



# Budget Advisory Committee

## Minutes

February 13, 2017  
Meeting

*Approved*

**ATTENDANCE (A = absent):**

✓	Chris Carter	✓	Elizabeth Miller	A	Eva Bagg
A	Cindy Baker	✓	Sara Blasetti	✓	Lou Anne Bynum
✓	Sem Chao	✓	Cathy Crane	A	Sheila Daniels
✓	Rose DelGaudio	✓	Thomas Hamilton	✓	James Henchey
A	Karen Kane	✓	Terri Long	✓	Greg Peterson
✓	Seth Ramchandran	A	Adrianna Scott	✓	Mollie Smith
✓	John Thompson				

**NOTE TAKER:** Janet Falcon

**Welcome (Chris)**

- Chris welcomed everyone to the meeting.

**Approval of Minutes (Chris)**

- The minutes of the January 23, 2017 meeting were approved as submitted.

**2016-17 Mid-Year Budget Performance Report (General Fund Unrestricted and Restricted) (John)**  
*(Refer to "LONG BEACH COMMUNITY COLLEGE DISTRICT 2016-2017 Mid-Year Budget Performance Report As of December 31, 2016 UNRESTRICTED & RESTRICTED GENERAL FUND" handouts)*

- John reviewed the *Unrestricted General Fund* document with the following highlights (comparing budget to projected amounts):

• Revenue	Current Budget	Projected	Variance
○ Beginning Balance	28,295,188	28,295,188	0
○ Federal Revenue	78,000	78,000	0
○ State Apportionment	112,000,812	110,770,625	(1,230,187)
○ Other State Revenue	8,626,281	8,626,281	0
○ Total Local Revenue	2,935,729	2,948,298	12,569
○ Total Other Financing Sources	333,439	341,221	7,782
○ Total Revenue and Other Financing Sources	123,974,261	122,764,425	(1,209,836)
 Expenditures			
○ Total Academic Salaries	51,770,939	51,456,333	(314,606)
○ Total Classified Salaries	27,428,370	26,515,786	(912,584)
○ Total Benefits	34,911,131	34,340,349	(570,782)
○ Total Expenditures & Other Outgo	134,456,809	132,638,774	(1,818,035)
○ Operating (Deficit)	(10,482,548)	(9,874,349)	608,199
○ Ending Fund Balance	17,812,640	18,420,839	608,199

**2015-16 Mid-Year Budget Performance Report (General Fund Unrestricted and Restricted) – (continued)**

- There is a \$1.2 million decrease in projected State General Apportionment due to the 1.45% deficit factor.
- The savings for Academic Salaries, Classified Salaries, and Benefits is due to current year vacancies.
- Greg asked about expenditures for salaries and how the savings are represented on the Mid-Year Budget Report. John stated that salaries are projected by multiplying the most recent actual payroll by the number of months remaining and adjusting for known vacancies.
- Thomas asked about the salaries for Classified. He asked if the money that is currently budgeted for a position, would it be taken away if that position was not filled. Betty, Rose, Chris, and Sem also added to the discussion. Rose stated the salary line items are always in flux. There may be vacancies and changes throughout the year. Betty stated the savings are a one-time savings. If the position is in the budget, the salary will be included in the amounts for Salaries and Benefits.

➤ John also reviewed the *Restricted General Fund* document with the following highlights:

<b>Long Beach Community College District</b>			
<b>2016-2017 Mid-Year Budget Performance Report</b>			
<b>Restricted General Fund</b>			
<b>Restricted General Fund</b>	<b>CURRENT BUDGET 2016-17</b>	<b>PROJECTED YEAR-END 2016-2017</b>	<b>OVER/ (UNDER) BUDGET</b>
Total Federal Revenue (including carryover)	11,889,717	11,889,717	0
Total State Revenue (including carryover)	36,747,887	36,747,887	0
Total Local Revenue (including carryover)	5,232,607	5,321,637	89,030
<b>TOTAL REVENUE</b>	<b>53,870,211</b>	<b>53,959,241</b>	<b>89,030</b>
<b>TOTAL EXPENDITURES &amp; OTHER OUTGO</b>	<b>53,765,355</b>	<b>53,854,385</b>	<b>89,030</b>
OPERATING SURPLUS/(DEFICIT)	104,856	104,856	0
Plus Beginning Balance	4,038,335	4,038,335	0
<b>ENDING BALANCE</b>	<b>4,143,191</b>	<b>4,143,191</b>	<b>0</b>

- Seth asked about the Beauty Industry Market Access (BIMA) line item. Lou Anne replied it was a grant on behalf of the trade program. We no longer have that program. The grant has recently been transferred to an e-commerce grant.
- Thomas asked about the CTE Strong Workforce Program for \$1.7 million. Terri said this was the portion the district received out of the \$200 million from Sacramento. Terri suggested the Strong Workforce grants specific to Academic Affairs be listed under State Restricted Revenue rather than CAED. John said the next quarterly report will reflect that revision.

**Fund Balance Projections (John)**

*(Refer to "LBCC Fund Balance Projection" handout)*

- John reviewed the Fund Balance Projections for 2017-18 & 2018-19 focusing on the major changes between the two years. The chart below summarizes the spreadsheet.

	<b>Projected 2017-18</b>	<b>Projected 2018-19</b>
<b>UNRESTRICTED</b>		
<b>Beginning Fund Balance</b>	18,420,839	8,348,628
Prior Year Revenue (Projection)	122,764,425	123,831,219
Apportionment Changes	2,979,951	2,730,014
Other Revenue Changes	(1,913,157)	-
Projected Revenue	123,831,219	126,561,233
Prior Year Expense (Projection)	(132,638,774)	(133,903,430)
New and Restored Positions	(2,428,369)	-
Salary Rate Changes	-	-
Other Salary & Benefit Changes	(5,348,360)	(4,062,000)
Other Expense Changes	6,512,073	651,500
Projected Expense	(133,903,430)	(137,313,930)
Net Surplus/(Deficit)	(10,072,211)	(10,752,697)
<b>Projected Ending Fund Balance</b>	8,348,628	(2,404,069)
Percentage of Total Expenses and Other Outgo	6.23%	-1.75%

- Chris asked if the line items were certain or just estimates. John said this was a projection using the information we have at the time. Betty added some of the numbers are from agencies that inform us of their rates/numbers.
- Seth asked about the Presidential search for \$100,000. Seth said he heard it would only be \$60,000. John said the budget is for \$100,000. Greg added it may be \$100,000 in the event of a failed search and another recruitment. Betty said the original budget amount was \$100,000 with the expectation that we won't be spending \$100,000 next year and therefore it shows as a savings in 2017-18.
- Betty discussed the budget deficit and reserves. The report shows a structural deficit which means the ongoing expenditures are greater than the revenue. She encourages the District to reduce the deficit. Currently, the deficit is projected at \$9.8 million for 2016-17. There are funds available in Reserves to handle the deficit for this year; however, it is wise to start addressing the issues now rather than later. The economy is showing signs of slowing, so it is prudent to use caution. Apportionment calculation is a key component. Growth and COLA are the only things that really affect apportionment. Other districts are dealing with the same issues.
- John said the District is required to have 5.5% in Reserves as that is the percentage the Board has approved as a minimum.

