

Tentative Budget 2009-10

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Advisory Committee**

June 23, 2009

Overview

- Board Budget Guidelines
- Institutional Goals
- BAC Planning Assumption Highlights
- FTES History and Projection
- List of All District Funds – Expenditures & Other Outgo
- Savings Measures already taken

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Overview (continued)

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- Unrestricted General Fund Details
 - Overall Summary
 - Revenue Summary
 - Major Revenue Changes in 2009-10
 - Expenditure Summary
 - Budgeted Expenditures
 - Major Expenditure Changes in 2009-10
 - Reserves
 - 8-Year Trends

Overview (continued)

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- Breakdown between Fixed and Discretionary Budgets
- May Revise Update – Budget Conference Committee Actions
- Additional Savings Measures Underway
- Future Budget Challenges

Board Budget Guidelines

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- **Balanced General Fund Budget**
 - \$5,842,628 deficit spending to maintain service levels to students
- **5.5% General Fund Reserve**
 - \$6,960,106 in reserve (6.1%)
- **Sound reserve for Retiree Benefits**
 - \$8,407,115 budgeted reserve in Retiree Health Fund

Board Budget Guidelines (continued)

- **Sound reserve for Facilities Maintenance**
 - \$310,662 budgeted reserve in the Unrestricted General Fund (carried over from prior year)
- **Sound reserve for Technology Replacement and Support**
 - \$244,294 budgeted reserve in the Unrestricted General Fund (carried over from prior year)

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Institutional Goals

(developed by College Planning Committee)

- **Student Learning**
 - Assessment of Student Learning Outcomes
 - Program Plan/Program Review
 - Student Success Plan
 - CTE Programs
- **Fiscal Stability**
 - Enrollment Management Plan
- **Technology**
 - 2008-09 Technology Plan

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BAC Planning Assumption Highlights

- The impact of state funding reductions which may arise from a decline in enrollment will be addressed by pursuing higher levels of efficiency and productivity, re-configuring organization structures and making prudent reductions in college operations and programs based on the Planning Process and the College Priorities
- Maintain a 5% unrestricted reserve for contingencies
 - Provided for a 5.5% contingency reserve in accordance with Board direction

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BAC Planning Assumption Highlights (Continued)

- Deficit spending will be minimized
- Carryover will only exist for the Technology Master Plan and Facilities Improvement Funds
- No COLA (0%) is budgeted
- No Growth is budgeted. Target FTES is 21,499
- A 2% deficit factor will be included to offset possible short fall from apportionment revenues

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BAC Planning Assumption Highlights (Continued)

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- Stability Reserve
 - Unable to fund due to budget constraints
- Load Banking Reserve
 - Unable to fund due to budget constraints
- Vacation Liability Reserve
 - Unable to fund due to budget constraints

BAC Planning Assumption Highlights (Continued)

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- Lottery income estimates are provided by School Services of California
 - \$514,605 estimated contribution from the Unrestricted General Fund to maintain instructional supply accounts at the same level of 2008-09
- Benefit costs continue to increase:
 - Health and welfare costs increased 9.27%
 - PERS rate increased slightly to 9.709%
- Part-time hourly budget will contain sufficient dollars to meet the FTES target in accord with the enrollment management plan

BAC Planning Assumption Highlights (Continued)

