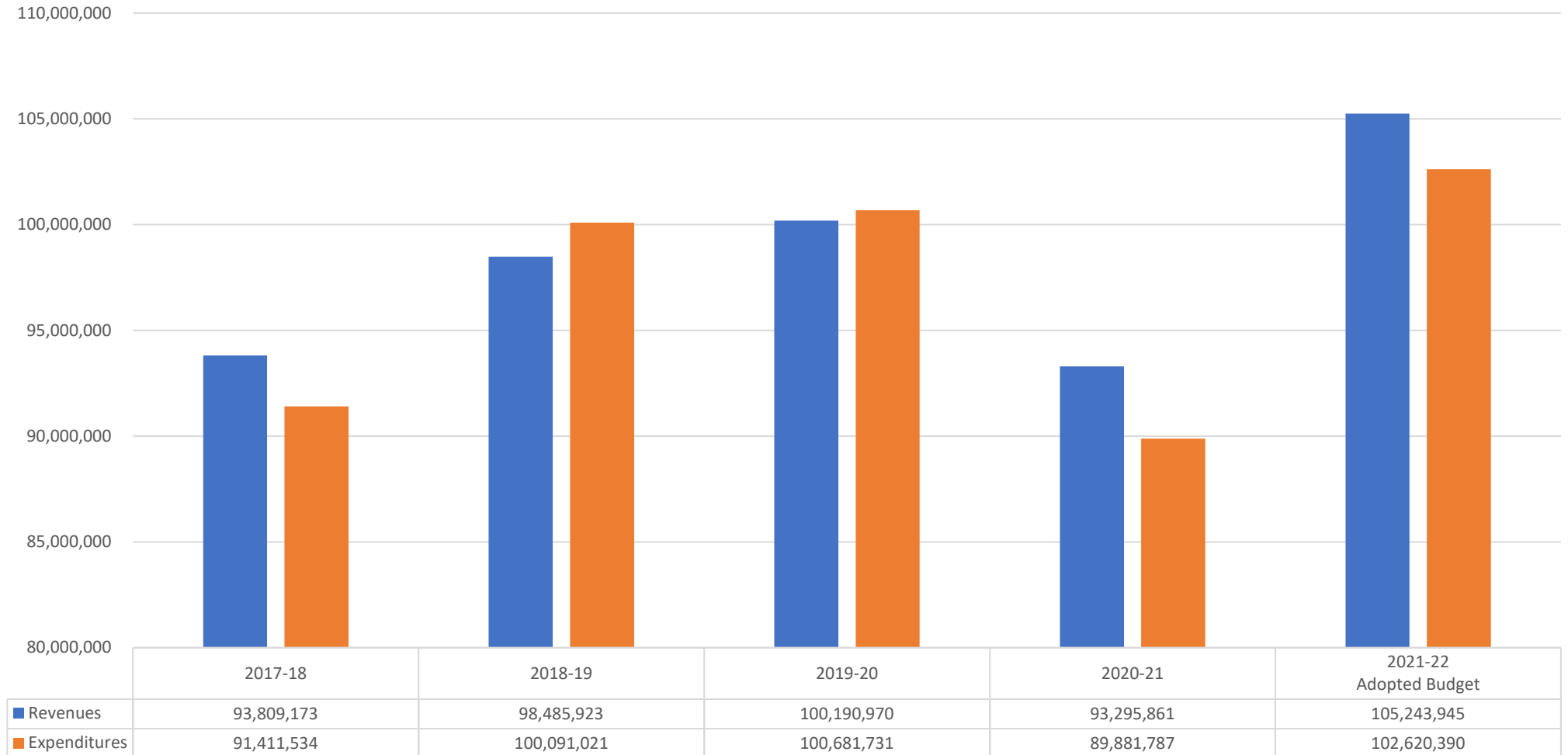




# Revenues vs Expenditures

Unrestricted  
General Fund  
(excluding  
COVID Mitigation  
Fund)

