



# Mt. San Antonio College 2017-18 Tentative Budget

June 28, 2017

# 2017-18 STATE BUDGET UPDATE

## GOVERNOR'S BUDGET AND THE LEGISLATURE'S AGREEMENTS

<b>Funding Proposal</b>	<b>Mt. SAC Approximately</b>
\$57.8 Million Growth (1% Statewide) (If the College Earns the Growth)	\$1.5 Million
\$102 Million COLA (1.56%)	\$2.5 Million
\$183.6 Million to Increase the Base Allocation Funding – Ongoing (STRS and PERS Increases)	\$4.6 Million
\$150 Million Guided Pathways Program – One-Time	\$3.8 Million
\$76.8 Million Deferred Maintenance and Instructional Support – One-Time	\$1.9 Million
\$46.5 Million Proposition 39 Energy Efficiency	\$1.2 Million
\$1.8 Million Equal Opportunity Employment	\$45,000
\$3.6 Million Part-Time Faculty Office Hours (Mt. SAC Current Office Hours Expenditures \$748,966)	\$125,000
\$5.6 Million COLA for EOPS, DSPS, and Childcare Tax Bailout	\$83,000
\$0.5 Million COLA for Mandated Block Grant	\$12,000

# CHANGES TO THE FUND BALANCE FROM 2016-17 ADOPTED BUDGET TO 2017-18 TENTATIVE BUDGET

In Millions

Fund Balance per 2016-17 Adopted

\$20.8

Plus: Unbudgeted Revenues

- Increase to Base Allocation/Faculty Hiring	\$ 0.3	
- 2015-16 Growth	\$ 1.0	
- 2015-16 Deficit Recovery	\$ 0.8	
- Non Resident Tuition, Interest, and Other Miscellaneous Revenues	<u>\$ 1.4</u>	<u>\$ 3.5</u>

Plus: Unexpended Expenditure Budgets

- Faculty, Management, and Classified Positions <sup>(1)</sup>	\$ 3.4	
- Unexpended Departmental and Institutional Budgets	\$ 2.5	
- Unexpended New Resources Allocation Budgets <sup>(2)</sup>	<u>\$ 4.2</u>	<u>\$10.1</u>

(1) Positions Currently in Process of Being Filled.

(2) Mainly New Resources Allocation Phases 5 and 6, approved in July and November 2016.

# CHANGES TO THE FUND BALANCE FROM 2016-17 ADOPTED BUDGET TO 2017-18 TENTATIVE BUDGET USE OF 2016-17 ESTIMATED ENDING BALANCE