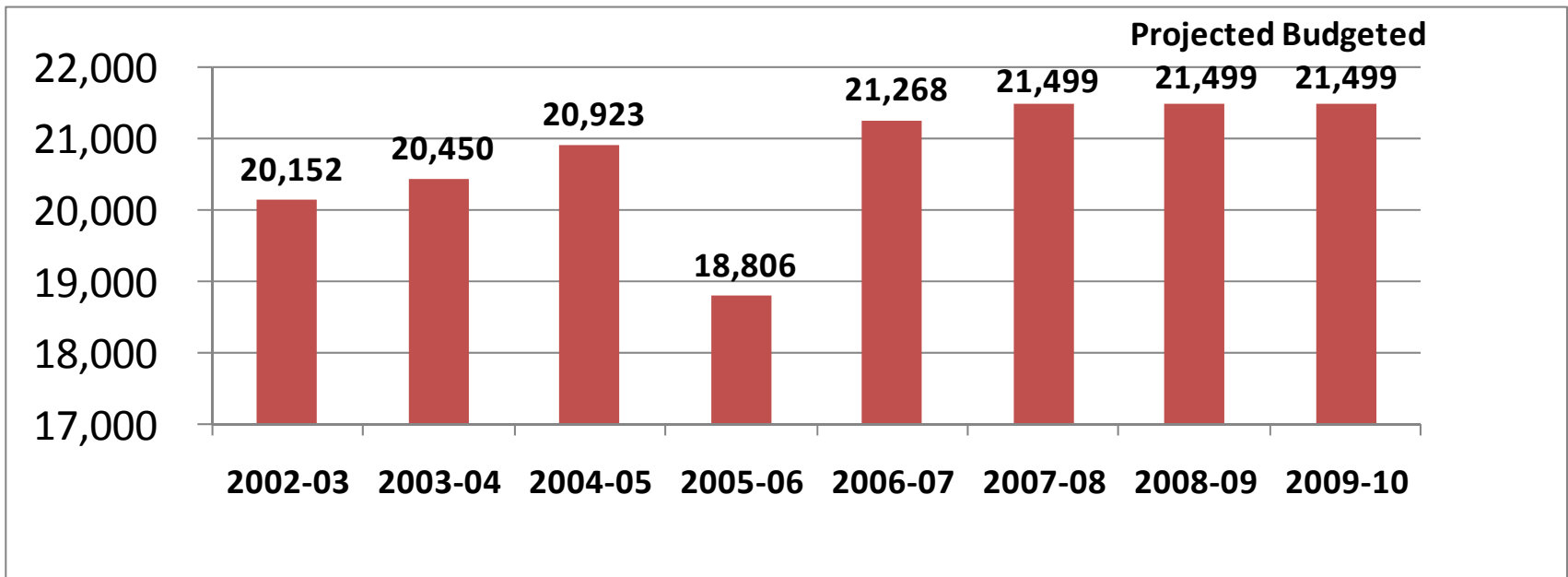
- Travel and conference budgets will be reduced by 50% from the prior year budget
- Mileage allowance for Executive Team reduced by 50%
- The District will continue to monitor the number of positive attendance classes and non-credit courses to maximize apportionment income

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FTES History and Projection



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

	Adopted Budget 2008-09	Estimated Actual 2008-09	Tentative Budget 2009-10
Unrestricted General Fund	\$ 117.5	\$ 114.3	\$ 115.2
Restricted General Fund	22.3	24.4	23.6
Capital Projects Fund	41.0	32.0	17.9
Child & Adult Development Fund	1.4	1.3	1.4
Contract Ed./Comm. Service	0.6	0.7	0.7
COP Debt Service Fund	41.1	40.7	0
General Obligation Funds	422.9	104.2	319.3
Retiree Benefits Fund	2.3	2.3	2.3
Self-Insurance Fund	0.9	0.9	1.0
Student Financial Aid	28.9	37.3	40.4
Vet Stadium Operations	0.9	0.9	1.0
Total	\$ 679.8	\$ 359.0	\$ 522.8

Savings Measures Already Taken \$3.4 million in Total

- Converted to a 4/10 Summer Schedule - \$199,000
- 50% cut in Travel and Conferences - \$132,000
- Reduction in mailings and class schedules - \$151,000
- 50% curtailment in VP travel and related expenses, **nearly a 2% salary reduction** - \$14,700
- Voluntary Reductions - \$528,000
- Applying for Federal Work Study match waiver - \$266,000
- Reduced class sections and offerings - \$2.1 million
- Reduced reassigned time by 25% - \$114,000

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Unrestricted General Fund Overall Summary

	Estimated Actual 2008-09	Tentative Budget 2009-10	Change Increase/ (Decrease)
Revenues and Other Financing Sources	\$ 112,257,617	\$ 109,308,570	\$ (2,949,047)
Expenditures and Other Outgo	114,337,375	115,151,198	813,823
Surplus/(Deficit)	(2,079,758)	(5,842,628)	(3,762,870)
Fund Balance	\$ 12,802,734	\$ 6,960,106	\$ (5,842,628)