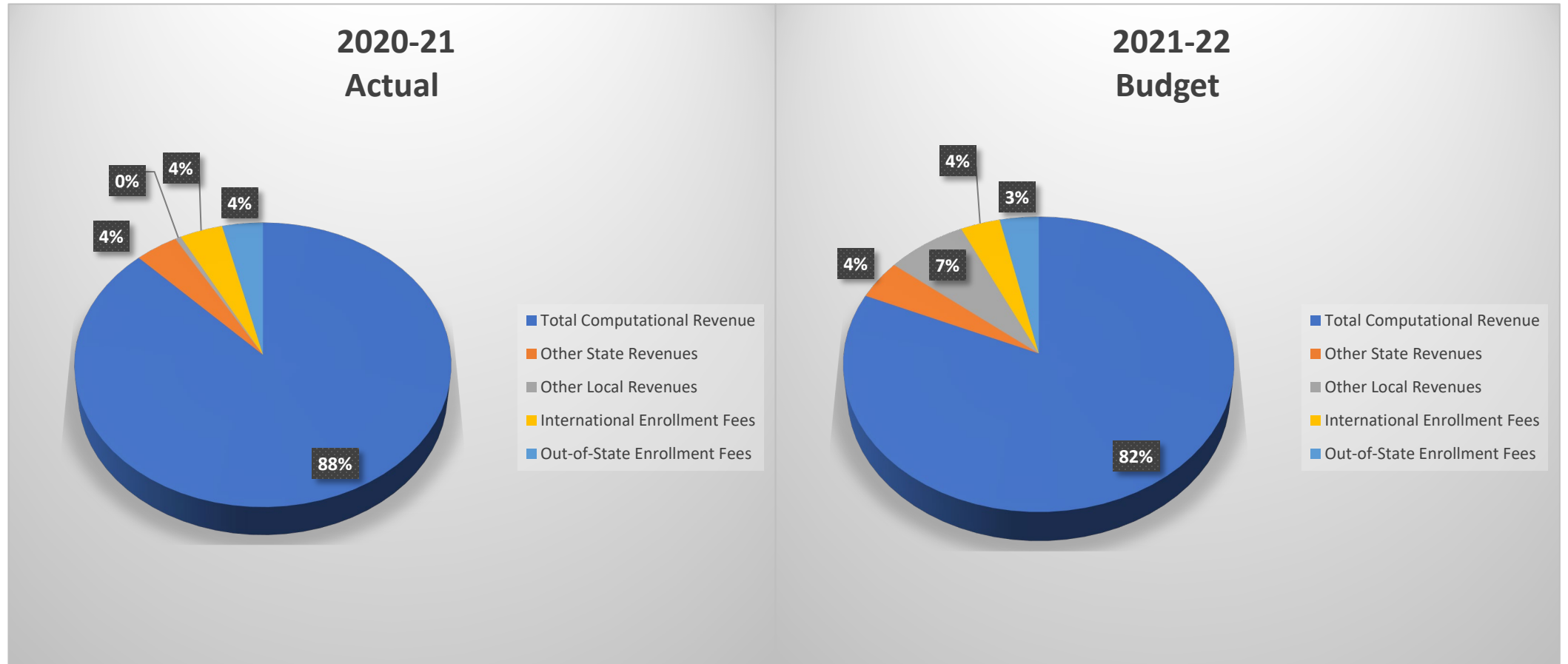
Revenue vs. Expenditures





# Revenue Distribution

## Revenues - Unrestricted General Fund Only



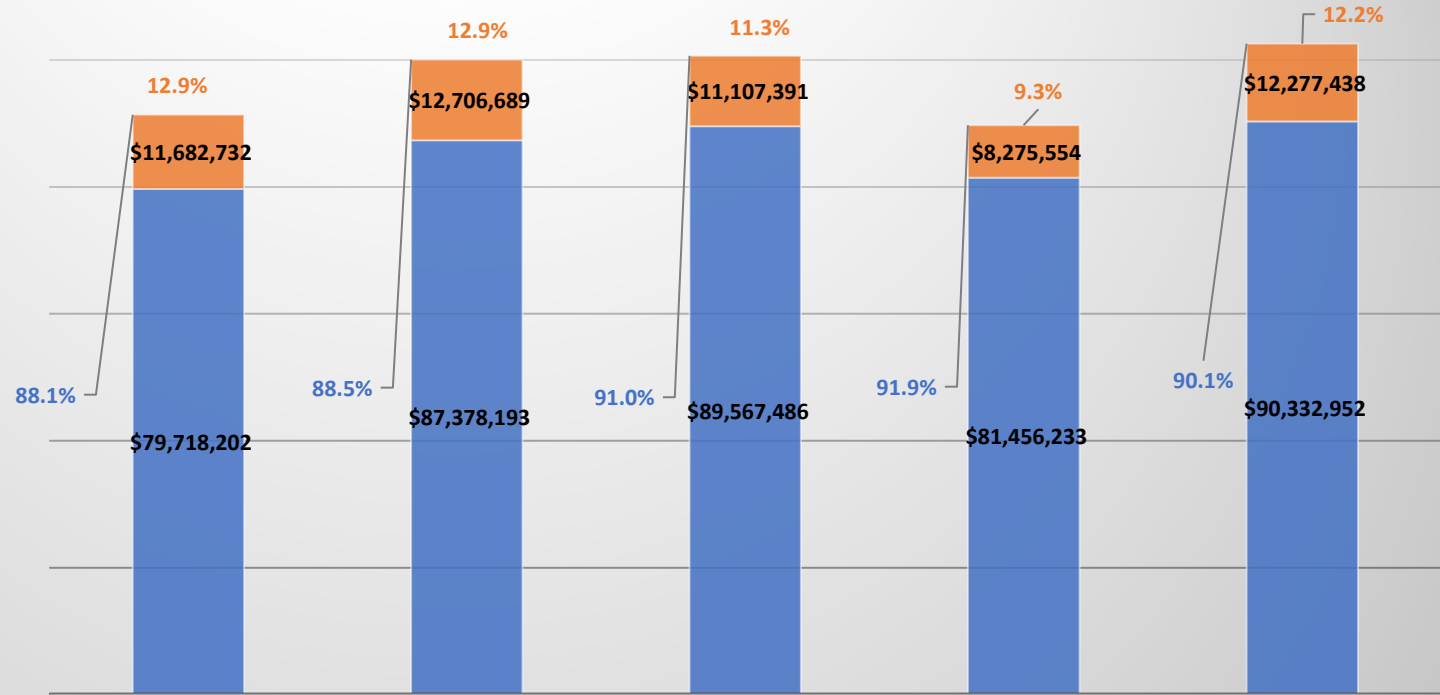
**Note:** In FY 17-18, Non-Resident tuition revenue was 16%, significantly higher than 21-22 budget of 7% of total revenues



# Expenditure Distribution

Unrestricted  
General Fund  
(excluding COVID  
Mitigation Fund)

