

# Mt. San Antonio College 2017-18 Adopted Budget

September 13, 2017

## 2017-18 FUNDING FOR MT. SAC UNRESTRICTED GENERAL FUND

<b>Funding Proposal</b>	<b>Statewide Budget Allocation</b>	<b>Mt. SAC Budget Allocation</b>
COLA (1.56%)	\$97.6 Million	\$2,493,309
Growth (1%)	\$57.8 Million	\$1,352,240
Increase the Base Allocation	\$183.6 Million	\$4,546,089

## 2017-18 STATE BUDGET AND MT. SAC RESTRICTED FUNDING

<b>Funding Proposal</b>	<b>Statewide Budget Allocation</b>	<b>Mt. SAC Budget Allocation</b>
Guided Pathways Program	\$150 Million	Will be Based on Formula TBD
Physical Plant and Instructional Support - (One-Time)	\$76.8 Million	\$2,095,794
Energy Efficiency Projects	\$38.9 Million	\$1,062,417

# 2016-17 Stability and 2017-18 Restoration Update



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

	<u>In Millions</u>
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/Prior Year Apportionment	\$ 1.3
- Non Resident Tuition, Interest, and Other	
Miscellaneous Revenues	<u>\$ 1.6</u>
	\$ 4.2
Plus: Unexpended Expenditure Budgets	
- Faculty, Management, and Classified Positions <sup>(1)</sup>	\$ 3.7
- Unexpended Departmental and Institutional Budgets	\$ 4.1
- Unexpended New Resources Allocation Budgets <sup>(2)</sup>	<u>\$ 3.2</u>
	\$11.0

(1) Positions currently in process of being filled.

(2) Mainly New Resources Allocation Phases 5 and 6, approved in July 2016, November 2016, and March 2017.

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

In Millions

Less: Commitments

- 2016-17 Purchases in Progress and Carryovers	(\$ 2.9)	
- Unexpended New Resources Allocations		
Carryovers Phases 1 to 6	(\$ 3.2)	
- Assigned to 2017-18 One-time Expenditures	(\$ 7.2)	
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		(\$13.3)
 - 2017-18 Ongoing Projected Budget Deficit*		 (\$ 1.1)

Projected Ending Balance as of June 30, 2018 (10.46%)	\$21.6
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\* The College's actual results have consistently performed better than budgeted, due to underspending and conservative revenue assumptions.

# 2017-18 ADOPTED 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%	2,493,309
2015-16 Growth – June 2017 Recalculation	503,502
2016-17 Growth – Did not earn Growth for 2016-17 and will be in Stability/Restoration for 2017-18	-
2015-16 & 2016-17 Increase to the Base Allocation/Faculty Hiring	144,517
2017-18 Increase to the Base Allocation – \$183.6 million statewide	4,546,089
Lottery Decrease – Decrease in FTES from 32,420 to 31,928	(6,992)
Interest – Increase due to total elimination of Apportionment Deferrals	150,000
Nonresident Tuition – International	275,000
Nonresident Tuition – Out-of-State	(10,000)
Other Miscellaneous Revenue	(73,313)
<b>Total Ongoing Revenue Budget</b>	<b>\$182,374,487</b>

# 2017-18 ADOPTED 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)	(574,682)
2016-17 Salary Increase (2%) – All Units – approved for Faculty and pending Board approval for Management, Confidential, CSEA 262, and CSEA 651	3,164,434
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	74,642
New Positions – Management and Classified	1,352,404
Faculty Professional Growth – In addition to existing Budget of \$100,000	50,000
Hourly Faculty Budget – Ongoing increase to restore FTES	476,652
New Resources Allocation Operating Expenses Phases 5 and 6	184,463
2017-18 Rate Driven	50,000
2017-18 New Resources Allocation Phase 7	923,898
<b>Total Ongoing Expenditure Budget</b>	<b>\$183,476,155</b>

STRS	PERS	CUMULATIVE
1,426,913	654,050	2,080,963
* 352,112	* 307,293	* 659,405
<b>\$1,779,025</b>	<b>\$961,343</b>	<b>\$2,740,368</b>

\* Increases in STRS and PERS included in Salary Schedule Progression, Personnel and Benefit Changes, New Positions (Management and Classified, and Hourly Faculty.