In Millions

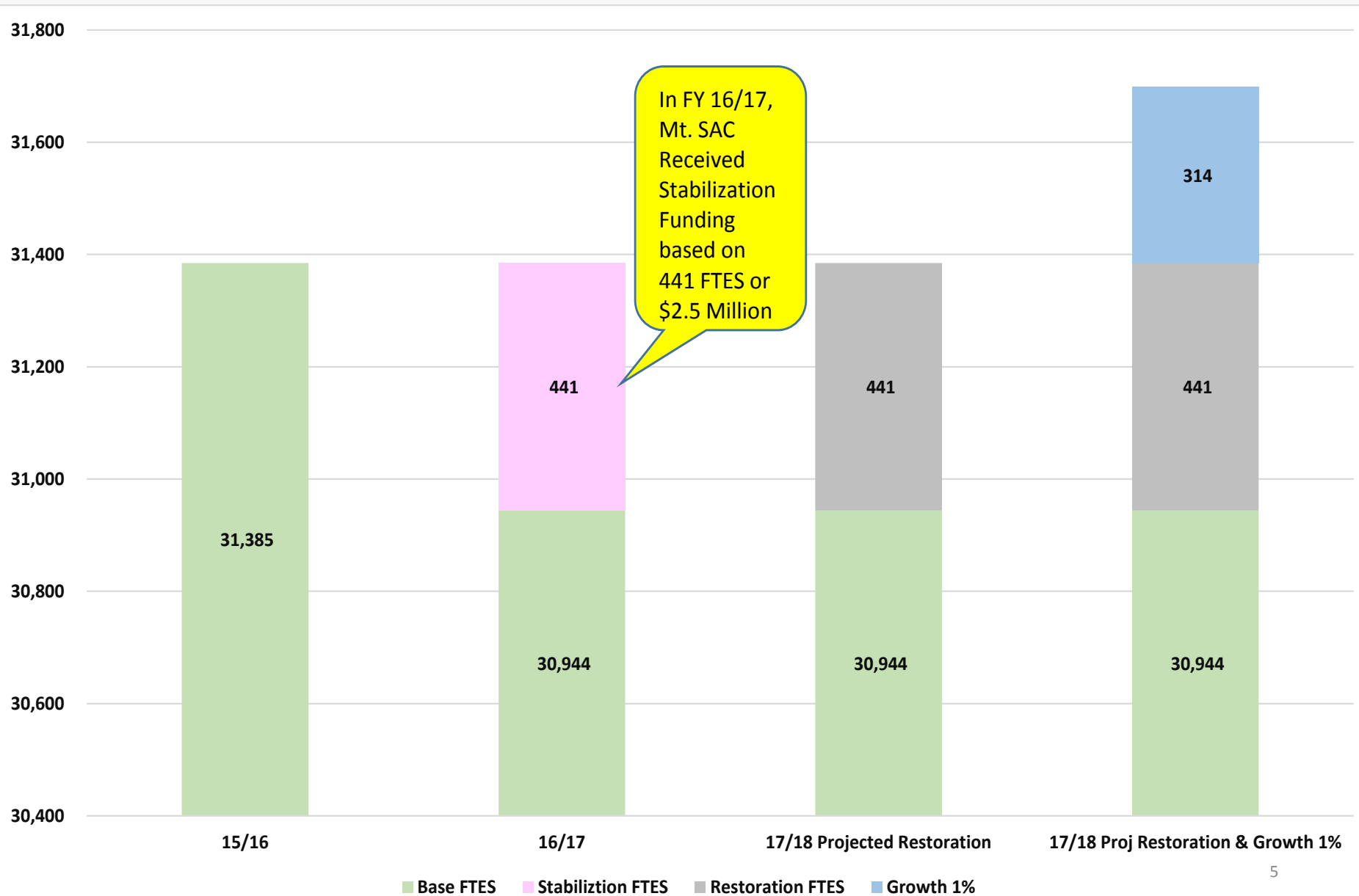
Less: Commitments

- |  |          |                 |
|--|----------|-----------------|
| - 2016-17 Purchases in Progress and Carryovers                     | (\$ 2.7) |                 |
| - Unexpended New Resources Allocations<br>Carryovers Phases 1 to 6 | (\$ 4.2) |                 |
| - Designated for 2017-18 One-Time Expenditures                     | (\$ 5.9) | <u>(\$12.8)</u> |
| - 2017-18 Ongoing Projected Budget Deficit*                        |          | (\$ 1.1)        |

Projected Ending Balance as of June 30, 2018 (10.01%)	\$20.5
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\* The College's Actual Results have Consistently Performed Better than Budgeted, due to Underspending and Conservative Revenue Assumptions.

# Stability, Decline, and Restoration in FTES



# 2017-18 TENTATIVE BUDGET UNRESTRICTED GENERAL FUND ONGOING REVENUE BUDGET ASSUMPTIONS

<b>Base Ongoing Revenue Budget (2016-17)</b>	<b>\$174,352,375</b>
2017-18 COLA at 1.56%	2,493,065
2015-16 Growth – April 2017 Recalculation	503,502
2016-17 Growth – Will not Earn Growth for 2016-17 and will be in Stabilization for 2017-18	-
2015-16 & 2016-17 Increase to the Base Allocation/Faculty Hiring	152,284
2017-18 Increase to the Base Allocation – \$183.6 Million Statewide	4,534,124
Lottery Decrease – To be Adjusted with Annual Attendance in July 2017	(79,920)
Interest – Increase Due to Total Elimination of Apportionment Deferrals	100,000
Nonresident Tuition – International	275,000
Nonresident Tuition – Out-of-State	8,000
Other Miscellaneous Revenue	(129,098)
<b>Total Ongoing Revenue Budget</b>	<b>\$182,209,332</b>