## Expenditure Distribution



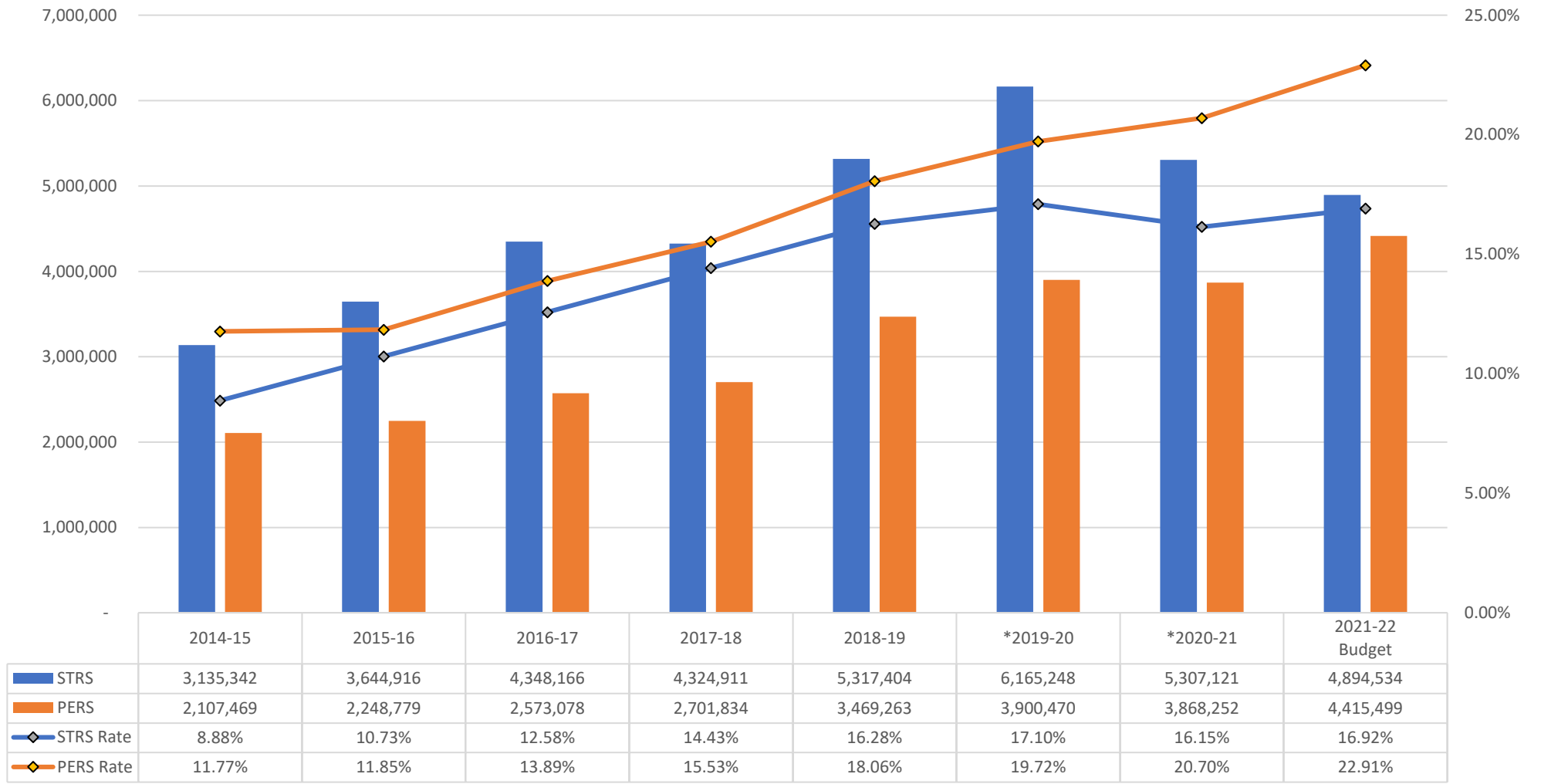
	2017-18	2018-19	2019-20	2020-21	2021-22 Budget
Other Expenses as % of Expenditures	12.9%	12.9%	11.3%	9.3%	12.2%
Salaries & Benefits as % of Expenditures	88.1%	88.5%	91.0%	91.9%	90.1%
Other Expenditures	\$11,682,732	\$12,706,689	\$11,107,391	\$8,275,554	\$12,277,438
Salaries & Benefits	\$79,718,202	\$87,378,193	\$89,567,486	\$81,456,233	\$90,332,952



# STRS/PERS Contributions

STRS/PERS Contributions

Unrestricted  
General Fund  
(excluding  
COVID Mitigation  
Fund)



*\*excludes GASB 85  
On Behalf Entries*





# SBCC COLA History

**STATE COLA's have been passed through to employees from 2012-13 through 2017-18.**

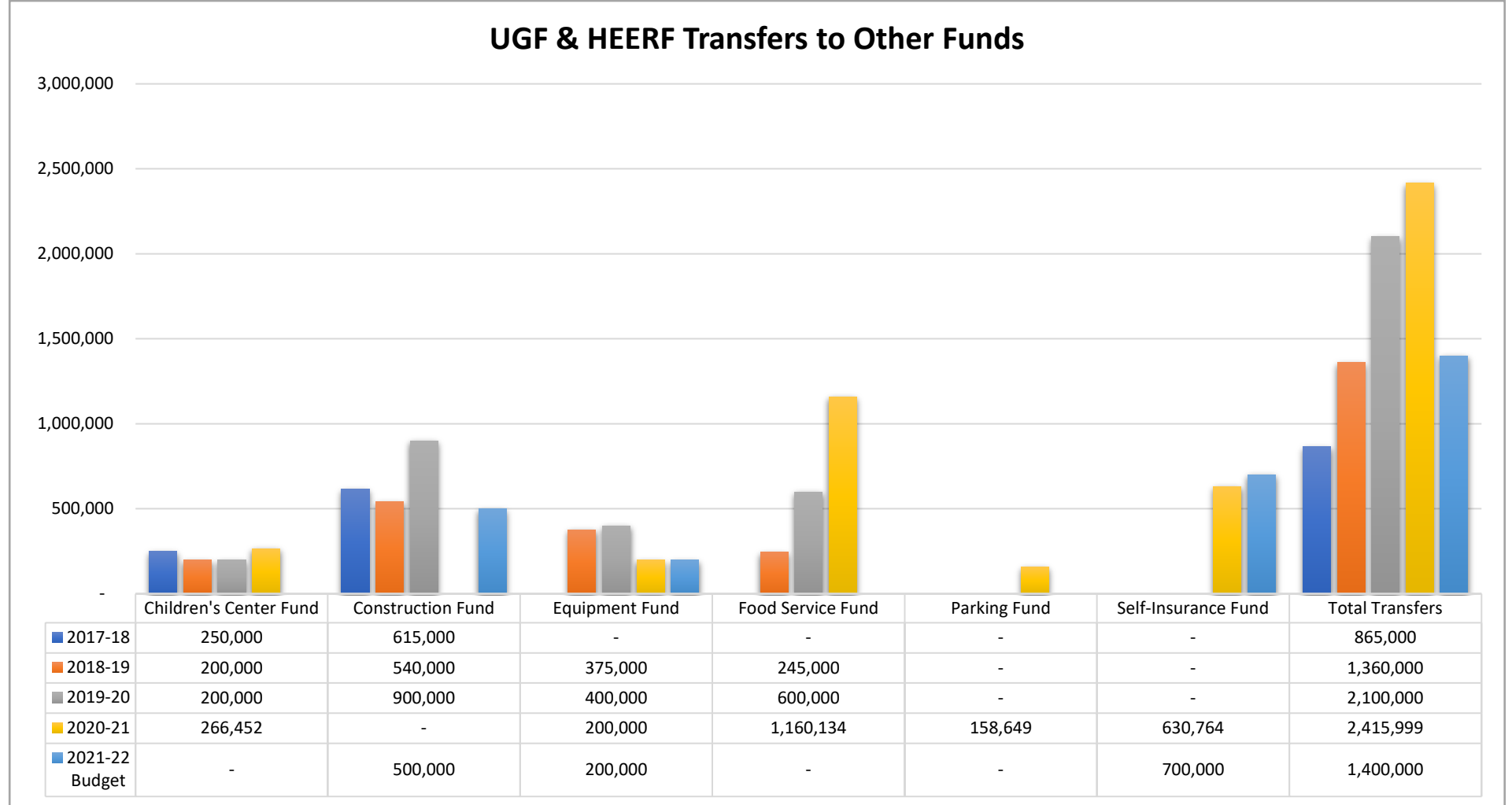
	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
State COLA to District	0.0%	1.6%	0.9%	1.0%	0.0%	1.6%	2.7%	3.3%	0.0%	5.07%
District COLA to Employees	0.0%	1.6%	0.9%	1.0%	0.0%	1.6%	7.0%	0.0%	0.0%	unknown
<i>District One-Time Lump Sum to Employees</i>	<i>3.0%</i>	<i>0.0%</i>	<i>1.5%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>unknown</i>

