



Long Beach City College

Tentative Budget 2015-16

**Presented by:
Ann-Marie Gabel
Co-Chair
Budget Advisory Committee**

June 23, 2015



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Overview (continued)

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State Budget Overview (Governor's Budget)

- \$156.5 million (3%) in growth funding:
 - \$1.22 million (1.22%) for LBCC is built into budget if we grow 248 FTES for a total of 20,555.
- \$61.1 million (1.02%) COLA:
 - Approximately \$1.1 million for LBCC.
- \$299.2 million for Student Success and Support Program (SSSP, formerly Matriculation):
 - 2:1 match requirement.

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State Budget Overview (continued)

- \$185 million for Student Equity.
- \$48 million for Career Technical Education programs.
- \$49.5 million for enhanced non-credit rate equalization.
 - Approximately \$290,000 for LBCC.
- \$266.7 million base allocation increase.
 - Approximately \$4.8 million for LBCC.
- \$75 million for full-time faculty hiring.
 - Approximately \$1.3 million for LBCC if paid out on a per FTES.

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State Budget Overview

(continued)

- \$50 million for Innovation Awards. Grant awards are based on college proposals.
- \$2.5 million for COLA for categorical programs (DSPS, EOPS, and CalWORKs).
 - Approximately \$35,000 for LBCC.
- \$148 million for deferred maintenance/instructional equipment with no match requirement.
 - Approximately \$2.6 million for LBCC.
- \$38.7 million in Proposition 39 Energy Efficiency and Renewable Generation funding.
 - Approximately \$435,000 for LBCC.

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State Budget Overview (continued)

- \$94.5 million to pay down remaining deferrals. As a result, we have no plans for short-term financing (TRAN) in 2015-16.
 - Approximately \$2 million for LBCC.
- \$626 million to pay down Mandated Cost reimbursements to be allocated based on FTES.
 - \$6.2 million included in the Tentative Budget based on the Governor's January budget.
- \$60 million for Basic Skills and Student Outcomes Transformation Program.

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Board Goals

1. Continue to support the Student Success agenda by:
 - Working with the College and community stakeholders to implement the Educational Master Plan.
 - Working with the College and community stakeholders to implement and expand the Promise Pathways Program.
 - Continuing to expand the Long Beach City College Promise with the LBUSD, CSULB and the City of Long Beach.

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Board Goals

(Continued)

2. Continue to support the Career Technical Education Workforce Development and Economic Development agendas to strengthen the regional economy by:

- Continuing to implement and expand programs for small businesses in greater Long Beach.
- Continuing to sustain and expand the Goldman Sachs 10,000 Small Businesses Program.
- Continuing to sustain and expand the Long Beach City College Innovation Fund So Cal.
- Organizing a local economic development and innovation summit.

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Board Goals

(Continued)

3. Support programs to build a more collegial campus community by creating better relationships and communications among all campus stakeholders by:
 - Support the establishment of a leadership development program for LBCC faculty and staff.
 - Expanding opportunities for interaction among the Board of Trustees and all campus stakeholders.
4. Allocate resources in a manner that is consistent with these Board Goals.



Institutional Priorities

The top priority of the college is to enhance the infrastructure of the learning environment to directly improve the rates of student success as evidenced by the attainment of academic credentials.

In order to accomplish this top priority, the College will strive to:

- A.** Maintain fiscal stability.
 - Acquire and manage funding to support student success initiatives.
 - Acquire and manage funding to support equitable outcomes to close achievement gaps.
- B.** Analyze and dedicate resources that build effective organizational structures college-wide.
 - Evaluate need for reinstatements, reorganizations, filling vacancies, and/or hiring personnel.
- C.** Support implementation of the Pacific Coast Campus Educational Master Plan.
- D.** Support effective integration of technology in the learning and work environment.
- E.** Support professional development in alignment with the Educational Master Plan.

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BAC Budget Assumption Highlights

- There will be potential budget redirections in response to both the State's budget impact and the priority as identified by the College Planning Committee (CPC).
- FTES Target is 20,681 - Anticipated funding level at 20,555, leaving 126 unfunded (0.6%).
- A 1% deficit factor will be included to offset possible shortfall from apportionment revenues.