Unrestricted General Fund Revenue Summary

	Estimated Actual 2008-09	Tentative Budget 2009-10	Change Increase/ (Decrease)
Federal	\$ 130,000	\$ 130,000	\$ 0
Apportionment	102,491,039	100,761,912	(1,729,127)
Other State	3,388,156	3,388,156	0
Local	4,569,027	4,410,081	(158,946)
Other Sources	1,679,395	618,421	(1,060,974)
Total	\$112,257,617	\$109,308,570	\$(2,949,047)

Major Revenue Changes in 2009-10

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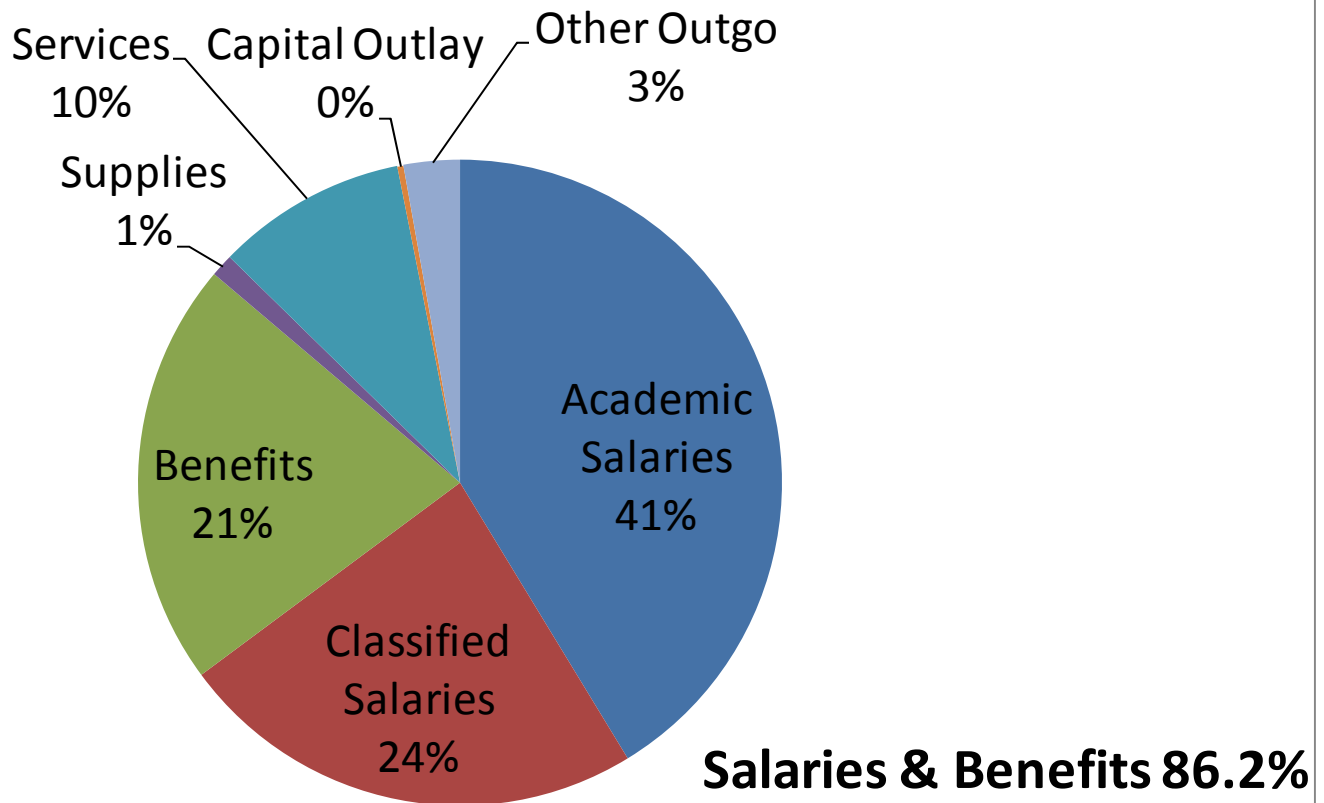
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- \$ 1.7 million decrease in apportionment. FTES will be in stabilization in 2009-10. The prior year, 2008-09 includes a lower deficit factor and additional revenue in a one-time prior year adjustment.
- \$159,000 decrease in Local revenue primarily due to a decrease in interest income related to the State cash deferrals
- \$1.0 million decrease in interfund transfer from Capital Projects Fund due to lack of funding available in 2009-10 for the technical replacement & support initiative