\*one-time lump sums in FY12-13 & FY14-15



# UGF Transfers

Budgeted Transfers have been declining from the UGF, but were covered by HEERF in in 2020-21 through Lost Revenue Recoveries





# 2021-22 Budget



# State & Local Revenues

## State Revenue - Ongoing

- The state budget includes a 5.07% COLA (equates to approximately \$4.1M).
- No new changes have been identified for the Student Centered Funding Formula (SCFF) calculation methodology in fiscal year 2021-22.
- Total Computational Revenue (TCR) assumes 21-22 will be funded based on stability protection funding, which is equivalent to the 20-21 calculated TCR plus the 5.07% COLA. This equates to a 21-22 TCR of approximately \$85.2M.
- Education Protection Act revenue remains flat (*Part of TCR*).
- Property tax revenue increases by 3% (*Part of TCR*).
- Lottery revenue remains flat.
- State mandated on going reimbursements remains flat.
- Schott Center funding remains at the medium/large center level (750-1,000 FTES, \$1M).
- Wake Center funding remains at the large center level (> 1,000 FTES, \$1.3 M).
- Approximately \$1.1M of additional funding to increase the number of full-time faculty



# State & Local Revenues (cont'd)

## State Revenue - One Time

- Deficit factor is budgeted at 0%.
- State mandated one-time reimbursements are not budgeted.
- State apportionment recalculations and prior year adjustments are not budgeted.
- **Deferred maintenance and instructional equipment funding for 2021-22 is estimated at \$5.6M.**

## Local Revenue

- Enrollment fee revenue declines by 4%, based on the Districts projection of a 4% decline in resident credit FTES from 2020-21 to 2021-22. *(Part of TCR)*
  - The Enrollment fee will remain constant at \$46.00/unit.
- **Out-of-state tuition revenue** is projected to increase by 10% in fiscal year 2021-22 compared to projected FTES for fiscal year 2020-21. - *\$330,000 increase from \$3.31M to \$3.64M*
- **International tuition revenue** is projected to increase by 5% in 2021-22 in fiscal year 2021-22 compared to projected FTES for fiscal year 2020-21. - *\$175,000 increase from \$3.52M to \$3.7M*



# Key Expenditure Assumptions

- Salary increases related to reclassification of classified staff and managers through agreed upon job reclassification process.
- **Permanent staff salaries are budgeted based on current contracts. Any changes in salaries agreed to through the collective bargaining process will result in changes to salary budgets in all funds (*in progress*).**
- Annual salary step increases.
- Supplemental Retirement Plan (SRP) Implementation. – *Approximately \$3.7M in savings assuming no SRP related vacant positions are replaced in 2021-22.*
- The District is offering a schedule shaped in response to lower predicted enrollment, impacts of COVID-19 on program offerings, and continued efforts to be efficient in response to strategic enrollment management. The District will continue to maintain low enrolled sections.
- The District will continue with filling only the **most essential vacant positions** in fiscal year 2021-22. – *Permanent positions that are vacant in 2020-21 will not be budgeted in 2021-22. Potential salary savings of permanent positions that become vacant in 2021-22 are not included in the 2021-22 budget.*



# Key Expenditure Assumptions (cont'd)

- Short-term employees (staff/student) budget assumptions:
  - Short-term employee's budget will be approximately \$746,000. *Actual hourly expenditures were approximately \$906,000 in 19-20.*
  - Tutorial budget will remain flat at \$610,000. The tutorial budget is facing reductions totaling \$125,000 from restricted funding sources, and therefore the UGF budget will remain the same as the 20-21 funding level.
  - Reader budget remains flat at \$75,000.
- Employer contributions towards health benefits will increase by 2.2% in 2021-22.
- The State Unemployment Contribution rate of 0.05% remains flat.
- The Workers Compensation insurance rate of 1.7143% remains flat.
- **The CalPERS employer contribution rate increases from 20.7% to 23.0%.**
- **The CalSTRS employer contribution rate decreases from 16.15% to 15.92%.**
- Utility budgets return to pre-pandemic levels and increase due to HVAC systems running at all times. *Increase of approximately \$435,000.*
- Marketing budget increases by \$130,000 in support of strategic enrollment management efforts to recruit and retain students through marketing and communications efforts, for both prospective resident and nonresident students.