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BAC Budget Assumption Highlights (Continued)

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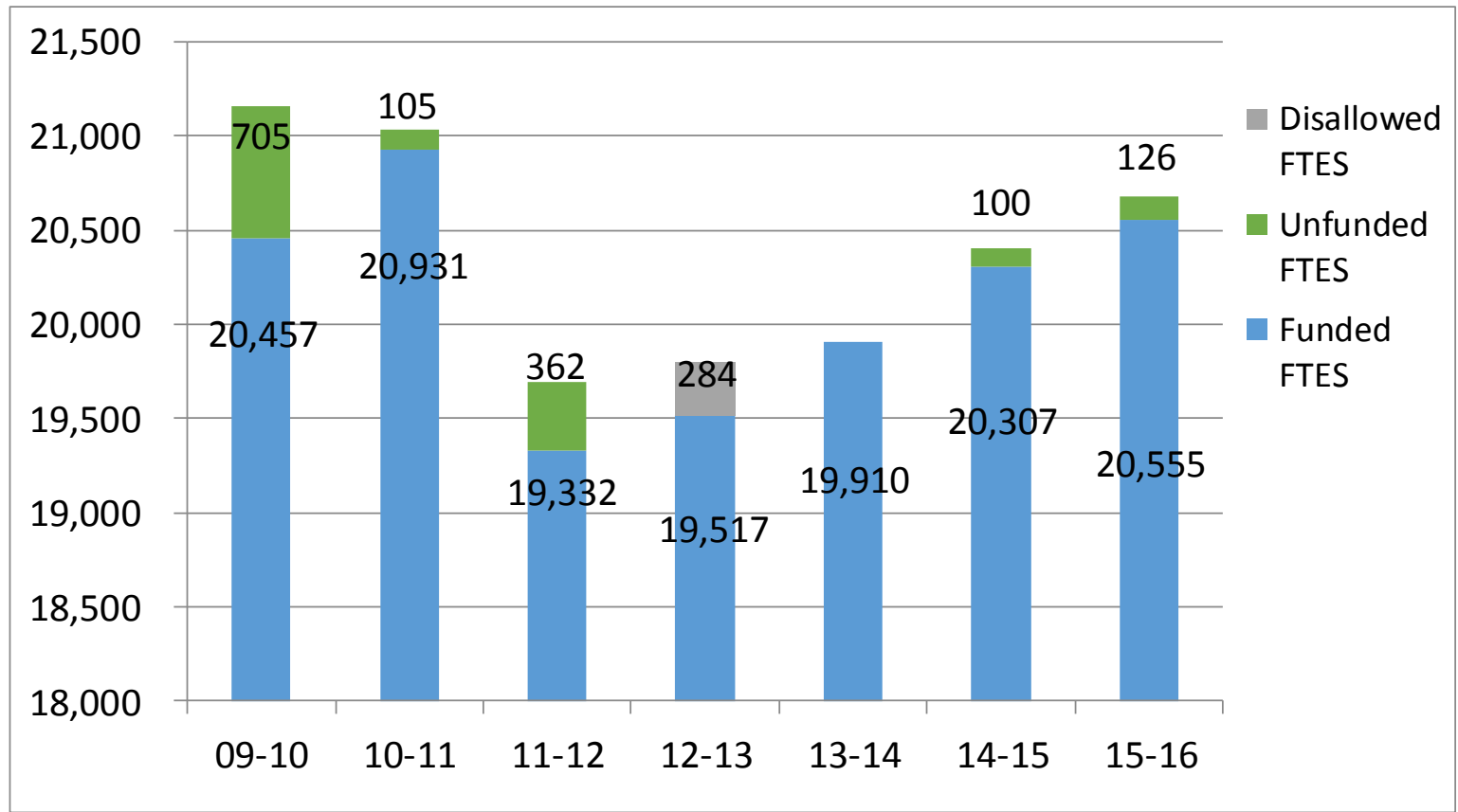
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- Total Cost of Ownership – principles shall be employed in department planning and budgeting processes.
- Maintain a 5.5% minimum unrestricted reserve.
 - Institutional Effectiveness Fund Balance goal set at 15%.
- Load Banking and Vacation Liability Reserves – \$2.6 million.
- Benefit costs changes:
 - Health and welfare costs increased by 16.2%.
 - STRS increased by 1.85%.
 - PERS increased by 0.076%.
 - Worker's compensation increased by 0.05%.



FTES History and Projection



Total	Total	Total	Total	Total	Total	Total
21,162	21,036	19,694	19,801	19,910	@ P-2 20,407	Budget 20,681

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

	Adopted Budget 2014-15	Estimated Actual 2014-15	Tentative Budget 2015-16
Unrestricted General Fund	\$ 111.3	\$ 107.9	\$ 125.2
Restricted General Fund	24.2	29.7	36.5
Capital Projects Fund	4.8	4.0	4.6
Child & Adult Development Fund	1.6	1.5	1.7
Contract/Community Education Fund	0.8	0.8	0.8
General Obligation Bond Fund	181.7	38.3	155.3
Retiree Health Fund	2.7	2.3	3.0
Self-Insurance Fund	1.5	1.7	2.2
Student Financial Aid	59.2	54.0	54.5
Vet Stadium Operations	1.3	1.2	1.3
Total	\$ 389.1	\$ 241.4	\$ 385.1