# 2017-18 TENTATIVE BUDGET UNRESTRICTED GENERAL FUND ONGOING EXPENDITURE BUDGET ASSUMPTIONS

<b>Base Ongoing Expenditure Budget</b>	<b>\$174,327,424</b>
Salary Schedule Progression	1,365,957
Personnel and Benefit Changes (Positions Hired at a Lower Step)	(825,799)
2016-17 Salary Increase (1.56%) – All Units – Pending Board Approval	2,430,552
STRS Employer Rate Increase – From 12.58% to 14.43%	1,426,913
PERS Employer Rate Increase – From 13.888% to 15.531%	654,050
Reclassification of Personnel	60,323
New Positions – Management and Classified	1,351,119
Faculty Professional Growth	150,000
New Faculty Positions, Net of Reduction of Hourly Faculty Adjunct (The College is Replacing 19 Faculty Positions and will Meet the Faculty Obligation Number (FON) for the 2017-18 Fiscal Year	18,930
Hourly Faculty Budget – Increase from Summer 2016 to Spring 2017	246,070
New Resources Allocation Operating Expenses Phases 5 and 6	185,748
2017-18 New Resources Allocation Phase 7	1,872,358
<b>Total Ongoing Expenditure Budget</b>	<b>\$183,263,645</b>

STRS	PERS	CUMULATIVE
1,426,913	654,050	2,080,963
272,507	308,296	580,803
1,699,420	962,346	<b>2,661,766</b>

# 2017-18 TENTATIVE BUDGET UNRESTRICTED GENERAL FUND

Total Ongoing Revenue	\$182,209,332
Total Ongoing Expenditures	(\$183,263,645)
Ongoing Projected Deficit *	(\$1,054,313)

\* The College's Actual Results have Consistently Performed Better than Budgeted, due to Underspending and Conservative Revenue Assumptions.



# 2017-18 ONE-TIME REVENUE BUDGET ASSUMPTIONS

## UNRESTRICTED GENERAL FUND

Beginning Fund Balance – From Ending Estimated Fund Balance 2017-18 – Designated for One-Time Expenditures	\$12,852,521
2017-18 Growth – 1% Statewide. Estimated at \$1,518,762 – Mt. SAC Does not Budget Growth Until Earned	-
2016-17 Apportionment Deficit – Estimated at 0.5%	(844,636)
<b>Total One-Time Revenue Budget</b>	<b>\$12,007,885</b>

# 2017-18 ONE-TIME EXPENDITURE BUDGET ASSUMPTIONS

## UNRESTRICTED GENERAL FUND

Purchases In Progress and Various Carryovers	\$2,742,228
New Resources Allocations Phases 1 to 6 – Committed Carryovers	4,164,552
STRS and PERS Trust (Pending Board of Trustees Approval)	2,000,000
Scheduled Maintenance and Instructional Equipment (There are Plans to Reallocate This Budget to Fund the STRS/PERS Trust Because the College Will be Receiving Scheduled Maintenance and Instructional Equipment Funds of Approximately \$1.9 Million)	2,000,000
Auxiliary Unfunded PERS Liability	152,545
International Student Nonresident Fee	275,000
Computer Replacement Program	250,000
Faculty Positions – 4 Tenured Faculty (Transferred from Strong Workforce Program)	486,454
Summer Growth for Noncredit	679,248
Election Cost (No Election Cost for 2017-18)	-
2016-17 One-Time Savings from Vacant Positions	(742,142)
Total One-Time Expenditure Increases	\$12,007,885

# UNRESTRICTED GENERAL FUND REVENUE-GENERATED ACCOUNTS REVENUE AND EXPENDITURE ASSUMPTIONS

Estimated Beginning Fund Balance	\$6,797,926
Revenue Budgets – Matching Revenue and Expenditure Accounts	3,128,911
<b>Total Revenue Budget</b>	<b>\$9,926,837</b>
2016-17 Estimated Carryover – Revenue-Generated Accounts	\$6,797,926
Expenditure Budgets – Matching Revenue and Expenditure Accounts	3,128,911
<b>Total Expenditure Budget</b>	<b>\$9,926,837</b>
<b>Total Revenue-Generated Accounts Increases/(Decreases)</b>	<b>-</b>

