



# **2006-07 Adopted Budget**

**Presented By:**

**Budget Advisory Committee**

**September 5, 2006**

# Overview

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# 2005-2006 Budget Performance

## Unrestricted General Fund

	<u>Adopted Budget</u>	<u>Unaudited Actuals</u>	<u>Variance Amount</u>	<u>Variance Percent</u>
Beginning Balance	4,921,078	4,921,078	0	0.0%
Revenue & Other Financing Sources	95,486,876	96,770,654	1,283,778	1.3%
Expenditures	40,987,971	42,112,760	1,124,789	2.7%
Academic Salaries				
Classified Salaries	19,907,090	19,650,809	-256,281	-1.3%
Employee Benefits	19,310,476	19,166,990	-143,486	-0.7%
Books & Supplies	1,392,588	1,216,067	-176,521	-12.7%
Services & Operating Expenses	8,335,907	7,896,716	-439,191	-5.3%
Capital Outlay	228,005	613,648	385,643	169.1%
Other	<u>7,500</u>	<u>21,669</u>	<u>14,169</u>	<u>188.9%</u>
Total Expenditures	90,169,537	90,678,659	509,122	0.6%
Other Outgo				
Interfund Transfers to Other Funds	4,715,687	4,925,460	209,773	4.4%
Total Expenditures & Other Outgo	94,885,224	95,604,119	718,895	0.8%
Ending Balance	5,522,730	6,087,613	564,883	10.2%
Ending Balance as % of Expenditures & Other Outgo	5.8%	6.4%		

# Funding Sources

## (Examples)

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### ■ Federal

- Title IV & Title V
- Student Financial Aid
- Vocational & Technical Education Act (VTEA)

### ■ State

- CalWORKs
- Student Financial Aid
- Block Grants
- General Apportionment (FTES)
- Lottery
- Equalization

### ■ Local

- Interest
- Non-Resident Tuition
- Stadium & Parking
- Contract Education
- Measure E Bond Funding

# BAC Planning Assumption Highlights

## ■ **Balanced Budget**

- **Deficit spending will be avoided**
- **Essential operational and maintenance functions of the college will be funded**
- **Every reasonable fiscal effort will be made to acquire and retain the most qualified people to teach our students, support the instructional process, and run Long Beach City College**
- **The District will maintain an unrestricted reserve for contingencies of 4.5% of unrestricted expenditures and other outgo**
- **Any increases or decreases in federal income for a project or program will be accompanied by corresponding increases or decreases in expenditures**

# **BAC Planning Assumption Highlights (continued)**

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- **Special purpose budgets, such as Community Education, will generate sufficient income to cover expenses**
- **Expenditures for federal and state categorically funded programs will not exceed the program income and mandated local contribution**
- **PERS rates will be 9.124% and STRS rate will be 8.25%**
- **Any purchases initiated during the year will be completed before the end of the year**
- **The faculty part-time hourly budget will contain sufficient dollars to meet the FTES target**
- **Enrollment management strategies will continue to be used to recommend the courses and number of sections to be offered for individual schools and departments**

# BAC Planning Assumption Highlights (continued)

- **All applicable fees will be levied**
- **All grants will be carefully evaluated as to the “District match(s)” and any financial obligation beyond the term of the grant so as not to place a burden on the budget in future years**



# Priorities and Goals

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- **Enrollment Management**
- **Facilities construction and modernization**
- **Enhance marketing and outreach efforts**
- **Maintain service levels to 21,055 students**
- **Maintain Facilities maintenance and operations standards**
- **Personnel Commission Classification study**
- **Focused effort to improve and document programs, operations and processes**
- **Maintain a balanced budget**



# Impact of State Budget

	<u>Unrestricted General Fund</u>	<u>Restricted General Fund</u>	<u>Capital Projects Fund</u>
5.92% COLA	4,826,889	239,450	
Equalization	1,300,000		
One Time Funding			
General Purpose	1,693,057		
Career Technical Equip		672,377	
Basic Skills		1,080,099	
Facilities			793,793
Instructional Equipment/ Library Materials		793,793	
Block Grant Outgoing			
Facilities			212,798
Instructional Equipment/ Library Materials		212,779	
<b>TOTAL</b>	<b>7,819,946</b>	<b>2,998,498</b>	<b>1,006,591</b>