Unrestricted General Fund Overall Summary

	Estimated Actual 2014-15	Tentative Budget 2015-16	Change Increase/ (Decrease)
Revenues and Other Financing Sources	\$109,206,485	\$121,321,145	\$ 12,114,660
Expenditures and Other Outgo	107,926,656	125,234,413	17,307,757
Surplus/(Deficit)	1,279,829	(3,913,268)	(5,193,097)
Fund Balance	\$ 22,481,572	\$ 18,568,304	(\$ 3,913,268)

Unrestricted General Fund Revenue Summary

	Estimated Actual 2014-15	Tentative Budget 2015-16	Change Increase/ (Decrease)
Federal	\$ 119,000	\$ 119,000	\$ -
Apportionment	100,605,599	107,406,118	6,800,519
Other State	4,825,830	10,236,916	5,411,086
Local	3,274,212	3,231,102	(43,110)
Other Sources	381,844	328,009	(53,835)
Total	\$109,206,485	\$121,321,145	\$ 12,114,660



Major Revenue Changes in 2015-16

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- **Apportionment** - \$6.80 million increase is the net of:
 - \$0.41 million due to the reduction of the deficit factor from 1.48% to 1.0%.
 - \$1.22 million in growth revenue.
 - \$1.08 million in COLA.
 - (\$0.95) million decrease due to prior year apportionment recalc revenue and FON penalty.
 - \$4.75 million increase to base allocation.
 - \$0.29 million increase in enhanced FTES rate.



Major Revenue Changes in 2015-16

- **Other State Revenue** - \$5.4 million increase due to:
 - \$6.26 million one-time allocation of Mandated Cost Revenue.
 - (\$0.8) million reduction of prior year Mandated Cost allocation.

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Unrestricted General Fund Expenditure Summary

	Estimated Actual 2014-15	Tentative Budget 2015-16	Change Increase/ (Decrease)
Academic Salaries	\$ 46,757,939	\$ 50,250,237	\$ 3,492,298
Classified Salaries	23,475,589	25,203,379	1,727,790
Benefits	24,685,276	29,449,189	4,763,913
Supplies	837,125	805,194	(31,931)
Services	7,382,607	10,996,318	3,613,711
Capital Outlay	2,494,620	4,121,896	1,627,276
Other Outgo	2,293,500	4,408,200	2,114,700
Total	\$ 107,926,656	\$ 125,234,413	\$ 17,307,757



Major Expenditure Changes in 2015-16

- **Academic Salaries** – \$3.5 million increase is due to hiring 27 new full-time faculty and the effect of salary increases applied to a full fiscal year in 2015-16.
- **Classified Salaries** – \$1.7 million increase is due mainly to the restoration of certain previously reduced positions (9.4 FTE – 44 positions), step & column increases, and the assumption that vacancies will be filled.
- **Total Benefits** – \$4.8 million increase due to the increase in positions, pay rate increases, and increases to certain benefit rates, most notably the 16.2% health & welfare, 1.85% STRS and 0.076% PERS increases.

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Major Expenditure Changes in 2015-16

- **Contract Services and Operating Expenses** – \$3.6 million increase & **Capital Outlay** - \$1.6 million increase are due mainly to one-time expenditures including technology refresh and professional development projects funded by the Mandated Cost revenue augmentation.
- **Other Outgo** – \$2.1 million increase is due mainly to the transfer to the Capital Outlay Fund for scheduled maintenance projects funded by the Mandated Cost revenue augmentation.

