



# Santa Barbara City College

## Five Year Fiscal Projections

Board of Trustees  
September 13, 2018

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# Why Fiscal Projections?

## Why Five Year Fiscal Projections?

- Fiscal projections that go beyond the current years budget allows for strategic planning
- Revenues have been unstable from one year to the next
- New Student Centered Funding Formula results in additional changes to revenues as we go into the future
- In times of a structural deficit, projections are critical in assisting with ways to bring budget into balance
- Reserve levels need to be assessed going out multiple years to ensure they are the appropriate amount

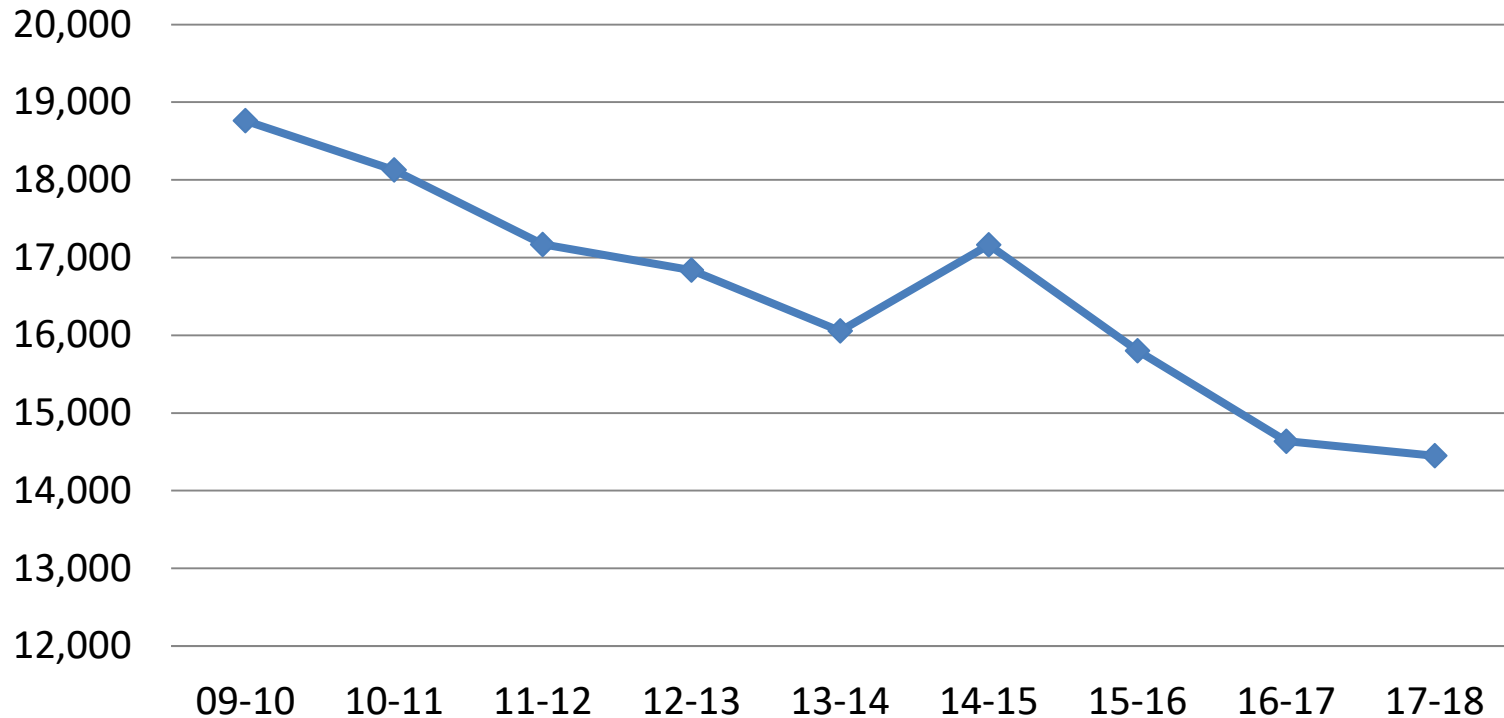
But remember... fiscal projections change each time they are calculated and are less accurate the farther we look ahead



# Historical FTES

Total FTES has declined 23% since 2009-10

### SBCC Historical FTES





## Recap Since Last Year

Since September of 2017, SBCC accomplished great cost reductions through:

- Workforce Reduction through Attrition Plan (WRAP)
- Educational program efficiencies
- Hourly worker reductions amidst increases in minimum wage
- Instructional supplies continue to be funded directly from Restricted Lottery Fund instead of Unrestricted General Fund

... And we spent January to July 2018 wondering what the new funding formula would bring to SBCC