# Unrestricted General Fund Expenditures

## Major Increases in Budgeted Expenditures

	<b>Increase From 2005- 2006 Unaudited Actual</b>	<b>Comments</b>
Full Time Teaching Salaries	\$1.9 million	Includes 10 new faculty members, cost of living adjustments and step/column increases.
Academic Administrators Salaries	\$1.0 million	Increased budget to cover cost of living adjustment, step increases, and new positions.
Teaching Hourly Salaries	\$1.1 million	\$225,000 is budgeted for substitute instructors. Budget increase also covers cost of living adjustment, and step/column increases.
Classified Full Time Salaries	\$1.6 million	For step and longevity increments and filling vacant positions.
Instructional Aides	\$0.1 million	To meet the needs of students
Employee Benefits	\$2.0 million	Rates increased and more employees and retirees are eligible for benefits
Non-Instructional Supplies	\$0.2 million	To cover cost increases and costs associated with the expansion of college facilities.
Professional Services	\$0.9 million	For implementing the Enrollment Management Plan, costs of the presidential search consultant, and the Long Beach Police Department contract.

# Unrestricted General Fund Expenditures

## Major Increases in Budgeted Expenditures (Continued)

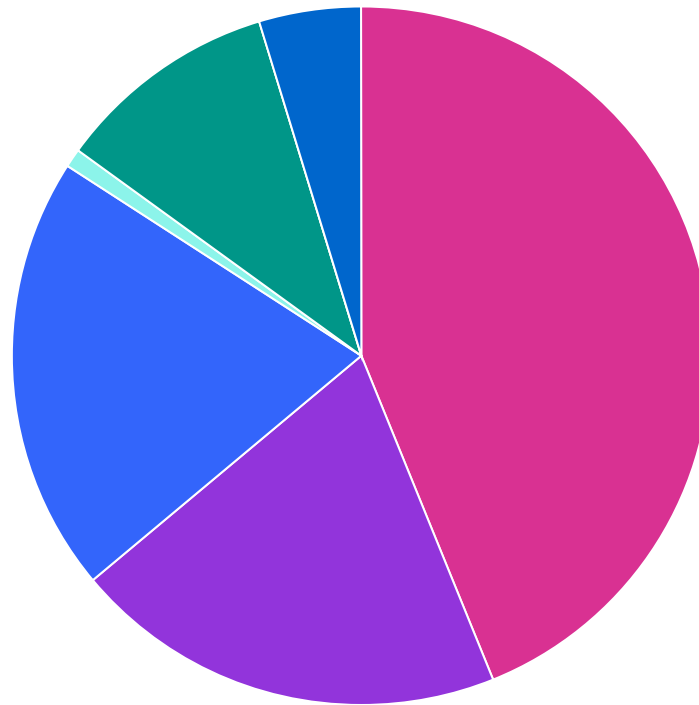
	<b>Increase From 2005- 2006 Unaudited Actual</b>	<b>Comments</b>
Utilities & Housekeeping	\$0.3 million	For utility rate increases and utility costs for new college facilities.
Rents, Building Repair/ Maintenance & Equipment Repair	\$0.2 million	Costs are increasing for maintaining the college's older buildings and the aging inventory of equipment.
Other Services and Expenses	\$1.5 million	Increase to cover additional costs for Instructional Agreements, anticipated postage rate increase, and anticipated costs not budgeted elsewhere.
<b>TOTAL</b>	<b>\$10.8 million</b>	

# Unrestricted General Fund Summary

	2005-06 Unaudited Actuals	2006-07 Adopted Budget	CHANGE Incr. / (Decr.)
Academic Salaries	\$ 42.1	\$ 46.1	\$ 4.0
Classified Salaries	\$ 19.7	\$ 21.1	\$ 1.4
Benefits	\$ 19.2	\$ 21.1	\$ 1.9
Supplies	\$ 1.2	\$ 1.0	\$ (0.2)
Services & Contracts	\$ 7.9	\$ 10.6	\$ 2.7
Capital Outlay	\$ 0.6	\$ 0.4	\$ (0.2)
Other Outgo	\$ 4.9	\$ 4.9	\$ 0
<b>Total</b>	<b>\$ 95.6</b>	<b>\$105.2</b>	<b>\$ 9.6</b>

\*\$776,459 is budgeted for instructional supplies in the restricted general fund. This allocation is supported by restricted lottery dollars.

