

Adopted Budget 2011-12

**Presented by:
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Co-Chair
Budget Advisory Committee**

September 13, 2011

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State Budget Overview

- Zero COLA (0%)
- No growth funding
- Student fees increased \$10 to \$36 per unit
- \$290 million net reduction to apportionment
 - \$5.9 million cut to Long Beach City College
- No restoration of 2009-10 categorical fund cuts
- Increased deferrals \$129 million to \$961 million - \$24.6 million for LBCC
 - Issued Tax Revenue Anticipation Notes (TRANS)

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Board Goal

Measure & Improve Fiscal & Infrastructure Stability

- Commitment to Reduce Deficit Spending
 - \$8,141,755 deficit spending to maintain service levels to students
 - \$4,643,566 million surplus for 2010-11
- Maintain 5.0% General Fund Reserve
 - Total reserves equal \$10,003,926 (9.1%)
 - 5% reserve \$5,491,729

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Board Goal

Measure & Improve Fiscal & Infrastructure Stability

(continued)

- Focus on Advancement of Student Success Plan
 - \$2,134,717 Unrestricted General Fund
 - \$713,177 Restricted General Fund
- Reserve to fund campus maintenance & IT functions
 - \$225,213 budgeted reserve in the Unrestricted General Fund (carried over from prior year) for Technology Master Plan

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BAC Planning Assumption Highlights

- There will be budget redirections and potential reductions in response to both the State's budget impact and the priorities as identified by the College Planning Committee (CPC)
- Maintain a 5.0% unrestricted reserve for contingencies
- Deficit spending will be minimized
- Carryover will only exist for the Technology Master Plan and Facilities Improvement Funds.

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BAC Planning Assumption Highlights (Continued)

- Zero (0%) COLA is budgeted
- No Growth is budgeted. Target FTES is 19,618
- A 1% deficit factor will be included to offset possible short fall from apportionment revenues.
- Load Banking Reserve
 - Budgeted the \$2.3 million liability
- Vacation Liability Reserve
 - Budgeted \$330,125 liability

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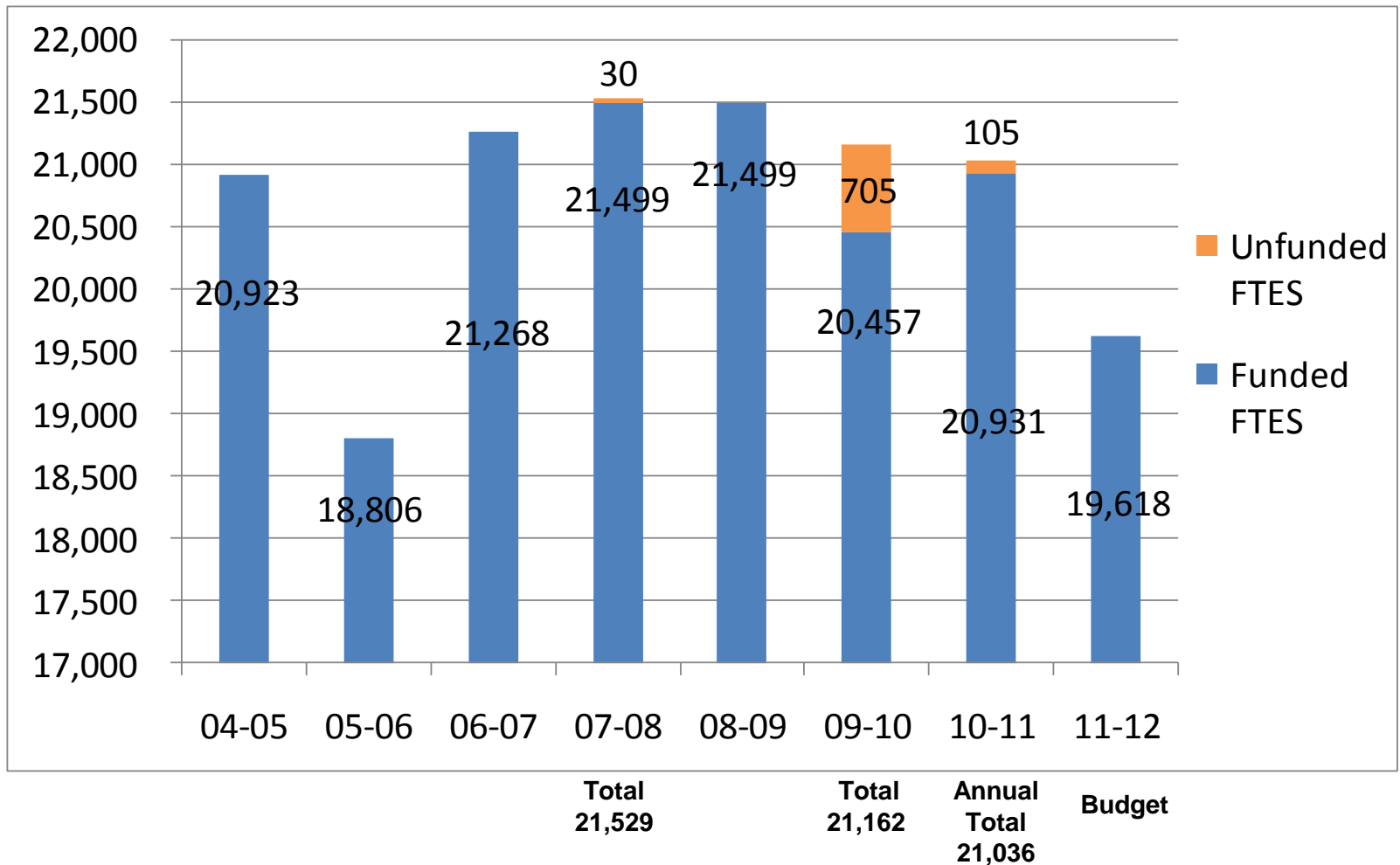
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BAC Planning Assumption Highlights (Continued)