# Key Expenditure Assumptions (cont'd)

- Diversity, Equity, and Inclusion (DEI) expenditure budget established within the UGF of \$75,000 in an effort to institutionalize the college's commitment to DEI and support forward directions of the college's DEI work.
- Instructional supply, and printing and duplicating expenses remain in the Lottery Fund. *Approximately \$1,258,000.*
- Funds from **HEERF III** for recovery of **lost revenues of international and out-of-state tuition** will be transferred to the UGF and then utilized to cover general operating salaries and expenditures. This will result in the **UGF having a surplus** instead of a deficit for fiscal year 2021-22. *Approximately \$6,370,000. Amount to be updated prior to final Adopted Budget.*
- In order to set aside funds for strategic initiatives and potential outcomes from ongoing **collective bargaining negotiations**, the district has created an appropriation for contingencies in the **amount of \$4.1M**. The use of these funds will be determined during 2021-22 and it requires board approval prior to being expended.



The background of the slide is a scenic photograph of a coastal landscape. In the foreground, there is a green lawn with several palm trees. In the middle ground, there is a blue body of water, possibly a bay or ocean. In the background, there are blue mountains under a clear sky. The text 'Higher Education Emergency Relief Funds(HEERF)' is overlaid on this image in a white, sans-serif font.

# Higher Education Emergency Relief Funds(HEERF)

## HEERF I

The District was awarded \$5.77M in March 2020 from HEERF I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). A minimum of 50% of the funds must be spent on student emergency grants. The projected fund usage is as follows:

- Direct student aid: \$2.88M student emergency grants
- Institutional support: \$2.88M technology devices for employees and students, faculty distance education training, personal protective equipment, HVAC assessments, additional student emergency grants
- **These funds were expended within fiscal year 2020-21.**



# Higher Education Emergency Relief Funds(HEERF) – cont'd

## HEERF II

The District was awarded \$11.79M in December 2020 from HEERF II of the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). A minimum of \$2.88M of the funds must be spent on student emergency grants. The projected fund usage is as follows:

- Direct student aid: \$2.88M student emergency grants
- Institutional support: \$8.907M
  - i. \$300,780 noncredit student emergency grants
  - ii. \$190,275 COVID mitigation related expenditures: HVAC repairs/air purifiers
  - iii. \$8.42M Lost Revenues from fiscal year 2020-21
    1. \$4,870,000 international tuition (based on 3-year average)
    2. \$1,500,000 out-of-state tuition (based on 3-year average)
    3. \$900,000 Food Services (based on 20-21 budget amount)
    4. \$165,000 Child Care Center (based on 3-year average)
    5. \$450,000 Parking Fund (based on 20-21 budget amount)
    6. \$480,000 Campus Store (based on 20-21 budget amount)
    7. \$35,000 SEL Fee Based Fund (based on 20-21 budget amount)
    8. \$17,000 Athletic ticket sales (based on prior year comparison)
    9. Lost revenues incurred by all other restricted funds to be included

*Note: These funds will be expended primarily in fiscal year 2021-22.*



# Higher Education Emergency Relief Funds(HEERF) – cont'd

## HEERF III

The District was awarded \$21.1M in March 2021 from HEERF III of the American Rescue Plan Act. A minimum of 50% of the funds (\$10.736M) must be spent on student emergency grants. The projected fund usage is as follows:

- Direct student aid: \$10.736M student emergency grants
- Institutional support: \$10.383M
  - i. \$300,780 noncredit student emergency grants
  - ii. TBD additional funds for student emergency grants
  - iii. TBD COVID mitigation related expenditures
  - iv. \$8.42M Lost Revenues from fiscal year 2021-22

*All figures below are estimates to be updated based on updated projections*

1. \$4,870,000 international tuition (based on 3-year average)
2. \$1,500,000 out-of-state tuition (based on 3-year average)
3. \$900,000 Food Services (based on 20-21 budget amount)
4. \$165,000 Child Care Center (based on 3-year average)
5. \$450,000 Parking Fund (based on 20-21 budget amount)
6. \$480,000 Campus Store (based on 20-21 budget amount)
7. \$35,000 SEL Fee Based Fund (based on 20-21 budget amount)
8. \$17,000 Athletic ticket sales (based on prior year comparison)
9. Lost revenues incurred by all other restricted funds to be included

*Note: These funds will be expended primarily in fiscal year 2021-22.*



# 2021-22 Adopted Budget: Unrestricted General Fund

	2020-21 Adopted Budget	2020-21 Audited Actuals	2021-22 Adopted Budget
<b>Revenue</b>			
State Revenue	\$ 42,849,000	\$ 46,846,707	\$ 47,073,545
Local Revenue	49,068,800	50,178,372	51,800,400
<b>Total Revenue</b>	<b>\$ 91,917,800</b>	<b>\$ 97,025,079</b>	<b>\$ 98,873,945</b>
<b>Expenses</b>			
Certificated Salaries	\$ 41,206,303	\$ 39,528,777	42,749,502
Classified Salaries	21,121,993	19,946,930	21,594,362
Employee Benefits	22,960,129	25,657,271	21,913,544
Materials & Supplies	1,621,255	632,941	1,640,600
Operating Expenses	8,980,042	7,307,845	10,212,338
Capital Outlay	423,100	319,609	424,500
<b>Total Expenses</b>	<b>\$ 96,312,822</b>	<b>\$ 93,393,371</b>	<b>\$ 98,534,845</b>
<b>Transfers &amp; Other</b>			
Transfers In HEERF Lost Revenues	\$ -	\$ -	\$ 6,370,000
Other Sources	1,975,000	7,211,612	550,000
Transfers out	(2,505,000)	(1,100,764)	(2,380,000)
Contingency	-	-	(4,100,000)
Other Out Go	(10,000)	(150,000)	(10,000)
<b>Total Transfers/Other</b>	<b>\$ (540,000)</b>	<b>\$ 5,960,849</b>	<b>\$ 430,000</b>
<b>Fund Balance</b>			
Net Change in Fund Balance	\$ (4,935,022)	\$ 9,592,556	\$ 769,100
Beginning Balance, July 1	25,428,798	25,428,798	35,021,354
Adjustments to Beginning Balance	0	0	0
<b>Net Fund Balance, June 30</b>	<b>\$ 20,493,776</b>	<b>\$ 35,021,354</b>	<b>\$ 35,790,455</b>