# 2017-18 ADOPTED BUDGET UNRESTRICTED GENERAL FUND

Total Ongoing Revenue	\$182,374,487
Total Ongoing Expenditures	(\$183,476,155)
Ongoing Projected Deficit *	(\$1,101,668)

\* 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 – Carryover Ending Fund Balance as of June 30, 2017 – Assigned to One-time Expenditures	\$13,269,552
2017-18 Growth – 1% Statewide. Estimated at \$1,352,240 – Mt. SAC does not budget Growth until earned	-
2017-18 Apportionment Deficit – estimated at 0.5%	(844,796)
<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	\$2,842,370
New Resources Allocations Phases 1 to 6 – Committed Carryovers	3,223,225
New Resources Allocations Phases 7 and 8 – Committed Funding	2,376,000
STRS and PERS Trust (pending Board of Trustees approval)	2,000,000
Immediate Needs Requests	143,981
Auxiliary Unfunded PERS Liability	154,250
International Student Nonresident Fee	275,000
Computer Replacement Program	250,000
Faculty Positions – 4 Tenured Faculty (transferred from Strong Workforce Program)	486,454
Election Cost (no Election Cost for 2017-18)	-
Hourly Faculty Budget – estimated increase to earn 2017-18 Growth	403,776
Summer Growth for Noncredit	661,248
2017-18 One-time Savings from Vacant Positions	(391,548)
<b>Total One-time Expenditure Increases</b>	<b>\$12,424,756</b>

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

Beginning Fund Balance	\$7,845,630
Revenue Budgets – Matching Revenue and Expenditure Accounts	3,214,858
<b>Total Revenue Budget</b>	<b>\$11,060,488</b>
2016-17 Carryover – Revenue-Generated Accounts	\$7,845,630
Expenditure Budgets – Matching Revenue and Expenditure Accounts	3,214,858
<b>Total Expenditure Budget</b>	<b>\$11,060,488</b>
<b>Total Revenue-Generated Accounts Increases/(Decreases)</b>	<b>-</b>

# 2017-18 ADOPTED BUDGET UNRESTRICTED GENERAL FUND BALANCE

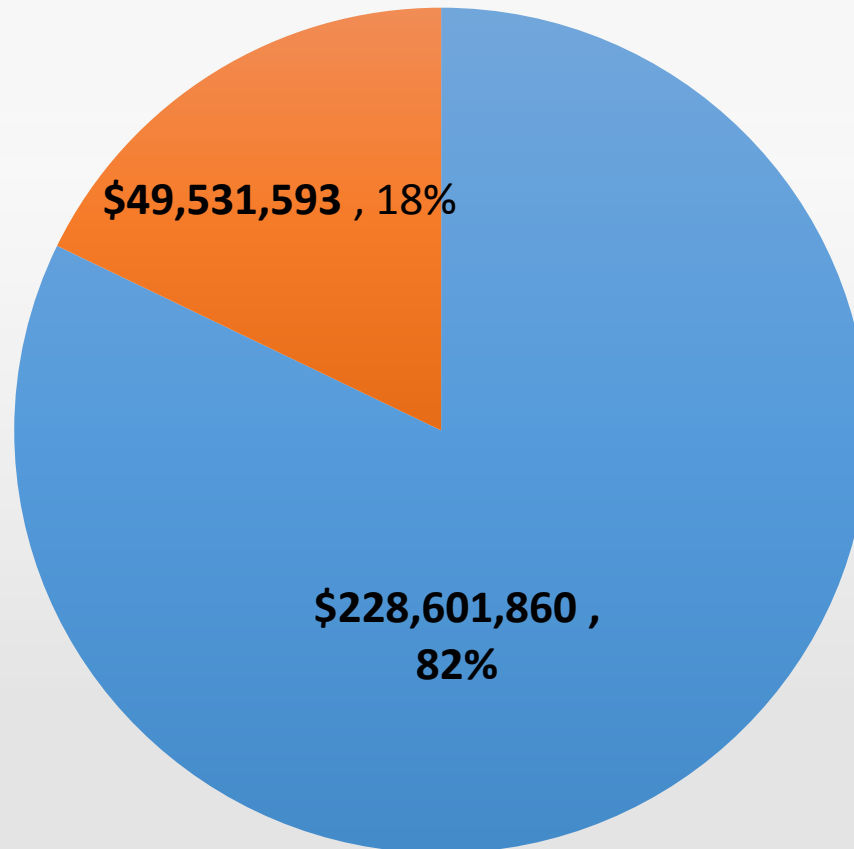
Unassigned Fund Balance – 10% Board Policy	10.00%	\$20,696,140
Unassigned Fund Balance	0.46%	944,321
Total Fund Balance	10.46%	\$21,640,461