- Benefit costs continue to increase:
 - Health and welfare costs increased by \$1.3 million
 - Offset by plan changes and increased employee contributions
 - PERS rate increased 0.2%
 - SUI increased 0.9%
 - Workers' Compensation increased 0.06%
- Part-time hourly budget will contain sufficient dollars to meet the FTES target in accordance with class schedules

FTES History and Projection



List of Funds – Expenditures & Other Outgo (in millions)

	Adopted Budget 2010-11	Unaudited Actual 2010-11	Adopted Budget 2011-12
Unrestricted General Fund	\$ 109.8	\$ 104.5	\$ 109.8
Restricted General Fund	18.2	21.5	20.4
Capital Projects Fund	11.2	5.1	7.6
Child & Adult Development Fund	1.6	1.4	1.6
Contract/Community Education Fund	0.7	0.4	0.7
General Obligation Bond Funds	472.7	56.8	461.3
Retiree Benefits Fund	2.3	2.2	2.4
Self-Insurance Fund	1.0	0.9	1.0
Student Financial Aid	50.9	54.5	56.8
Vet Stadium Operations	1.0	1.0	1.2
Total	\$ 669.4	\$ 248.3	\$ 662.8

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Expenditure Reductions - \$5.8 Million

- Management Team Furloughs of 3.08% - \$339,000
- Management Team Evening dean duties continue - \$86,000
- Health benefit plan changes and employee contribution increases:
 - Faculty \$543,000
 - Classified \$573,000
 - Management \$210,000

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Expenditure Reductions - \$5.8 Million

(continued)

- Classified reduction in force and reorganization - \$1,563,000
- Management reduction in force and reorganization - \$760,000
- Suspending three sports - \$74,000
- Reduction to part-time faculty - \$738,000
- Cut discretionary budgets approximately 20% - \$887,000

Unrestricted General Fund Overall Summary

	Unaudited Actual 2010-11	Adopted Budget 2011-12	Change Increase/ (Decrease)
Revenues and Other Financing Sources	\$ 109,145,155	\$ 101,692,834	\$ (7,452,321)
Expenditures and Other Outgo	104,501,589	109,834,589	5,333,000
Surplus/(Deficit)	4,643,566	(8,141,755)	(12,785,321)
Fund Balance	\$ 18,145,681	\$ 10,003,926	\$ (8,141,755)