Unrestricted General Fund Expenditure Summary

	Estimated Actual 2008-09	Tentative Budget 2009-10	Change Increase/ (Decrease)
Academic Salaries	\$ 48,593,626	\$ 47,558,846	\$ (1,034,780)
Classified Salaries	25,988,751	27,088,870	1,100,119
Benefits	23,702,042	24,608,720	906,678
Supplies	1,339,246	1,305,795	(33,451)
Services	9,967,288	11,000,702	1,033,414
Capital Outlay	1,431,026	352,334	(1,078,692)
Other Outgo	3,315,396	3,235,931	(79,465)
Total	\$ 114,337,375	\$115,151,198	\$ 813,823

Unrestricted General Fund Budgeted Expenditures 2009-10



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Major Expenditure Changes in 2009-10

- Academic salaries decreased \$1.0 million net (\$1.9 million decrease in part-time salaries, offset by a \$0.9 million increase due to step, column & additional full-time positions)
- Classified salaries increased \$1.1 million due to step and column increases and filling vacancies
- Benefits increased \$0.9 million due to health insurance increases and slight PERS rate increase
- Contracted services and operating expenses increased \$1.0 million due to election costs and increases in other contracts
- Capital outlay decreased by \$1.1 million due to no transfer from Capital Projects Outlay Fund in 2009-10 for the technology replacement & support initiative