# Unrestricted General Fund 2006-07 Budgeted Expenditures



- Academic Salary  
43.6%
- Classified Salary  
20.1%
- Benefits 20.1%
- Supplies 1%
- Contracts &  
Services 10.1%
- Capital Outlay  
.4%
- Other Outgo  
4.7%

# Unrestricted General Fund Reserves Policy Options

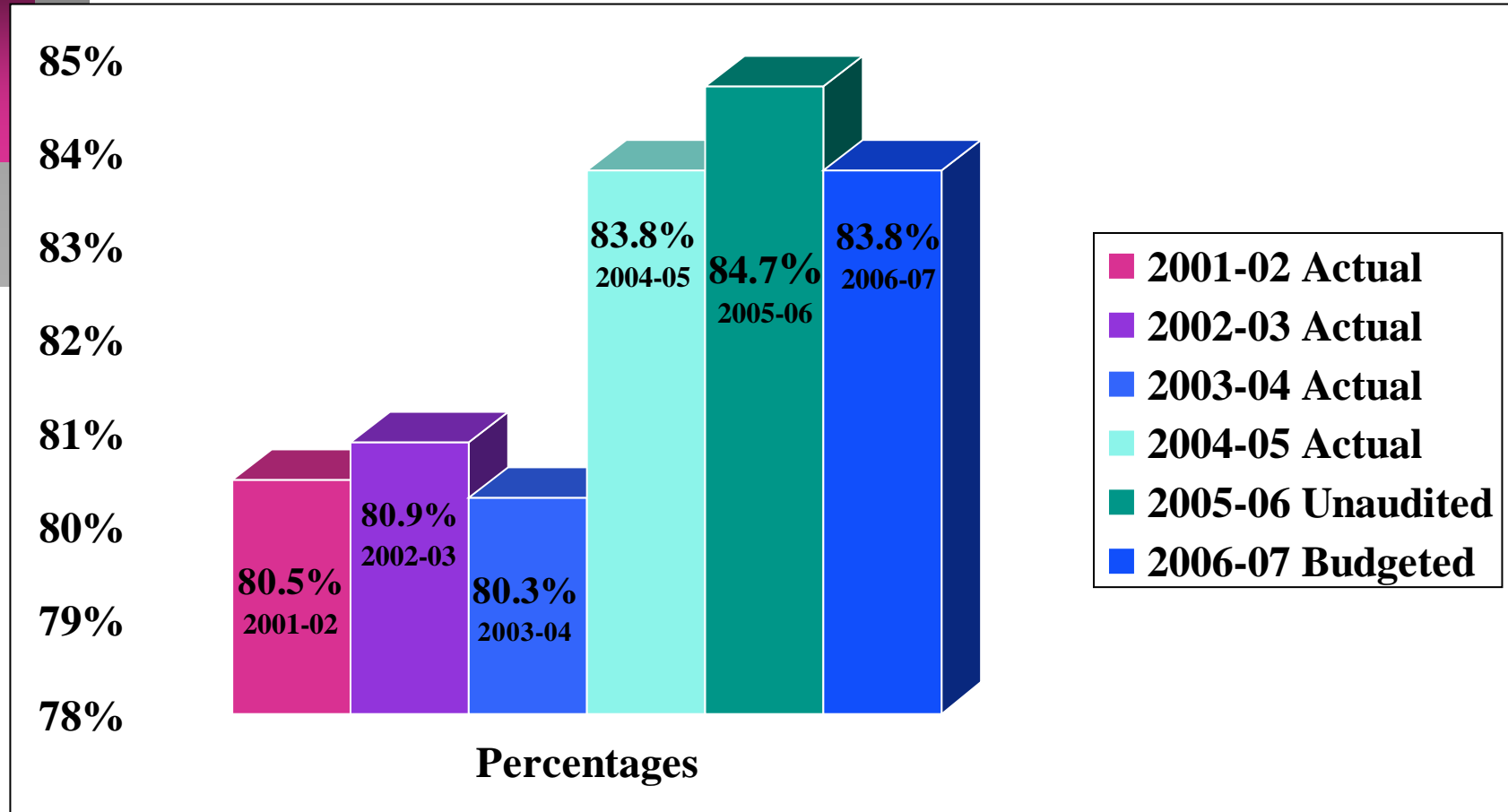
## ADOPTED BUDGET 2006-07

	<u>Policy Option #1:</u> <u>5% Board Mandated</u> <u>Reserve</u>	<u>Policy Option #2:</u> <u>4.5% Board Mandated</u> <u>Reserve</u>	<u>Difference</u>
ENDING BALANCE	10,195,53	10,195,537	0
<b>Designated Reserves</b>			
Board Mandated Reserve	5,260,562	4,734,505	(526,057)
Vacation & Loadbanking Reserve	718,913	718,913	0
Economic Uncertainties	1,200,000	1,200,000	0
Potential Enrollment Shortfall	3,000,000	3,000,000	0
<b>Total Designated Reserves</b>	<b>10,179,475</b>	<b>9,653,418</b>	<b>(526,057)</b>
<b>Undesignated Ending Balance</b>	<b>16,062</b>	<b>542,119</b>	<b>526,057</b>
Ending Bal as \$ of Exp & Other Outgo	9.7%	9.7%	0