# 2017-18 TENTATIVE BUDGET UNRESTRICTED GENERAL FUND BALANCE

Unassigned Fund Balance – 10% Board Policy	10.00%	\$20,519,837
Unassigned Fund Balance	0.01%	17,431
Total Fund Balance	10.01%	\$20,537,268

# STRS AND PERS

## Unrestricted General Fund

FISCAL YEAR	STRS				PERS				STRS and PERS	
	CUMULATIVE ANNUAL COST	RATE	RATE INCREASE	TOTAL INCREASE	CUMULATIVE ANNUAL COST	RATE	RATE INCREASE	TOTAL INCREASE	TOTAL CUMULATIVE ANNUAL COST	TOTAL INCREASE
2013-14 <sup>(1)</sup>	5,280,378	8.25%	-	-	3,559,423	11.442%	-	-	8,839,801	-
2014-15 <sup>(1)</sup>	5,828,283	8.88%	0.63%	547,905	3,723,289	11.771%	0.329%	163,866	9,551,572	711,771
2015-16 <sup>(1)</sup>	7,767,510	10.73%	1.85%	1,939,227	4,137,528	11.847%	0.076%	414,239	11,905,038	2,353,466
2016-17 <sup>(2)</sup>	9,445,370	12.58%	1.85%	1,677,860	5,221,251	13.888%	2.041%	1,083,723	14,666,621	2,761,583
2017-18	9,888,517	14.43%	1.85%	1,426,913	4,211,255	15.531%	1.643%	654,050	14,099,772	2,080,963
2017-18	1,256,273	14.43%	1.85%	272,507	1,972,342	15.531%	1.643%	308,296	3,228,615	580,803
				1,699,420				962,346		2,661,766
2018-19	12,573,610	16.28%	1.85%	1,428,819	7,206,433	18.100%	2.569%	1,022,836	19,780,042	2,451,655
2019-20	14,002,429	18.13%	1.85%	1,428,819	8,281,425	20.800%	2.700%	1,074,993	22,283,854	2,503,812
2020-21	14,751,594	19.10%	0.97%	749,165	9,475,862	23.800%	3.000%	1,194,436	24,227,455	1,943,601
2021-22		■ (3)			10,033,265	25.200%	1.400%	557,404	10,033,265	557,404
2022-23		■ (3)			10,391,596	26.100%	0.900%	358,331	10,391,596	358,331
2023-24		■ (3)			10,670,298	26.800%	0.700%	278,702	10,670,298	278,702
<b>TOTAL</b>				<b>\$ 11,170,636</b>				<b>\$ 8,073,221</b>		<b>\$ 19,243,857</b>

### Notes:

(1) Actual Expenditures

(2) Projected Actuals

(3) Rates Not Available

# Other Budget Issues

- OPEB Trust
  - Retirees' Health Premiums – \$4.5 Million  
Paid from the Interest Earned in the OPEB Trust
- STRS Increases
  - “Employer Share” rate will Increase from 12.58% to 14.43% in 2017-18, and will be at 19.10% in 2020-21.
- PERS Increases
  - “Employer Share” rate will Increase from 13.888% to 15.531% in 2017-18, and will be at 26.8% in 2023-24.
- Proposition 30 was Extended with Proposition 55 on November 2016 (\$23.2 for Mt. SAC in 2016-17).
  - Income Tax Increase Terminates at the end of 2030.

# Future Considerations

- Lack of Sufficient COLA for Ongoing Expenditures.
- Lack of Sufficient COLA for Categorical Programs Such as, Student Success and Support, Student Equity, Adult Education, and Strong Workforce Programs.
- Reduced Growth Funds.
- Reduction in Physical Plant and Instructional Equipment Funds.
- Unprecedented Uncertainties Regarding Federal Fiscal Policy Changes Due to the New Administration That Could Affect the State Budget, including the Affordable Care Act.

# Future Considerations

- Concerns with a Potential Recession and the Volatility of State Revenues. The Rainy Day Fund will not be Sufficient to Cover the Budget Deficits in Out Years.
- Maintain Unrestricted General Fund Balance (Reserves) at not less than 10% of Total Expenditures – Board Policy (BP) 6250
  - 10% of \$205,198,388, Which is \$20,519,837 (Per 2017-18 Tentative Budget).



# Questions