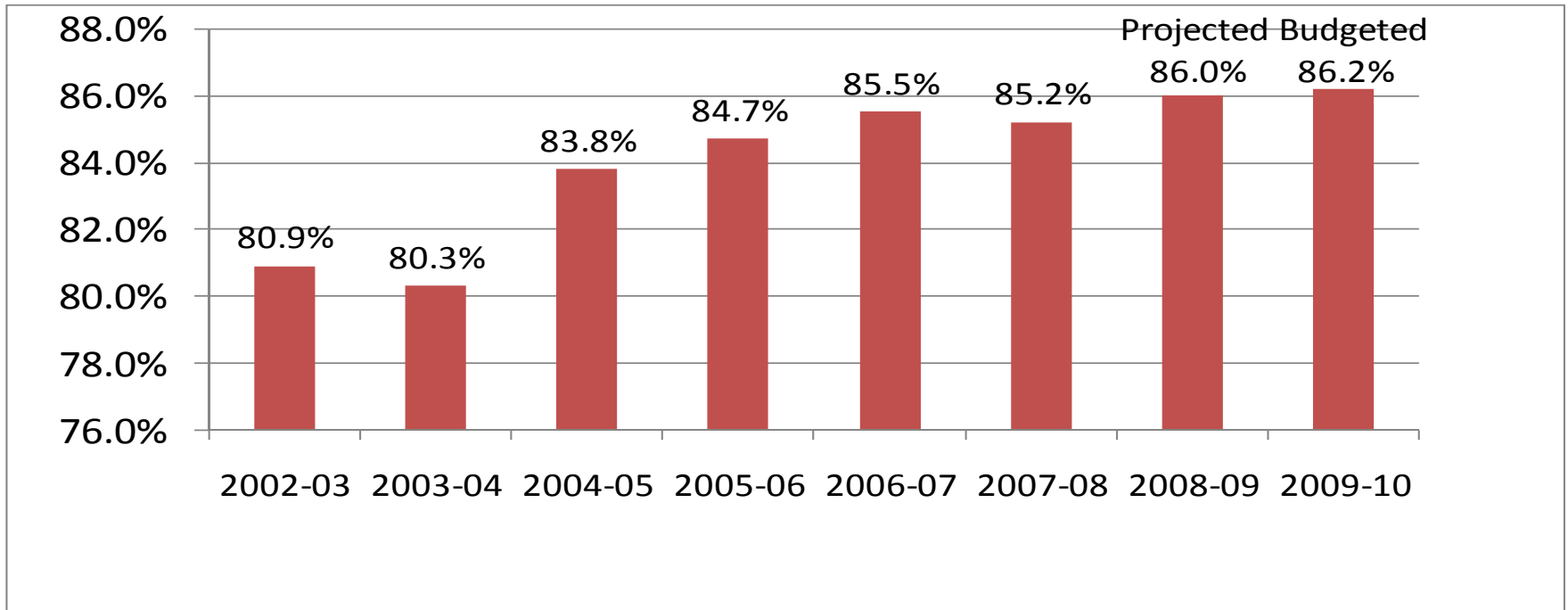
Unrestricted General Fund Reserves

	Tentative Budget
Board Mandated Reserve – 5.5%	\$ 6,333,316
Facilities Maintenance Reserve	310,662
Technology Replacement and Support Reserve	244,294
Vacation and Load Banking Reserve	0
Economic Uncertainties	63,834
Reserve for Contingencies – Personnel Commission	8,000
Potential Enrollment Shortfall	0
Total	\$ 6,960,106

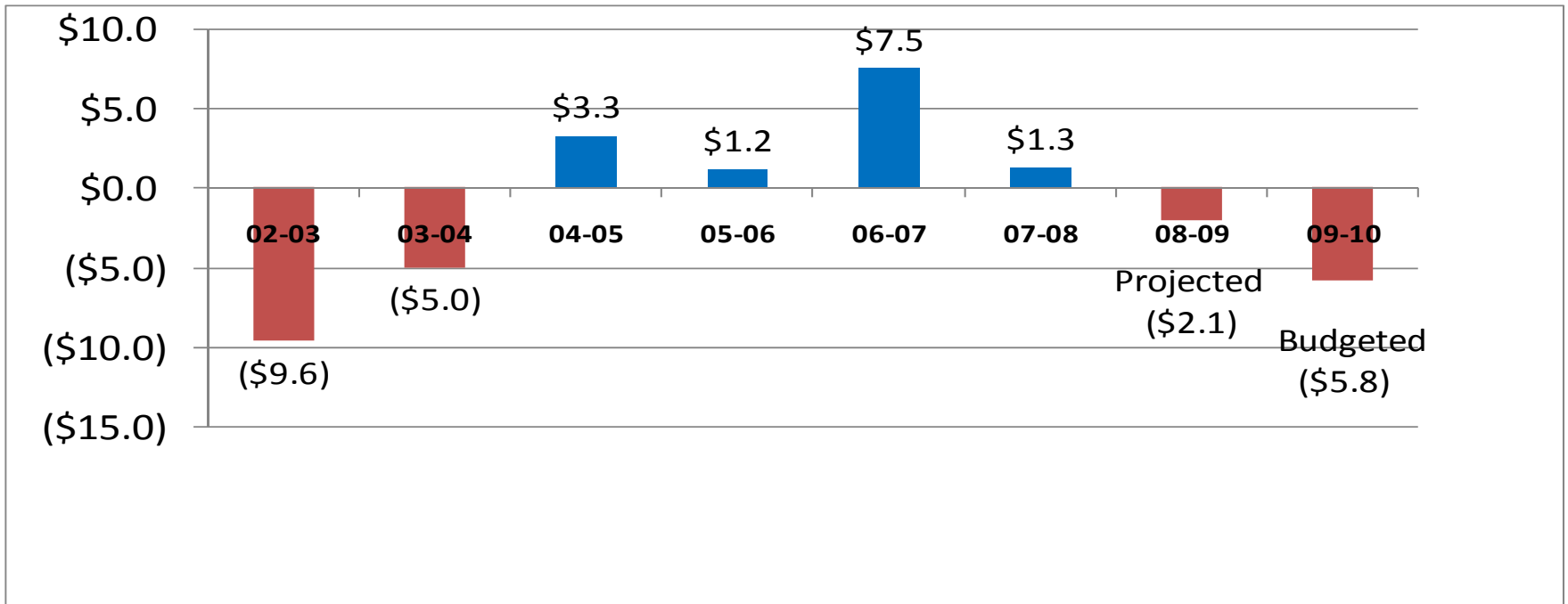
Unrestricted General Fund 8-Year Trend Summary (in millions)