Unrestricted General Fund Revenue Summary

	Unaudited Actual 2010-11	Adopted Budget 2011-12	Change Increase/ (Decrease)
Federal	\$ 120,349	\$ 120,000	\$ (349)
Apportionment	101,226,573	94,856,819	(6,369,754)
Other State	3,955,133	3,107,386	(847,747)
Local	2,520,232	2,524,920	4,688
Other Sources	1,322,868	1,083,709	(239,159)
Total	\$109,145,155	\$101,692,834	\$(7,452,321)

Major Revenue Changes in 2011-12

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- **Apportionment** - \$6.4 million decrease includes a \$5.9 million decrease in current year apportionment due to reduced FTES targets caused by state funding reductions and a \$0.5 million decrease due to prior year apportionment revenue in 2010-11.
- **Other State Revenues** - \$0.8 million decrease consists mainly of decreases in mandated cost reimbursements since future funding is uncertain and a decrease in lottery revenue due to reduced FTES targets.

Unrestricted General Fund Expenditure Summary

	Unaudited Actual 2010-11	Adopted Budget 2011-12	Change Increase/ (Decrease)
Academic Salaries	\$ 43,743,146	\$ 44,889,737	\$ 1,146,591
Classified Salaries	23,614,430	24,992,138	1,377,708
Benefits	24,940,372	25,680,115	739,743
Supplies	457,915	603,475	145,560
Services	8,783,261	10,625,906	1,842,645
Capital Outlay	545,242	515,595	(29,647)
Other Outgo	2,417,223	2,527,623	110,400
Total	\$ 104,501,589	\$109,834,589	\$ 5,333,000

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Major Expenditure Changes in 2011-12

- **Academic Salaries** – overall \$1.1 million increase is due to hiring 15 new faculty, and the expiration of the 2.3075% furlough. Administrator salaries decreased ≈ \$300,000.
- **Classified Salaries** - \$1.4 million increase is due to the reduction of management furloughs (3.08%) and expiration of classified furloughs (5.77%) and step freeze less the classified and management reduction in force and reorganization.
- **Benefits** - \$0.7 million increase mainly due to salary and rate increases. Health insurance increases were offset by plan changes and increased employee contributions.

Major Expenditure Changes in 2011-12 (continued)

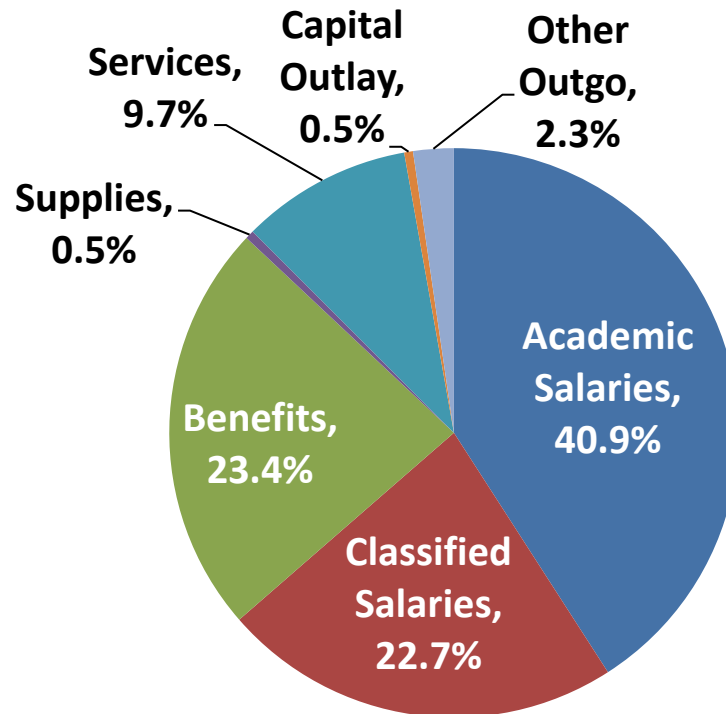
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- **Services** – overall \$1.8 million increase primarily due to rollover budgets and cost conscious measures during 2010-11 by all departments. Major increase related to Election Costs estimated at \$450,000