# 2021-22 Budget Update: Unrestricted General Fund

Major Object	Title	12/31/2021 Fiscal Year Ado. Budget	12/31/2021 Fiscal Year Adj. Budget	12/31/2021 Year-To-Date Actual	12/31/2021 Fiscal Year Variance	% of Budget
<b>Expenditures</b>						
10	Academic Salaries	42,749,502	42,593,970	17,860,318	24,733,653	41.9%
20	Classified Salaries	21,572,011	21,725,543	10,508,380	11,217,163	48.4%
30	Employee Benefits	21,911,439	21,934,717	9,361,225	12,573,493	42.7%
40	Supplies And Materials	1,640,600	1,646,500	959,804	686,696	58.3%
50	Other Operating Expenses & Services	10,212,338	10,215,738	4,482,436	5,733,302	43.9%
60	Capital Outlay	424,500	427,200	60,144	367,056	14.1%
70	Other Outgo	10,000	10,000	-	10,000	0.0%
80	Transfers Out	2,380,000	2,380,000	1,090,000	1,290,000	45.8%
79	Contingency	4,100,000	4,100,000	-	4,100,000	0.0%
<b>Total Expenditures</b>		<b>105,000,390</b>	<b>105,033,669</b>	<b>44,322,307</b>	<b>60,711,362</b>	<b>42.2%</b>
<b>Revenues</b>						
81	Federal Revenues	-	-	-	-	-
86	State Revenues	47,073,545	47,073,545	20,336,237	26,737,308	43.2%
88	Local Revenues	58,170,400	58,170,400	25,131,265	33,039,135	43.2%
89	Other Financing Sources	550,000	550,000	7,493	542,507	1.4%
<b>Total Revenues</b>		<b>105,793,945</b>	<b>105,793,945</b>	<b>45,474,995</b>	<b>60,318,950</b>	<b>43.0%</b>
<b>Total</b>		<b>793,555</b>	<b>760,276</b>	<b>1,152,689</b>	<b>(392,413)</b>	

The background of the slide is a scenic photograph of a coastal landscape. In the foreground, there is a green lawn with several palm trees. In the middle ground, there is a blue body of water with a few people sitting on the grass. In the background, there are blue mountains under a clear sky.

# Board Policy on Reserves

Board Policy 6305, Reserves, established that the District sets aside:

- 5% Unrestricted General Fund Expenditures (State Minimum)
- Plus the GREATER of either:
  - 15% of Unrestricted General Fund Expenditures or
  - State Deferrals

In Addition:

- \$2,000,000 Construction Fund Reserve
- \$1,500,000 Equipment Fund Reserve

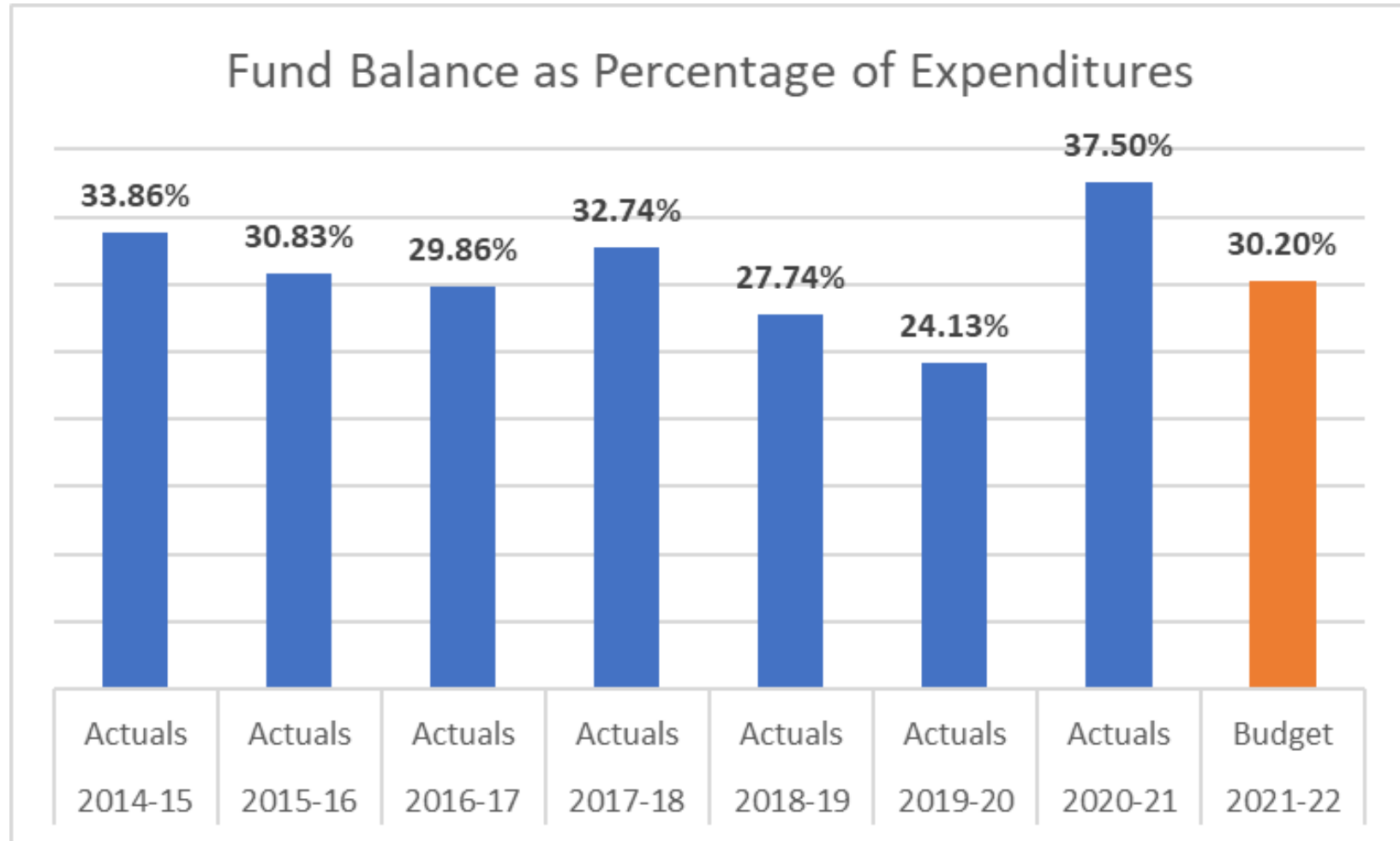


# Reserve Balances

		<b>June 30, 2020</b>		<b>June 30, 2021</b>		<b>June 30, 2022</b>
		<b>Audited Actual</b>		<b>Audited Actual</b>		<b>Projected Budget</b>
		<b>Ending Balance</b>		<b>Ending Balance</b>		<b>Ending Balance</b>
Designated:						
Unrestricted General Fund and COVID Mitigation Fund	State Mandated Contingency (5%)	\$ 5,268,464	\$	4,677,169	\$	5,132,242
	Additional Reserve required to meet 15% Principle	\$ 15,805,393		14,031,506		15,396,727
	<b>Total Designated</b>	<b>\$ 21,073,857</b>	<b>\$</b>	<b>18,708,674</b>	<b>\$</b>	<b>20,528,969</b>
	Undesignated:	\$ 4,354,941	\$	16,312,680	\$	9,225,153
<b>Total Fund Balance</b>		<b>\$ 25,428,798</b>	<b>\$</b>	<b>35,021,354</b>	<b>\$</b>	<b>29,754,122</b>
		<i>% Designated Ending Balance/Expenditu</i>		21.60%		20.03%
		<i>% Total Ending Balance/Expenditures</i>		24.13%		37.50%
				20.83%		30.20%

# Fund Balance History

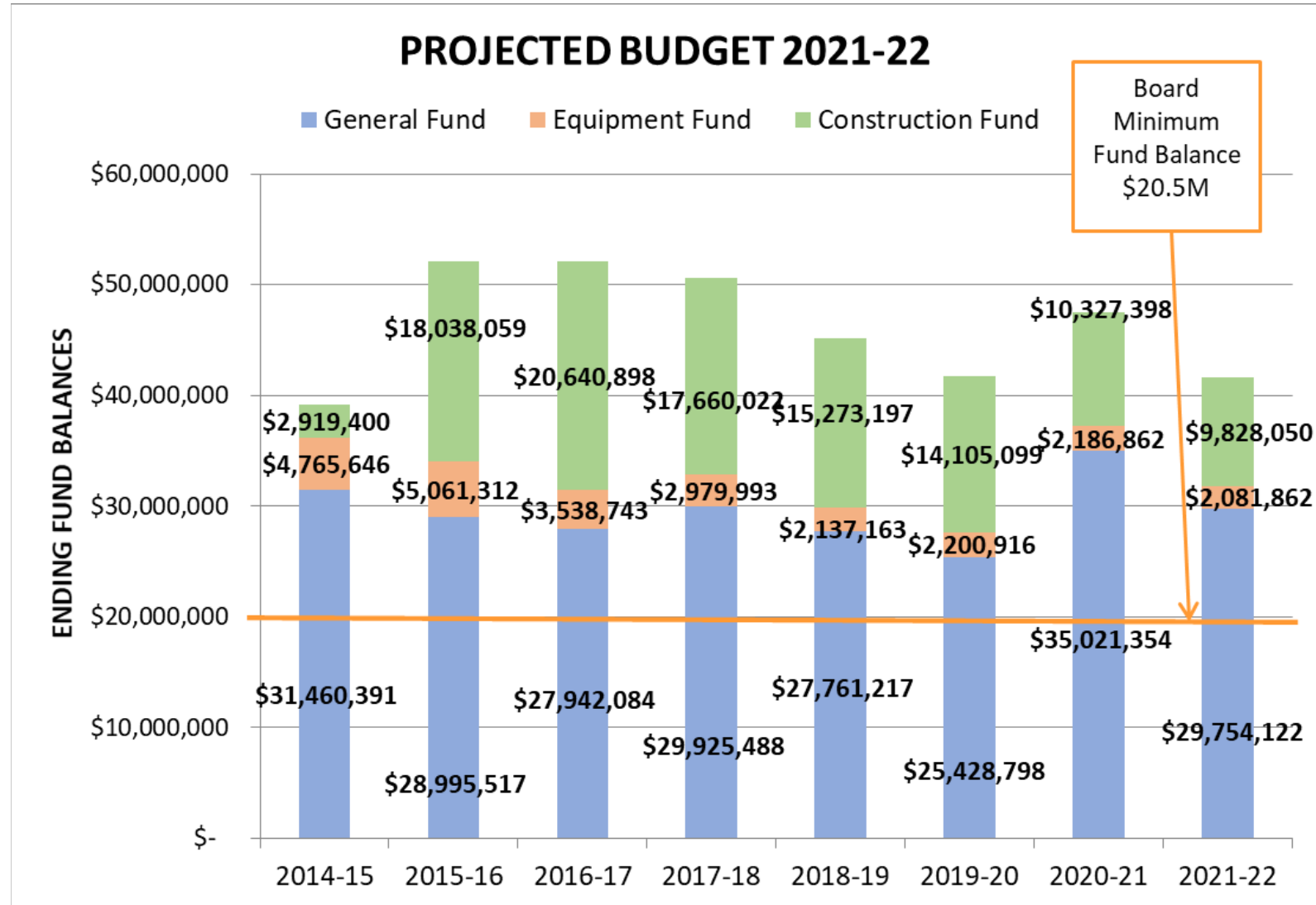
Unrestricted  
General Fund  
and  
COVID Mitigation  
Fund