# Sept. 2017 Projection Recap

5 Year Fiscal Projection as of September 15, 2017	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
	<i>Actual*</i>	<i>Projection</i>	<i>Projection</i>	<i>Projection</i>	<i>Projection</i>	<i>Projection</i>
REVENUES	96,247,019	92,950,100	90,370,128	91,917,485	95,447,132	97,421,842
EXPENDITURES	-94,064,379	-93,800,681	-92,740,306	-90,904,944	-90,956,226	-90,823,203
TRANSFERS	-3,797,507	-251,816	-975,000	-975,000	-1,265,000	-1,265,000
NET ADJ TO ENDING BALANCE	-1,614,867	-1,102,397	-3,345,178	37,541	3,225,906	5,333,639
ENDING BALANCE	27,380,650	26,278,252	22,933,074	22,970,615	26,196,521	31,530,160

## Highlights of last version of projections:

- Large deficit in 18-19, resulting from projected 3.5% decline in FTES in 17-18
- Structural deficit would be eliminated due primarily to aggressive strategies around reductions in staffing and educational program efficiencies
- Projected 4.8% increase in resident FTES in 19-20 and 1% increase in 20-21

## New funding formula revenue projections:

- Infusion of new revenues around \$9.1M incorporated into 18-19 budget, and remains in future years revenues
- Phasing of Student Success Allocation from 10% to 15% to 20% in 18-19, 19-20, 20-21 included. Resulting in additional revenues of \$2.2M and \$2.4M in 19-20 and 20-21
- Student metrics for low income and student success remain the same as 18-19 budget



# Revenue Assumptions

Revenue assumptions included in the 5 year fiscal projections:

- In 2021-22 and 2022-23: Base FTES apportionment increase of 0.5% or \$500k per year, based on historic 10 year trend and new funding formula being fully implemented
- Credit FTES increases mildly and non credit FTES increases moderately
- Future COLA's are not included
- After substantial growth, Schott and Wake center status funding remains flat at \$912k for Schott and \$1.2M for Wake
- Final Extended Learning Reserve Fund transfer into Unrestricted General Fund of \$430k in 18-19. No additional transfers will take place in future years.





# FTES Assumptions

Enrollment fees and apportionment based on the following FTES projections:

<b><i>FTES Percentage Changes</i></b>	<b><u>18-19</u></b>	<b><u>19-20</u></b>	<b><u>20-21</u></b>	<b><u>21-22</u></b>	<b><u>22-23</u></b>
Credit - Resident	0.0%	1.0%	1.0%	1.0%	1.0%
Non Credit - Enhanced	0.0%	0.0%	0.0%	0.0%	0.0%
Non Credit - Non Enhanced	154.7%	20.3%	16.9%	0.0%	0.0%
Subtotal Resident	3.6%	2.1%	2.0%	0.9%	0.9%
Credit - Out of State	0.0%	0.0%	0.0%	0.0%	0.0%
Credit - International	0.0%	0.0%	0.0%	0.0%	0.0%
Subtotal Non Resident	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total FTES</b>	<b>3.1%</b>	<b>1.8%</b>	<b>1.8%</b>	<b>0.8%</b>	<b>0.8%</b>

<b><i>FTES</i></b>	<b><u>17-18</u></b>	<b><u>Adopted Budget 18-19</u></b>	<b><u>Projection 19-20</u></b>	<b><u>Projection 20-21</u></b>	<b><u>Projection 21-22</u></b>	<b><u>Projection 22-23</u></b>
Credit - Resident	11,660	11,660	11,777	11,894	12,013	12,133
Non Credit - Enhanced	483	483	483	483	483	483
Non Credit - Non Enhanced	291	741	892	1,042	1,042	1,042
Subtotal Resident	12,434	12,884	13,151	13,420	13,539	13,659
Credit - Out of State	755	755	755	755	755	755
Credit - International	1,260	1,260	1,260	1,260	1,260	1,260
Subtotal Non Resident	2,015	2,015	2,015	2,015	2,015	2,015
<b>Total FTES</b>	<b>14,449</b>	<b>14,899</b>	<b>15,166</b>	<b>15,435</b>	<b>15,554</b>	<b>15,674</b>





# Expenditure Assumptions

Expenditure assumptions included in the 5 year fiscal projections:

- Implementation of SBCC School of Extended Learning complete earlier than expected in 2018-19
- SERP and reorganization savings are now incorporated in 18-19 budget
- CalPERS pension rate increases 19.6%, 15.28%, 6.02%, and 3.79% in 19-20, 20-21, 21-22, 22-23
- CalSTRS pension rate increases 11.36%, 5.35% in 19-20 and 20-21
- \$6.5M appropriation for contingencies with 3% growth per year
- Step and longevity increases of \$400k each year
- Health & Welfare 2% increase per year
- Contracts 1% increase per year
- Utilities 1% increase per year