Unrestricted General Fund Budgeted Expenditures 2011-12



Salaries & Benefits 87.0%

Unrestricted General Fund Reserves

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Unassigned Reserves	
Board Mandated Reserve – 5.0%	\$ 5,491,729
Economic Uncertainties	1,692,433
Assigned Reserves	
Technology Master Plan	225,213
Vacation and Load Banking Reserve	2,594,551
Total	\$ 10,003,926

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Unrestricted General Fund Breakdown Between Fixed & Discretionary Budgets

(Summary Multiyear Comparison – Total Costs)

	Adopted Budget 2009-10	Adopted Budget 2010-11	Adopted Budget 2011-12
Fixed Costs:			
Academic Salaries	\$32,702,246	\$30,805,108	\$31,225,931
Classified Salaries	24,959,575	23,623,469	24,266,428
Benefits	24,055,863	25,517,818	25,680,115
Total Other Fixed Costs	11,615,744	11,170,226	10,743,395
Total Fixed Costs	\$93,333,428	\$91,116,621	\$91,915,869
	82.40%	82.99%	83.69%
Discretionary Costs:			
Discretionary Hourly Salaries	\$15,253,912	\$15,095,267	\$14,389,516
Other Discretionary Costs	4,678,078	3,575,267	3,529,204
Total Discretionary Costs	\$19,931,990	\$18,670,534	\$17,918,720
	17.60%	17.01%	16.31%
Total Expenditures	\$113,265,418	\$109,787,155	\$109,834,589

Unrestricted General Fund 8-Year Trend Summary (in millions)

	04-05 Actual	05-06 Actual	06-07 Actual	07-08 Actual	08-09 Actual	09-10 Actual	10-11 Unaudited Actual	11-12 Adopted Budget
Salaries & Benefits as a % of Total Expenses & Other Outgo	83.8%	84.7%	85.5%	85.2%	86.7%	87.7%	88.3%	87.0%
Surplus / (Deficit)	\$3.3	\$1.2	\$7.5	\$1.3	(\$0.1)	(\$1.2)	\$4.6	(\$8.1)
Ending Balance	\$4.9	\$6.1	\$13.6	\$14.9	\$14.7	\$13.5	\$18.1	\$10.0
Ending Balance as a % of Total Expenses & Other Outgo	5.5%	6.4%	12.9%	13.3%	13.1%	12.4%	17.4%	9.1%

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Future Budget Challenges

- Mid-Year cuts appear likely based on current economic forecasts – as of July State revenues down \$540 million

State Revenue Shortfall	Mid-Year Spending Reductions
Less than \$1 billion below forecast	No changes
\$1 - \$2 billion below forecast	\$23 million cut to child care \$30 million cut to apportionment - \$566,180 LBCC share \$10 additional enrollment fee increase to \$46/unit
Greater than \$2 billion below forecast	\$ 72 million additional cut to apportionment - \$1,358,831 LBCC share

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Future Budget Challenges (cont.)

- Cash flow concerns – State continues to increase apportionment deferrals
 - At June 30, 2011 our cash balance in the Unrestricted General Fund was \$936,495 after borrowing \$7.5 million from ourselves
- Fee Shortage – increased BOGG waivers are reducing collections state-wide
 - Chancellor's Office already estimating a \$25 million (~ 0.4%) shortfall - \$432,000 LBCC share
- Economic recovery appears slower than projected

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Future Budget Challenges (cont.)

- State Litigation
 - Redevelopment Agencies – contesting \$1.7 billion payments to state with the Supreme Court
 - Medi-Cal Providers – going to court to contest proposed changes (\$1.3 billion)
 - Amazon Tax - going to court to try to stop (\$0.2 billion)
- State's structural budget deficit projected into 2015-16
- Full-time faculty obligation (FON) – once the Board of Governors lifts the obligation suspension, LBCC will need to hire a significant number of full-time faculty

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Questions?