



# Budget Advisory Committee

## Minutes

May 14, 2018

Meeting

*Approved*

### ATTENDANCE (A = absent):

X	Chris Carter	X	Betty Miller	X	Cindy Baker
A	Sara Blasetti	X	Ryan Carroll	X	Sem Chao
X	Rose DelGaudio	X	Lee Douglas	X	Janet Falcon
A	Thomas Hamilton	A	James Henchey	A	Kim McGinnis
A	Anthony Moguel, Jr.	A	Nash Nyra	A	Claudia Nguyen
A	Jorge Ochoa	A	Ali Raisdanai	X	Seth Ramchandran
A	Javier Salcedo	A	Kathy Scott	X	John Thompson
X	Heather Van Volkinburg	X	Jeff Wood		

**NOTE TAKER:** Janet Falcon

### Welcome (Chris)

- Chris welcomed everyone to the meeting and introductions were made.

### Approval of Minutes (Chris)

- The minutes of the March 26, 2018, meeting were approved as presented.

### FTES Summary 2017-18 P-2 (Heather)

*(Refer to "Long Beach Community College District FTES Analysis" handout)*

- John and Heather presented the FTES Analysis for 2017-18 P-2 information with the following highlights:
  - The district was in stability for the fiscal year 2015-16.
  - The 2016-17 fiscal year used approximately 300 FTES from Summer 2017 shift, which provided approximately \$2.2 million in growth revenue for that fiscal year. Using a portion of the FTES from Summer 2017 triggered the district to be in stability for the 2017-18 fiscal year as the target for FTES is currently 19,572. The current FTES level for P-2 is 18,681.73, which is a 890.27 decrease in target FTES.
  - The new funding formula will go from 100% FTES base funding to 60%. FTES will continue to be a major factor in funding for the district.
  - Heather commented the primary term credit numbers have been decreasing, which is a major concern for the future.
  - Institutional Effectiveness (IE) has been analyzing data regarding the total number of units per semester rather than head count. Heather displayed a few reports from Tableau.
  - Fall unit counts are slightly increasing; however, the unit load for Spring has been steadily decreasing. This seems to be a systemic issue for persistence between Fall and Spring. IE is investigating to see what can be done to remediate the issue.
  - The data is showing that students that do persist from Fall to Spring are actually taking a lower number of units during the semester. This affects the district's FTES and is an area of concern.
  - New starts are also lower over time.
  - Chris asked if Winter is included in the information presented by Heather. She responded that Winter is not included in the fall/spring numbers represented on the website.

- The data shows students that enroll in Winter are more likely to be students from Fall and are persisting to Spring. Rose added the data seems to reflect a student's continuity. Any deviation from a continuation of enrollment at the district would expose the possibility of a different option for the student to enroll elsewhere. More data needs to be analyzed to expose where the district is losing the engagement of students.
- Dr. Seth asked about the compressed schedule with full-time vs. part-time faculty. Full-time faculty seem to teach more in Fall/Spring semesters, and the adjunct faculty seem to teach more in Winter and Summer intersessions. He stressed the importance of continuity of faculty over the different sessions offered.
- Lee asked what the characteristics are for students who persist. Heather didn't have specific information, but agreed that would be interesting to look into.
- Rose said that we should look at what the district can do to improve the numbers and help the students.
- The decrease of 890.27 in Total FTES is cause for concern with the majority of the decline in enrollment in primary terms.
- There is a drop Total FTES from annual 2016-17 to P-2 2017-18 of 2,394.23 (-11.36%) in FTES. John reminded the group that in these situations the district would shift Summer FTES between the two years to adjust annual FTES. With the new funding formula, the district will lose the option to shift between years starting in Summer 2019. He added the new formula will also use a three-year rolling average to determine base FTES.
- Chris repeated that the district must remain over 20,000 FTES to keep the "large" district status. Dropping to a "medium-sized" district would equate to a \$1.2 million loss in an annual funding.
- Ryan asked for more information regarding the hold harmless provision of the Governor's new funding formula. Betty gave highlights of the new formula at this time.
  - The Governor has proposed two years of hold harmless. According to the current calculations, the district will be held harmless in 2018-19. Districts in declining enrollment that are being held harmless will not receive COLA of 2.71% under the new formula. However, these specific districts will have one-time funds available of \$3.2 million in 2018-19. In 2019-20 the district could also be in a hold harmless status; however, there would not be any funds available for COLA. Betty commented that it is not the best scenario, but it does allow a little bit of time for the district to improve.
  - Betty is hopeful the current calculation of 18,681.73 FTES will be higher at year end.
  - Heather anticipates the 269.34 for Primary Term Non-Credit should increase.
  - Ryan confirmed if the numbers on the FTES Analysis contain the numbers from the last eight-week session for Spring. Heather affirmed that the numbers included the last eight-week session.
  - Betty said the P-2 numbers affect Faculty Obligation Number (FON) numbers for Fall. If the FTES levels hold as they are in P-2, the district will adjust the FON. The P-2 numbers also drive lottery funds, scheduled maintenance and instructional equipment funds, as well as categorical programs. The P-2 calculations are critical to be as accurate as possible.
  - Lee said the non-credit FTES do look low, even though the district is adding non-credit classes. Heather agreed, noting that the ratio between the 434.71 of enhanced non-credit and the 269.34 for non-credit also does not seem to reflect the increased number of non-credit FTES. She will continue to examine the information and make any necessary adjustments if needed.