# 2017-18 Adopted Budget for all Funds

FUND DESCRIPTION	EXPENDITURE	FUND BALANCE	TOTAL
Unrestricted General Fund	\$ 206,961,399	\$ 21,640,461	\$ 228,601,860
Restricted General Fund	49,406,370	125,223	49,531,593
Child Development Fund	2,005,485	662,289	2,667,774
Farm Operations Fund	266,000	299,485	565,485
Student Health Services Fund	1,432,874	932,094	2,364,968
Capital Outlay Projects Fund	24,936,013	1,523,076	26,459,089
Capital Outlay Projects/Redevelopment Fund	11,100	4,900,773	4,911,873
Bond Anticipation Construction Funds (Measure RR)	81,141,010	727,093	81,868,103
Bond Construction Funds (Measure RR)	18,474,430	605,887	19,080,317
Associated Students Trust Fund	581,776	2,190,432	2,772,208
Student Representation Fee Trust Fund	26,459	62,905	89,364
Student Financial Aid Trust Fund	55,213,392	2,827	55,216,219
Scholarship and Loan Trust Fund	918,361	-	918,361
Other Trust Funds	452,286	1,135,415	1,587,701
<b>TOTAL</b>	<b>\$ 441,826,955</b>	<b>\$ 34,807,960</b>	<b>\$ 476,634,915</b>

# General Fund

## Unrestricted and Restricted: \$278.1 Million



■ Unrestricted ■ Restricted

# RESTRICTED GENERAL FUND

DESCRIPTION	EXPENDITURE	FUND BALANCE	TOTAL
Workforce Investment Act, Title II: Adult Education and Family Literacy Act Section 225, Section 231 and English Literacy and Civics Education	\$ 1,092,596	\$ -	\$ 1,092,596
Building Pathways of Persistence and Completion , Title V	1,018,063	-	1,018,063
Adult Education Block Grant (AEBG) Regional Consortia	2,532,082	-	2,532,082
Career Technical Education, Perkins Title I-C - 17/18	1,034,683	-	1,034,683
Basic Skills - 17/18	1,241,378	-	1,241,378
Basic Skills Student Outcome Transformation	1,252,237	-	1,252,237
Board Financial Assistance Program (BFAP) - 17/18	1,143,470	-	1,143,470
Disabled Student Programs and Services (DSPS) - 17/18	3,246,646	-	3,246,646
Extended Opportunity Programs and Services (EOPS) - 17/18	1,087,737	-	1,087,737
Full-Time Student Success (Cal Grants)	1,340,266	-	1,340,266
Instructional Equipment - 17/18	1,047,897	-	1,047,897
Instructional Equipment - Carryover 16/17	1,555,830	-	1,555,830
Strong Workforce Program - 17/18	2,443,477	-	2,443,477
Strong Workforce Program - Carryover 16/17	1,318,587	-	1,318,587
Student Equity - 17/18	2,793,760	-	2,793,760
Student Equity - Carryover 16/17	1,360,782	-	1,360,782
Student Success & Support Program (Credit) - 17/18	5,298,315	-	5,298,315
Student Success & Support Program (Credit) - Carryover 16/17	2,495,914	-	2,495,914
Student Success & Support Program (Noncredit) - 17/18	1,470,185	-	1,470,185
Student Success & Support Program (Noncredit) - Carryover 16/17	924,338	-	924,338
Lottery-Restricted	3,809,617	-	3,809,617
Parking Revenue Plus Fund Balance	2,773,948	125,223	2,899,171
Other Grants and Categorical Programs (41)	7,124,562	-	7,124,562
<b>TOTAL</b>	<b>\$ 49,406,370</b>	<b>\$ 125,223</b>	<b>\$49,531,593</b>