	02-03 Actual	03-04 Actual	04-05 Actual	05-06 Actual	06-07 Actual	07-08 Actual	08-09 Est Act	09-10 Tent
Salaries & Benefits as a % of Total Expenses & Other Outgo	80.9%	80.3%	83.8%	84.7%	85.5%	85.2%	86.0%	86.2%
Surplus / (Deficit)	\$ (9.6)	\$ (5.0)	\$ 3.3	\$ 1.2	\$ 7.5	\$ 1.3	\$ (2.1)	\$ (5.8)
Ending Balance	\$ 6.6	\$ 1.6	\$ 4.9	\$ 6.1	\$ 13.6	\$ 14.9	\$ 12.8	\$ 7.0

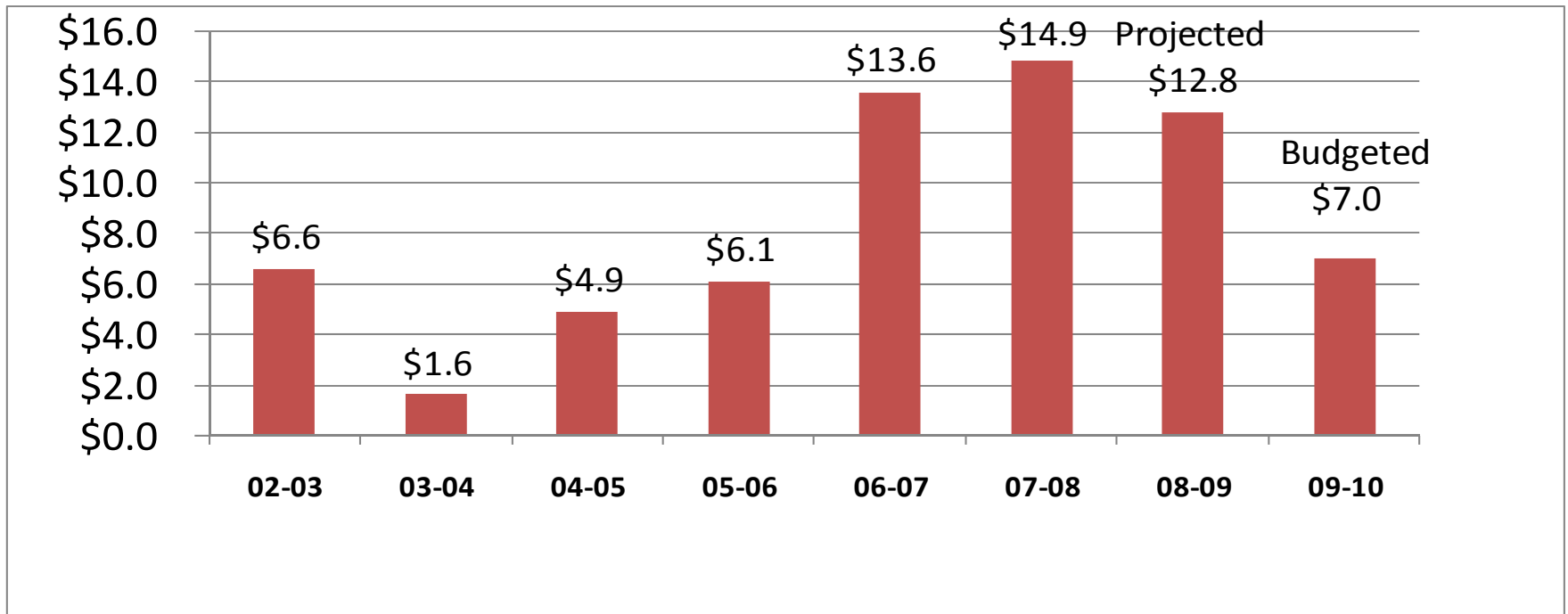
Unrestricted General Fund 8-Year Trend Salaries & Benefits as a % of Total Expenditures & Other Outgo