# Transfer Assumptions

## Transfer assumptions impacting Unrestricted General Fund:

<i><b>Transfers Out</b></i> <i><b>From Unrestricted General Fund to Other Funds</b></i>	<b>2017-18</b> <b>Actual</b>	<b>2018-19</b> <b>Adopt. Budget</b>	<b>2019-20</b> <b>Projections</b>	<b>2020-21</b> <b>Projections</b>	<b>2021-22</b> <b>Projections</b>	<b>2022-23</b> <b>Projections</b>
To Construction- District Projects Fund	615,000	540,000	540,000	540,000	540,000	540,000
To Equipment Fund - IT Refresh & Program Review	-	375,000	750,000	750,000	750,000	750,000
To Food Services	-	100,000	100,000	100,000	100,000	100,000
To Children's Center Fund	200,000	200,000	200,000	200,000	200,000	200,000
	<b>815,000</b>	<b>1,215,000</b>	<b>1,590,000</b>	<b>1,590,000</b>	<b>1,590,000</b>	<b>1,590,000</b>

<i><b>Transfers In</b></i> <i><b>From Other Funds to Unrestricted General Fund</b></i>	<b>2017-18</b> <b>Actual</b>	<b>2018-19</b> <b>Adopt. Budget</b>	<b>2019-20</b> <b>Projections</b>	<b>2020-21</b> <b>Projections</b>	<b>2021-22</b> <b>Projections</b>	<b>2022-23</b> <b>Projections</b>
From Financial Aid Media Campaign	146,704	275,000	175,000	175,000	175,000	175,000
From Grant Administration	-	125,000	125,000	125,000	125,000	125,000
From Extended Learning Reserve Fund	304,862	429,602	-	-	-	-
	<b>451,566</b>	<b>829,602</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>

<b>Net Transfers In &amp; Out</b>	<b>(363,434)</b>	<b>(385,398)</b>	<b>(1,290,000)</b>	<b>(1,290,000)</b>	<b>(1,290,000)</b>	<b>(1,290,000)</b>
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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.



## WRAP

### Workforce Reduction through Attrition Plan (WRAP):

- Salaries and benefits make up 87% of UGF expenditures, therefore it is necessary to reduce staffing levels to eliminate structural deficit
- Reduce staffing levels through attrition by replacing as few positions as possible as they become vacant
- In 2017-18 replacements of staff and management positions were halted due to uncertainty of new funding formula
- Currently there are 29 positions requested on the WRAP ranked list

### Fiscal Projections include the following WRAP savings:

- No further position reductions beyond 2018-19
- \$250k one time savings each year due to slowing of hiring processes by ranking positions through WRAP



# Educational Efficiency Savings

Fiscal Projections include the following educational efficiency savings:

- \$200k per year for three years in 19-20, 20-21 and 21-22
- Resulting in a total of \$600k in savings
- No further reductions in 22-23

This is a reduction of \$700k in planned educational efficiency savings since last years projections due to resignation of EVP Paul Jarrell.



# Hourly Staff

Fiscal Projections include the following hourly staff savings:

- Last years projections included Hourly staffing reduction of 10% in 2018-19, and an additional reduction of 10% in 2019-20, with no further reductions in 2020-21 or 2021-22
- This years projections held hourly staffing flat around \$2.1M per year
- California minimum wage will increase \$1 per year until 2022:
  - 2018 minimum wage \$11.00 an hour
  - 2019 minimum wage \$12.00 an hour
  - 2020 minimum wage \$13.00 an hour, and so on
- Minimum wage increase results in roughly 9% decrease in hourly budgets available per year



# 5 Year Fiscal Projections

Highlight of changes to 5 year fiscal projections since September 15, 2017:

- 2018-19 Adopted Budget is included and projected out into future years
- New revenues from Student Centered Funding Formula
- Updated FTES projections with resident FTES increase of 2.1% in 19-20
- \$6.5M appropriation for contingencies placeholder included in future years
- WRAP savings are reduced to one-time savings with no further on-going savings
- Educational efficiency cost savings reduced compared to prior projections
- Hourly staff cost savings reduced compared to prior projections
- Extended Learning Reserve fund depletion