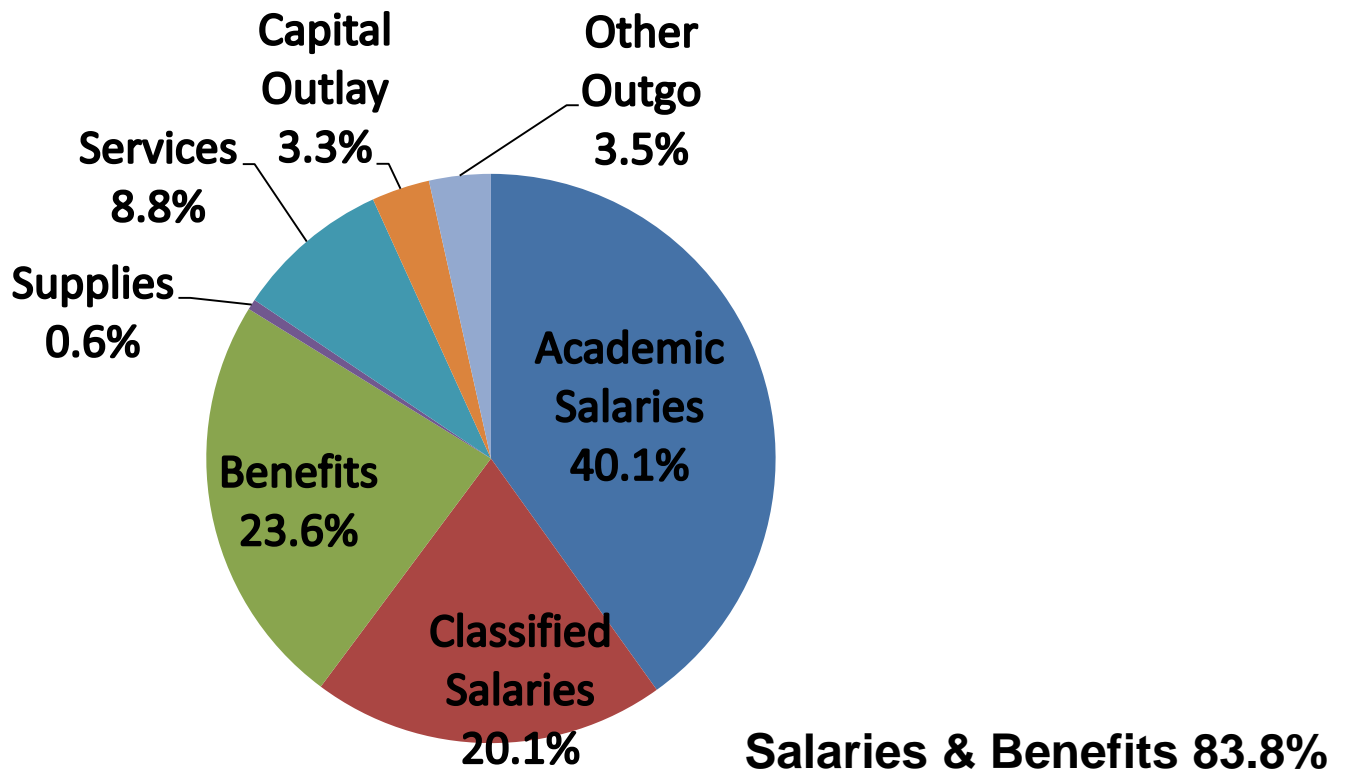
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Unrestricted General Fund Budgeted Expenditures 2015-16





Unrestricted General Fund Reserves

	Adopted Budget
Unassigned Reserves	
Board Mandated Reserve	\$ 6,887,893
Additional Reserve for Institutional Effectiveness Goal	7,833,315
Assigned Reserves	
Potential Enrollment Shortfall	1,220,981
Vacation and Load Banking Reserve	2,626,115
Total	\$ 18,568,304

Unrestricted General Fund 7-Year Trend Summary (in millions)

	09-10 Actual	10-11 Actual	11-12 Actual	12-13 Actual	13-14 Actual	14-15 Estimated Actual	15-16 Tentative Budget
Salaries & Benefits as a % of Total Expenses & Other Outgo	87.7%	88.3%	89.0%	89.0%	85.0%	87.9%	83.8%
Surplus / (Deficit)	(\$1.2)	\$4.6	(\$3.3)	\$2.4	\$4.0	\$1.3	(\$3.9)
Ending Balance	\$13.5	\$18.1	\$14.8	\$17.2	\$21.2	\$22.5	\$18.6
Ending Balance as a % of Total Expenses & Other Outgo	12.4%	17.4%	14.2%	17.7%	20.6%	20.8%	14.8%



Future Budget Challenges

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- **Full-Time Faculty Obligation Number (FON):**
 - We hired 27 new full-time faculty.
 - We will continue to monitor.
- **Sunset of Proposition 30 Revenues:**
 - We receive approximately \$15.8 million from Proposition 30.
 - 19% from Sales Tax.
 - 81% from Income Tax.
 - Sales tax increase terminates at the end of 2016.
 - Income tax increase terminates at the end of 2018.



Future Budget Challenges

(continued)

● Revenue Volatility:

- Continued exposure to fluctuating apportionment deficits due to shortfalls in property taxes and fees.
- State's heavy reliance on capital gains tax revenue.

● State Pension Obligations:

- Employer Contributions scheduled to increase each year over the next six years.
- STRS – 19.10% by 2020-21.
- PERS – 20.40% by 2020-21.

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STRS & PERS Future Employer Rates

Fiscal Year	STRS		PERS	
2014-15	8.88%		11.77%	
2015-16	10.73%		11.85%	
2016-17	12.58%	\$ 930,000	13.05%	\$ 286,000
2017-18	14.43%	930,000	16.60%	845,000
2018-19	16.28%	930,000	18.20%	381,000
2019-20	18.13%	930,000	19.90%	405,000
2020-21	19.10%	487,000	20.40%	119,000
Total		\$4,207,000		\$2,036,000

Rates are from School Services of California's May Revise Dartboard. Employer contribution increase estimates are based on total salaries from the 2015-16 Tentative Budget.



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Questions?