# Unrestricted General Fund 6 Year Budget Trend

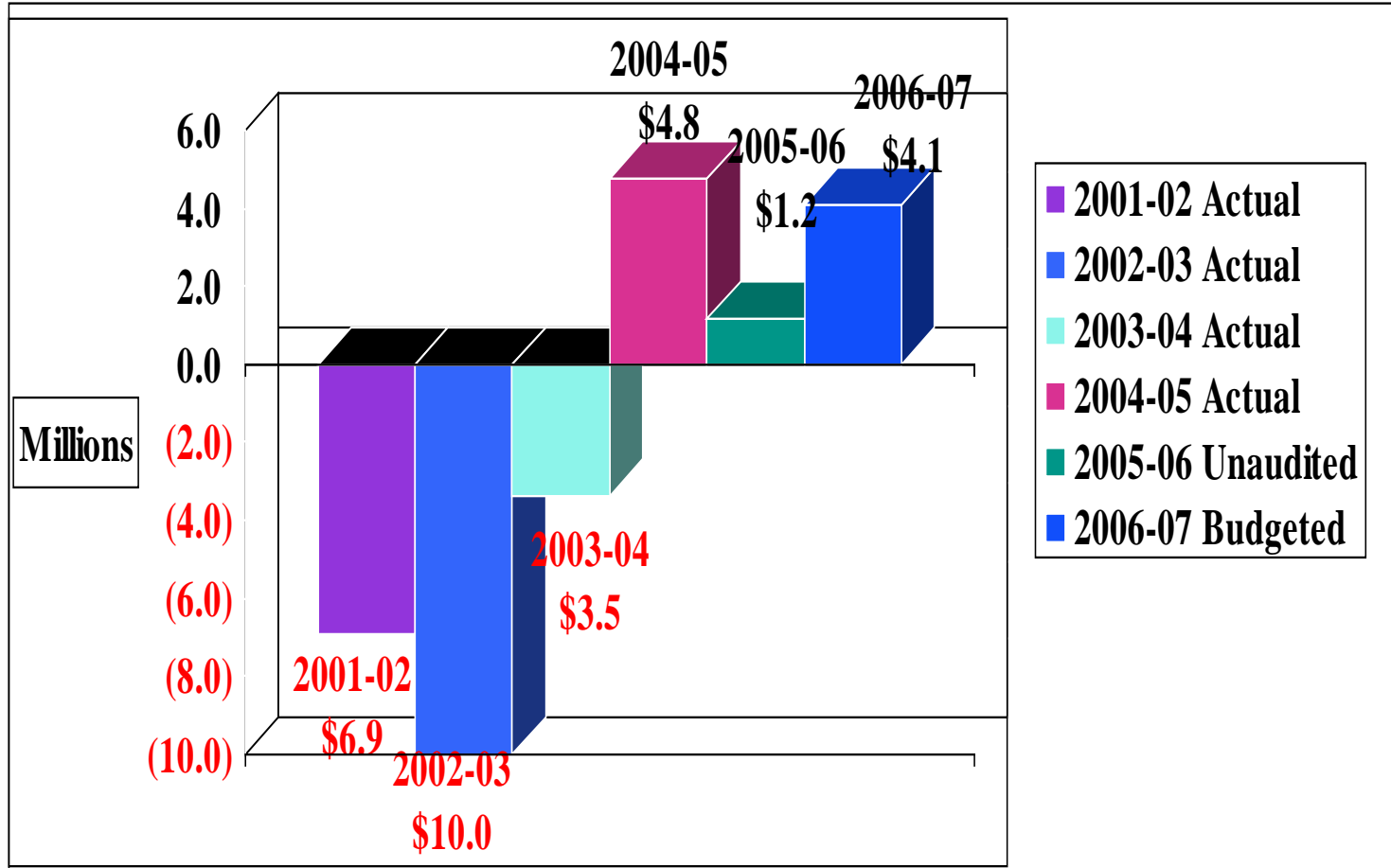
	<b>2001-02 Actual</b>	<b>2002-03 Actual</b>	<b>2003-04 Actual</b>	<b>2004-05 Actual</b>	<b>2005-06 Unaudited Actuals</b>	<b>2006-07 Budgeted</b>
<b>Salaries &amp; Benefits as % of Expenses &amp; Other Outgo</b>	<b>80.5%</b>	<b>80.9%</b>	<b>80.3%</b>	<b>83.8%</b>	<b>84.7%</b>	<b>83.8%</b>
<b>Operating Surplus/ (Deficit)</b>	<b>\$ (6.9) Million</b>	<b>\$(10.0) Million</b>	<b>\$(3.5) Million</b>	<b>\$4.8 Million</b>	<b>\$1.2 Million</b>	<b>\$4.1 Million</b>
<b>Ending Balance</b>	<b>\$16.2 Million</b>	<b>\$6.6 Million</b>	<b>\$1.6 Million</b>	<b>\$4.9 Million</b>	<b>\$6.1 Million</b>	<b>\$10.2 Million</b>