**3<sup>rd</sup> Quarter Performance Report (General Fund Unrestricted) (John)**

*(Refer to "2017-2018 Third Quarter Budget Performance Report as of March 31, 2018" handout)*

- John reviewed the 2017-18 Third Quarter Budget Performance information with the following highlights:
  - Page 6 – Operating Surplus/(Deficit) is projected at (\$4,799,586), which represents a \$2.1 million improvement from the last report. The Adopted Budget amount was (\$8,753,579).
  - 2<sup>nd</sup> quarter projections that resulted with large variances:
    - There were some shifts in Apportionment accounts, which resulted in the Total State Principal Apportionment showing a slight decrease. The total amount projected to be received by the district is \$118,165,591.
    - Projections for Non-resident Tuition Fees have increased by \$327,177.
    - Salary variances reflect the net of negotiated salary increases and vacancy savings.
    - Supplies and Materials are anticipated to be under budget by \$72,351.
    - Total Other Outgo has an increase of \$44,900 due to a change in the financial aid fund.
    - Ryan asked for examples of Professional Services. This line item has been reduced by \$320,721. John said most of it consists of consultants and Business Process Reviews for consultants. LBPD is also represented in this line item.

**Fund Balance Projections (John)**

*(Refer to "LBCC Multi-Year Budget Plan" handout)*

- The Multi-Year Projection document was reviewed.
  - The new state funding formula will have an impact on the projections.
  - The report was developed prior to the May Revise announcement.
  - Two years of hold harmless has been included in the calculations.
  - Projected Surplus/(Deficit) for 2017-18 is (\$4.8 million); 2018-19 is (\$12 million); and 2019-20 is (\$17.1 million)
  - Dr. Seth asked Rose if the district has received over 10 faculty for the Supplemental Employee Retirement Plan (SERP) that has been proposed. Rose answered the district does not have the totals at this time.
  - Chris asked if the district would save money by offering the SERP. Rose responded it will save the district money because the district can take up to one year to rehire faculty. Classified positions will be looked at strategically for rehire or reorganizations within the departments. The district currently employs over 480 classified staff members. Betty reported that salary and benefits for the district are currently 90-91% of total expenditures. A typical range is 82-84% of expenditures.
  - Ryan asked about the FON requirement if faculty are retiring. Rose said the district will not be able to determine the FON requirement until after all the applications for the SERP are in. Betty anticipates the FON will be decreased by eight faculty positions, based on the P-2 data reported in April 2018.

**State Budget Update (Betty)**

*(Refer to "Community College Update" handouts)*

- Betty reported to the Committee about the Governor's May Revise.
  - The district will benefit by the hold harmless provision for the next two years.
  - New simulations have not been released at this time.
  - Equivalent to COLA for hold harmless is only for one year and does not carry forward as a regular COLA would.

## **BAC Minutes**

**May 14, 2018**

**Page 4**

- IE will be able to research and guide the district to enhance some of the factors within the new funding formula.
- 60% based on FTES and the size of the district is part of the consideration. Currently, non-credit is included but will not be included in the new funding formula; 20% is for a Supplemental Grant for low-income and first-generation students; and 20% for Student Success Incentive Grant based on progression, outcomes, and wages.
- Non-credit will be funded separately.
- The Governor's budget will now go Assembly and Senate for approval, with the final approval expected from the Governor in June.
- With the release of the January simulations, LBCC was anticipated to lose \$10.4 million.
- Certain categorical programs are scheduled to receive COLA.
- The Online College is continuing to move forward.
- There will be Town Hall meetings at each campus on May 17, 2018, to review the May Revise and the new funding formula.

### **Other (Chris)**

- No other items.

The meeting adjourned at 4:35 p.m.

**Next Meeting:** Thursday, June 4, 2018, at LAC – T-1046 at 3:00 p.m.