# UNRESTRICTED GENERAL FUND APPORTIONMENT REVENUES

	2014-15		2015-16		2016-17		2017-18 Adopted <sup>(5)</sup>	
	<u>Actuals</u>	<u>%</u>	<u>Actuals</u>	<u>%</u>	<u>Actuals <sup>(4)</sup></u>	<u>%</u>	<u>Budget</u>	<u>%</u>
Property Taxes	\$ 23,897,531	17%	\$ 38,347,717	24%	\$ 44,853,994	28%	\$ 46,538,532	28%
EPA (Education Protection Account) <sup>(1)(2)(3)</sup>	25,130,421	18%	24,511,366	15%	23,165,312	14%	21,832,030	13%
Student Enrollment Fees	7,972,150	6%	8,208,849	5%	9,176,861	6%	9,328,195	6%
State General Apportionment	81,132,641	59%	88,756,456	56%	84,728,087	52%	91,260,469	54%
<b>Total Base Apportionment</b>	<b><u>\$ 138,132,743</u></b>	<b><u>100%</u></b>	<b><u>\$ 159,824,388</u></b>	<b><u>100%</u></b>	<b><u>\$ 161,924,254</u></b>	<b><u>100%</u></b>	<b><u>\$ 168,959,226</u></b>	<b><u>100%</u></b>

(1) The EPA was created by Proposition 30 in November 2012 and has been amended with Proposition 55 on November 2016. Proposition 55 extends the temporary personal income tax increases enacted in 2012 for twelve years or until December 2030.

(2) Proceeds shall not be used for administrative costs.

(3) Distribution of funds is on a quarterly basis (Sep., Dec., Mar., and Jun.).

(4) Per second principal apportionment 2016-17.

(5) Includes Increases to: Cost-of-Living Adjustment 1.56% for \$2,493,309, Increase to the Base Allocation for \$4,546,089, and Net Stability Restoration \$33,006. Does not include 2017-18 Growth estimated at \$1,352,240 and estimated 2016-17 Apportionment Deficit of \$844,796.

# 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>(1)</sup>	9,172,834	12.58%	1.85%	1,405,324	5,101,525	13.888%	2.041%	963,997	14,274,359	2,369,321
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	1,543,981	14.43%	1.85%	352,112 <sup>(2)</sup>	1,984,462	15.531%	1.643%	307,293 <sup>(2)</sup>	3,528,443	659,405 <sup>(2)</sup>
				1,779,025				961,343		2,740,368
2018-19	12,898,203	16.28%	1.85%	1,465,705	7,220,557	18.100%	2.569%	1,024,841	20,118,760	2,490,545
2019-20	14,363,908	18.13%	1.85%	1,465,705	8,297,657	20.800%	2.700%	1,077,100	22,661,565	2,542,805
2020-21	15,132,412	19.10%	0.97%	768,505	9,494,435	23.800%	3.000%	1,196,777	24,626,847	1,965,282
2021-22		(3)			10,052,931	25.200%	1.400%	558,496	10,052,931	558,496
2022-23		(3)			10,411,964	26.100%	0.900%	359,033	10,411,964	359,033
2023-24		(3)			10,691,212	26.800%	1.600%	638,281	10,691,212	638,281
2024-25		(3)			10,890,675	27.300%	1.200%	478,711	10,890,675	478,711
<b>TOTAL</b>				<b>\$ 9,371,395</b>				<b>\$ 7,836,684</b>		<b>\$17,208,080</b>

### Notes:

(1) Actual Expenditures

(2) Increase in STRS and PERS included in Salary Schedule Progression, Personnel and Benefits Changes, New Positions (Management and Classified), and Hourly Faculty.

(3) Rates Not Available

# Other Budget Issues

- OPEB Trust
  - Retirees' Health Premiums - Paid from the Interest Earned in the OPEB Trust - \$4.5 Million
  - Annual Ongoing Contribution – Funded with the Unrestricted General Fund - \$2.5 Million
- 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 27.3% in 2024-25.
- Proposition 30 was extended with Proposition 55 in November 2016 (Estimated at \$21.8 for Mt. SAC in 2017-18).
  - 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 from \$5 million in 2016-17 to \$2.1 million in 2017-18.
- Uncertainties regarding Federal Fiscal Policy changes that could affect the State Budget.

# 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 \$206,961,399, which is \$20,696,140 (Per 2017-18 Adopted Budget).

# Questions