**FTES Update – Spring 2017 (Betty)**

*(Refer to “2016-2017 FTES Targets and Projections” handout)*

- Betty asked Terri to review FTES Targets and Projections for 2016-17. The chart below shows the highlights:

<b>Term</b>	<b>2016-2017 Projected FTES</b>
Summer hold back for previous Fiscal Year	0
Summer (A)	1,620
Fall (B)	9,219
Winter (C)	760
Spring (D)	8,636
Total (A+B+C+D)	20,235
Borrow from next Summer	0
Target	20,775
Below/Above Target	-540

- The current target for FTES is 20,775. Department Heads developed the class schedule to hit the target for 2016-17. Current projected FTES for Spring is 8,636 – approximately 580 FTES short of the target for Spring and overall 540 short for the academic year. With these numbers, the District will have to borrow from Summer 2017 to be able to come out of stabilization. There are late starting classes that will help with the numbers.
- A study of the District information shows the breakeven point for class load is 26 students. Although, the contract for faculty states a class needs 20 students, this represents a loss to the District.
- Approximately 120 low enrolled classes currently that are being watched. Department Heads are looking at the individual classes to see what classes may need to be cancelled.
- The idea of 20,775 FTES may be too high of a target for the District. Terri is speaking with faculty to address the issue of enrollment.
- Greg suggested we may need to increase the Summer schedule by 540 to accommodate the need to borrow. It is a concern to borrow from Summer as this will lower the FTES available from Summer for 2017-18.
- Seth commended Terri for being a good leader during these times. He agreed we may need to look at lowering our threshold on FTES so we can stop borrowing from Summer. Chris asked if this would affect the highering of 31 faculty.
- Betty discussed the Full Time Faculty Obligation number (FON). If the District does not meet the calculated number, the District is penalized per full-time equivalent faculty member that we do not have as part of the FON. The apportionment is adjusted accordingly.
- Terri said that she spoke with the Department Heads to review the Summer schedule to increase classes where necessary and appropriate for growth.
- Betty discussed of the threshold that determines a “large” district. If the FTES falls below the large district category (20,000), then there is the possibility to lose approximately \$1.5 million in revenue. It may be necessary to enter stability again. Terri doesn’t expect the District to go under 20,000 FTES.
- Terri asked how many times can we go in and out of stability. She commented President Oakley said in the past it may be necessary to go in and out of stability as needed. Betty said she was not aware of a limit.

- Thomas asked what our advertising efforts are to encourage students to attend LBCC. Mollie commented we have a lot of internal processes that hinder the students from coming here. Thomas added the importance of getting the students back that left several years ago during the program discontinuance. Mollie said one of the things we can do is enhance our efforts in adult education, clean up our CTE programs and align them with the labor markets.
- Thomas expressed his concern we offer classes in different industries but not a program. For example, we offer carpentry classes but have discontinued the carpentry program. Mollie answered by saying the carpentry programs in the area run by the union and it does not make sense to offer those types of programs for credit. Her area is in the process of making these classes non-credit with the hopes of building the programs in the trades back up again as they align with industry.
- Mollie announced the welding program has been updated as well as culinary and will be advertised in the near future.

**State Budget Update (Betty)**

*(Refer to “Community College Update” and “CCCs Guided Pathways Grant Trailer Bill Language” handouts)*

- Betty discussed the information we have received regarding the State Budget Update including the following highlights:
  - The Community College Update discusses how enrollment growth is small and base apportionment increases are significantly smaller than in years past.
  - The District submitted an application for the Guided Pathways Grant. Rough estimates for the state are \$150 million which means approximately \$2 million for LBCC if awarded to us.

**Other (Chris) -**

- Cathy commented on the latest information that the City College of San Francisco is offering college for free to those who are San Francisco residents.
- The Legislative Analyst’s Office (LAO) report analysis on Prop 98 was released. The projections are higher than anticipated and there is a possibility of more funds being available for LBCC.
- Mollie asking what the purpose of the Budget Advisory Committee meetings. John responded the committee is tasked with presenting the Tentative and Adopted Budget for approval among other items. Chris responded he is responsible for giving a report to the Academic Senate. Mollie suggested the committee should compose a list of items for cost-cutting.

Meeting adjourned at 4:31 pm.

**Next Meeting:** Thursday, March 16 with CPC at LAC – T-1200 at 2:30 pm