Unrestricted General Fund 8-Year Trend Surplus/(Deficit)



Unrestricted General Fund 8-Year Trend Ending Fund Balance



Unrestricted General Fund Breakdown between Discretionary and Fixed Budgets

	Tentative Budget 2009-10	Percentage of Total Tentative Budget
Discretionary Budgets:		
Academic Affairs	\$ 17,392,198	15.10%
Student Support Services	1,328,910	1.15%
Administrative Services	2,249,829	1.95%
PCC AVP	60,025	0.05%
Superintendent/President	406,885	0.36%
Econ. & Resource Dev.	8,120	0.01%
Human Resources	359,423	0.32%
Total Discretionary Budgets	21,805,390	18.94%
Other Fixed Costs:		
Academic Affairs	235,734	0.20%
Student Support Services	1,020,747	0.89%
Administrative Services	8,223,691	7.14%
PCC AVP	0	0.00%
Superintendent/President	0	0.00%
Econ. & Resource Dev.	0	0.00%
Human Resources	283,300	0.25%
Total Other Fixed Costs	9,763,472	8.48%
Total Fixed Salary & Benefits	83,582,336	72.58%
Total Expenditures	\$ 115,151,198	100.00%

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May Revise Update Budget Conference Committee Actions

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- \$630 million reduction for Community Colleges proposed for 2008-09 and 2009-10 and \$115 million deferral – **\$7.7 million reduction for LBCC**
- 2008-09
 - \$115 million Apportionment Deferral (reduced Prop. 98 base) - **\$2.9 million for LBCC**
 - \$85 million unallocated cuts to categoricals and apportionment - **\$1.5 million for LBCC**
 - \$42.1 million local property tax shortfall with no backfill - **\$204,000 for LBCC**

May Revise Update Budget Conference Committee Actions (continued)

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 - Increase student fees to \$26 per unit effective fall 2009
 - \$120 million reduction to apportionment, backfilled with \$70 million in new revenues - **\$750,000 reduction to LBCC**
 - \$116.7 million cut in Property Tax Backfill with a partial backfill of \$63.3 million - **\$260,000 funding reduction for LBCC**
 - Eliminates enrollment growth
 - Assumes community colleges will receive \$130 million in Federal stimulus funds

May Revise Update Budget Conference Committee Actions (continued)

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- **\$193 million cut to Categorical Programs - \$5.0 million funding loss for LBCC**
 - No cuts for Student Financial Aid Admin. and Foster Care
 - 16% cut to Basic Skills, CalWorks, Care, EOPS, DSPS, Fund for Student Success, and Nursing
 - 20% cut to TTIP
 - 32% cut to Academic Senate, Apprenticeship, Child Care Tax Bailout, Economic Development, Equal Employment Opportunity, Transfer Education and Articulation, Matriculation, Part-time Faculty Compensation, Part-time Faculty Health Insurance, and Part-time Faculty Office Hours
 - Elimination of Physical Plant/Instructional Equipment, California High School Exit Exam (CAHSEE), SB 70 CTE funding (\$38 million appropriated in SB 1133 remains intact)

May Revise Update Budget Conference Committee Actions (continued)

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 - Authorizes adjustments to base workload measures
 - Intended that reductions in course sections, be achieved in areas other than basic skills, CTE, and transfer
 - Provides categorical flexibility for districts.
 - Allows redirection of funds from any of the categoricals subject to the 32 percent cut to support any other categorical program funded in the state budget.
 - Districts would be required to discuss the redirection of funds at a regularly scheduled public meeting. This flexibility applies to fiscal years 2009-10 through 2012-13

Additional Savings Measures Underway

- Instituted a hiring moratorium on all positions not already under recruitment
- Disallowing load bank accrual
- Limiting sabbaticals to no more than five (5) for 2010-11 fiscal year
- Reducing part-time classified salaries and overtime by 50% - targeting \$538,000 savings

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Future Budget Challenges

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- Volatility of State Budget process, uncertainty of adoption
- Cash flow concerns – State increasing apportionment deferrals
- Identifying means to minimize future deficit spending
- Maintaining new facilities with limited additional staff
- Strategically applying course section and program reductions

Questions?

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