# Reserve Balances





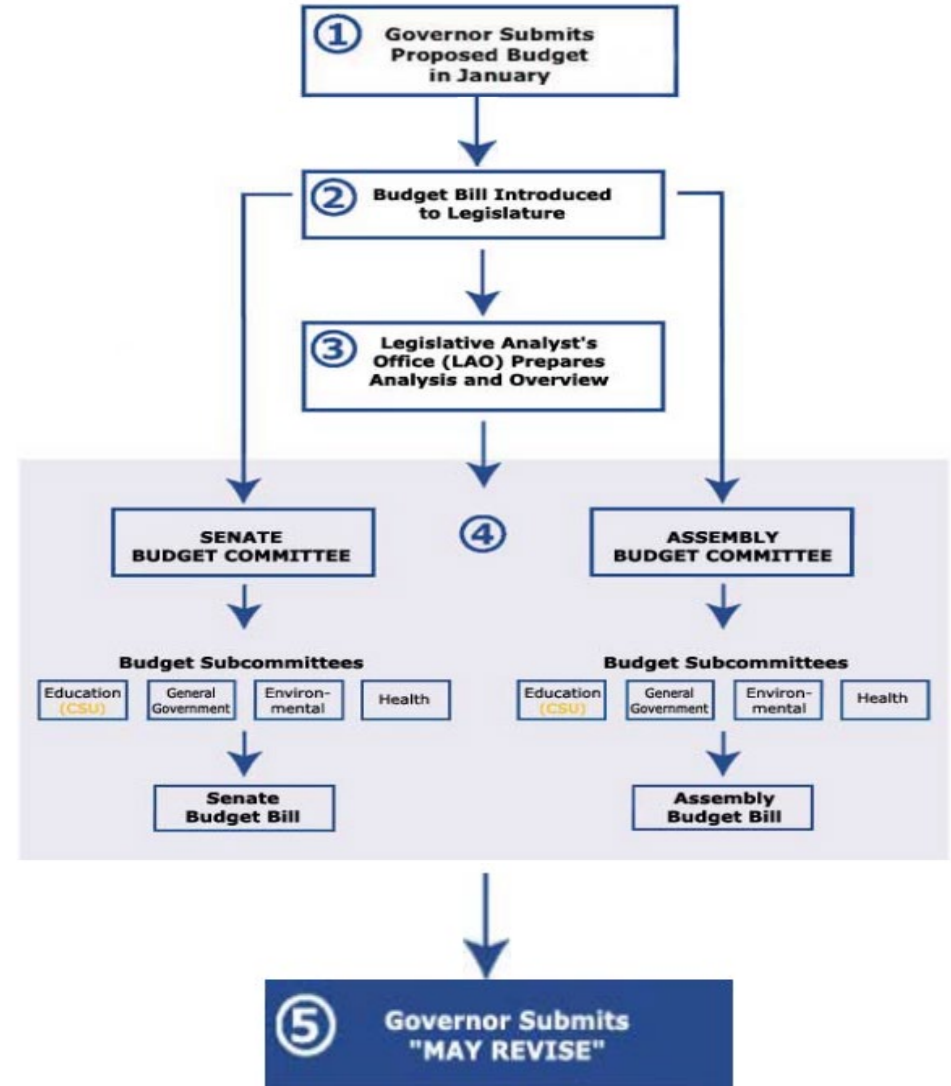
# Governor's Proposed Budget 2022-23



# 2022-23 Budget

## Governor's January Proposed Budget

- The January Proposed Budget is preliminary
- Many changes occur between now and the May Revise
- SBCC uses the May Revise to build its budget
- State Budget Information available at <https://www.ebudget.ca.gov/>



## ONGOING ADJUSTMENTS

- COLA (Unrestricted General Fund) - \$409.4 million for a 5.33% COLA from ongoing apportionment. *Approximately \$4,500,000 for SBCC.*
- COLA (Restricted Funds) - \$47.6 million for a 5.33% COLA for the Adult Ed, EOPS, DSPS, CalWORKs and the Child Care Tax Bailout programs. *Approximately \$523,000 for SBCC.*
- SEA Program, Strong Workforce, and other student support programs – No COLA. The budget provides the same level of funding as 2021-22 for the Student Equity and Achievement Program and Strong Workforce.

## ONE-TIME ADJUSTMENTS

- Deferred Maintenance and Instructional Equipment - \$387.6 million funding proposed in Governor's budget. *Approximately \$4.3 million for SBCC.*

## OTHER NOTABLE ADJUSTMENTS

- Pension Costs – State Buydown of \$3.5 billion in pension liabilities to assist in covering increases to CalSTRS & CalPERS Rates for the state, but not for the employers. The 2022-23 rates are projected to be 19.1% and 26.1%(TBD), respectively.

## **OTHER NOTABLE CHANGES**

- The COVID-19 Emergency Conditions Allowance will expire at the end of 2021-22
- Student Centered Funding Formula's (SCFF)
  - Existing minimum revenue (hold harmless) provision by one year, through 2024-25
  - Districts will earn at least their 2017-18 total computational revenue, adjusted by COLA each year
  - A district's 2024-25 funding would represent its new "floor"
- For the District, modified protections will result in similar funding in FY22-23 as in FY21-22



# Closing Comments



# Q&A

Questions?