# Unrestricted General Fund Salaries and Benefits as % of Expenses and Other Outgo

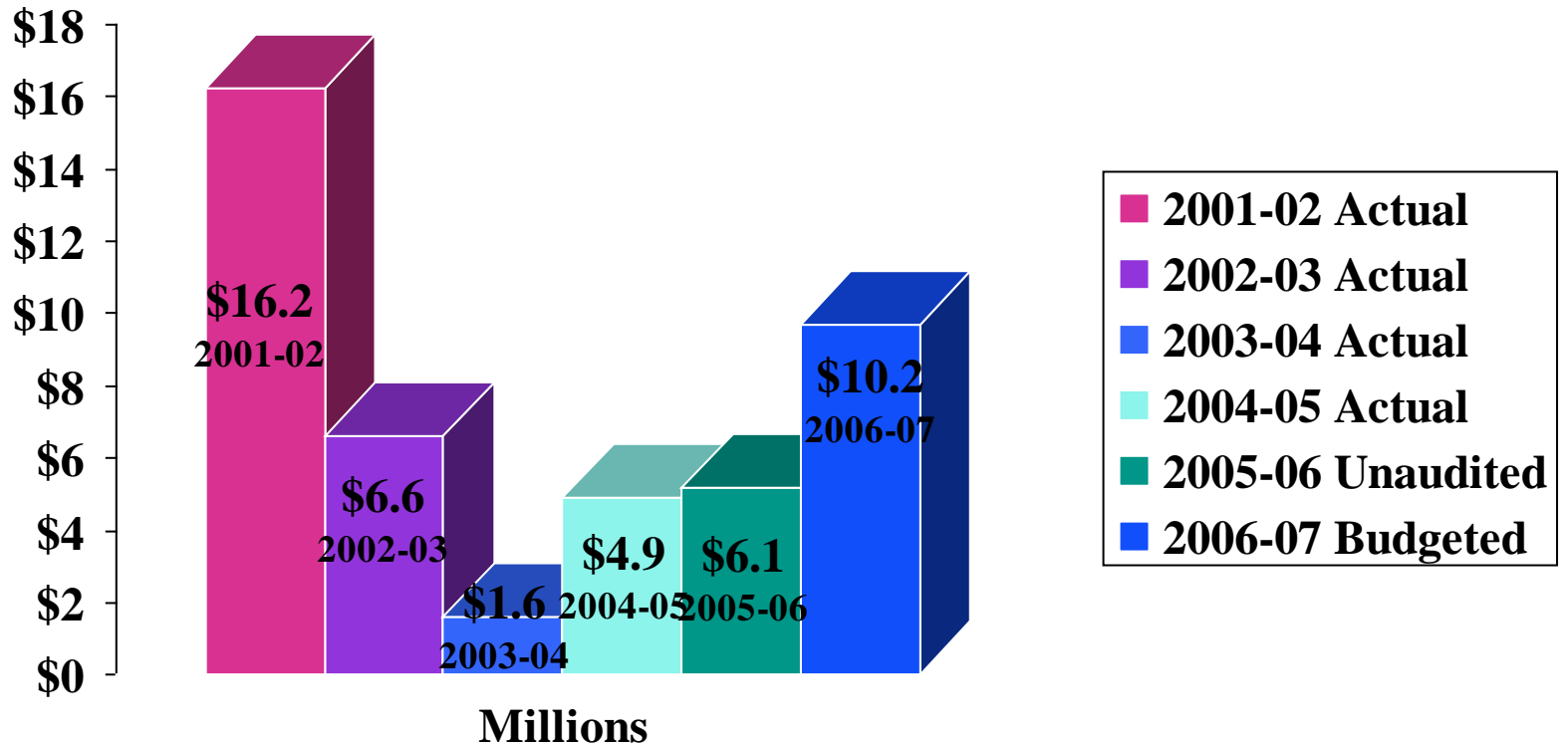




# Unrestricted General Fund Operating Surplus/(Deficit)



# Unrestricted General Fund Ending Balance History



# Fund Comparison

## Expenditures and Other Outgo

	Adopted Budget 2005-06	Unaudited Actual 2005-06	Adopted Budget 2006-07
<b>Unrestricted General Fund</b>	<b>\$94.9</b>	<b>\$95.6</b>	<b>\$105.2</b>
<b>Restricted General Fund</b>	<b>16.9</b>	<b>15.7</b>	<b>20.5</b>
<b>Capital Projects</b>	<b>19.9</b>	<b>4.1</b>	<b>14.0</b>
<b>Child Development</b>	<b>1.1</b>	<b>1.0</b>	<b>1.1</b>
<b>Contract Ed./Community Service</b>	<b>0.5</b>	<b>0.3</b>	<b>0.4</b>
<b>COP Debt Service</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>General Obligation Bond</b>	<b>33.0</b>	<b>23.3</b>	<b>65.6</b>
<b>Retiree Benefits</b>	<b>1.8</b>	<b>1.7</b>	<b>2.1</b>
<b>Self-Insurance</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>
<b>Student Financial Aid</b>	<b>26.8</b>	<b>26.0</b>	<b>26.1</b>
<b>Veterans Stadium Operations</b>	<b>1.5</b>	<b>1.0</b>	<b>1.1</b>
<b>Total</b>	<b>\$197.1</b>	<b>\$169.4</b>	<b>\$236.8</b>

# Future Budget Challenges

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- \$5.0 million of one-time state funding may not be available in the future.
- FTEs growth and improved student retention is needed to provide a secure appointment revenue stream.
- COP debt service fund balance is \$2.7 million. \$31.6 million of unfunded liability remains.
- Retiree Health Fund balance is \$3.8 million. \$25.5 million of past service liability remains unfunded.