<b>5 Year Fiscal Projection as of September 13, 2018</b>	<i>2017-18</i>	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>	<i>2021-22</i>	<i>2022-23</i>
	<i>Actual*</i>	<i>Budget</i>	<i>Projection</i>	<i>Projection</i>	<i>Projection</i>	<i>Projection</i>
REVENUES	93,809,238	101,948,300	104,593,747	107,193,023	108,431,963	108,937,691
EXPENDITURES	91,170,920	103,105,395	104,437,635	106,014,739	106,964,793	107,242,336
TRANSFERS	-413,434	-385,398	-1,290,000	-1,290,000	-1,290,000	-1,290,000
NET ADJ TO ENDING BALANCE	2,224,884	-1,542,493	-1,133,888	-111,716	177,170	405,356
ENDING BALANCE	30,166,968	28,624,475	27,490,587	27,378,871	27,556,041	27,961,397

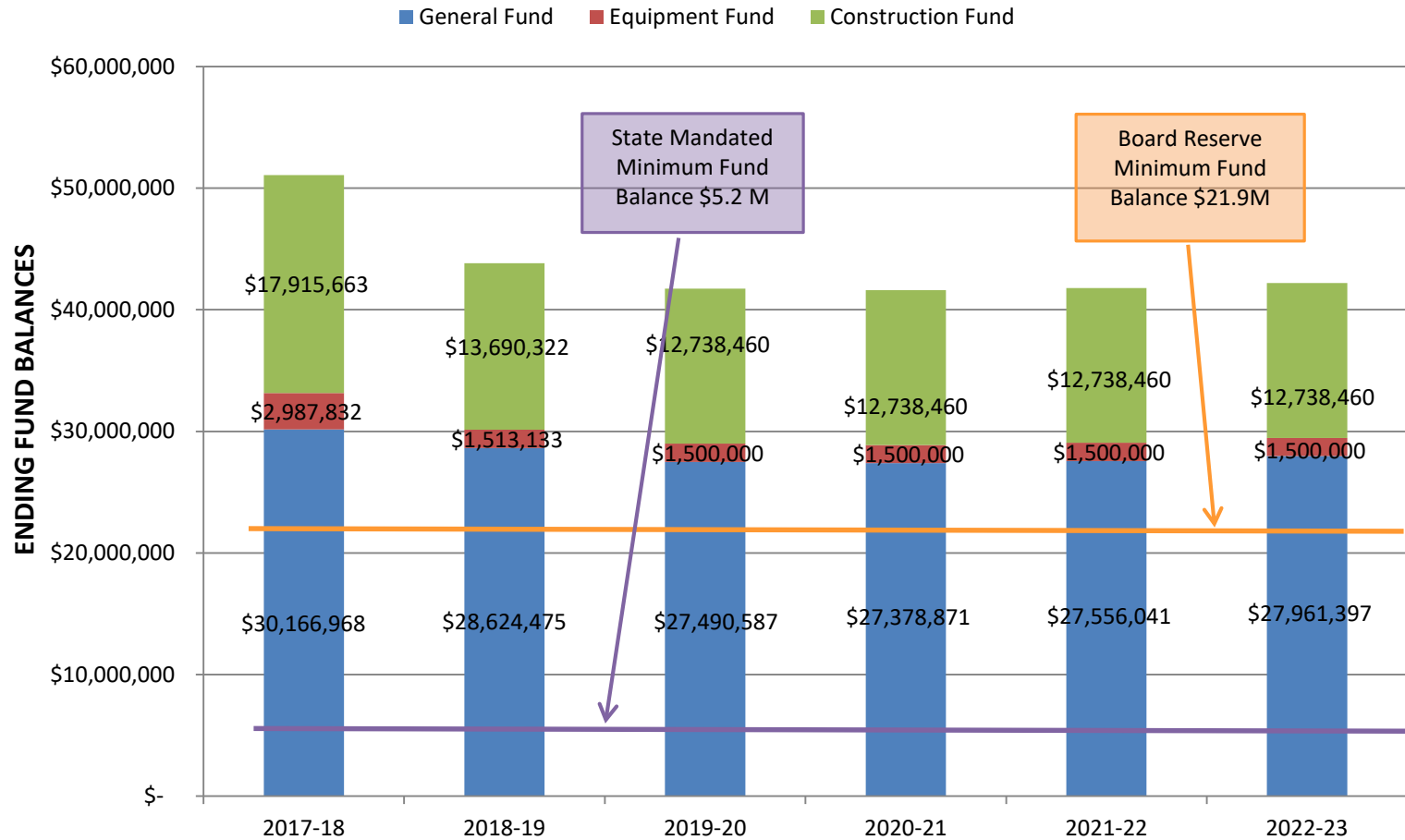
*\*2017-18 Actual not final*





# Fund Balances 5 Year Projections

## Five Year Fiscal Projections





# Next Version of Projections

SBCC Five Year Fiscal Projections will be updated in the coming months and will incorporate:

- Salary increases upon completion of pending negotiations
- Final revenue amounts for 2018-19 after receiving updated simulation files from Chancellor's Office in February 2019



Questions?