

# **Adopted Budget 2015-16**

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Budget Advisory Committee**

**September 8, 2015**



## Overview

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## Overview (continued)

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## State Budget Overview (Governor's Budget)

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- \$156.5 million (3%) in growth funding:
  - \$1.7 million (1.70%) for LBCC is built into budget if we grow 347 FTES for a total of 20,754.
- \$61.1 million (1.02%) COLA:
  - Approximately \$1.1 million for LBCC.
- \$471.7 million for Student Success and Support Program (SSSP, formerly Matriculation):
  - 1.3:1 match requirement.



## State Budget Overview (continued)

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- \$155 million for Student Equity.
- \$10 million for Basic Skills Partnership Pilot Program.
- \$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.
- \$62.3 million for full-time faculty hiring.
  - Approximately \$1.1 million for LBCC. Requires hiring 10 full-time faculty for Fall 2016.



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## State Budget Overview (continued)

- \$33.7 million to restore EOPS funding to pre-recession level.
  - Approximately \$446,000 for LBCC.
- \$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 (split equally between scheduled maintenance and instr. equipment).
- \$38.7 million in Proposition 39 Energy Efficiency and Renewable Generation funding.
  - \$583,855 for LBCC.



## State Budget Overview (continued)

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- \$94.5 million to eliminate system deferrals. As a result, we have no plans for short-term financing (TRAN) in 2015-16.
- \$632 million to pay down Mandated Cost reimbursements to be allocated based on FTES.
  - \$11.3 million in one-time funding for LBCC.
- \$60 million for Basic Skills and Student Outcomes Transformation Program.



## Board Goals

### 1. Continue to support the Student Success agenda by:

- Support of the college leadership in developing a new Educational Master Plan that specifically identifies student success goals and metrics including reducing time-to-completion and closing achievement gaps.
- Working with the College and community stakeholders to institutionalize the Promise Pathways Program.
- Support of the implementation of the Innovation Award in Higher Education goals for the expanded Long Beach College Promise partnership with the LBUSD, CSULB and the City of Long Beach.
- Support of legislative and policy initiatives that align with the goals of the Long Beach College Promise partnership 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.
- Working with the community to develop a greater Long Beach Innovation Hub and develop a thriving entrepreneurial ecosystem.
- Support of the development of new or revised CTE programs that align with local industry workforce needs and increase the number of internships related to those programs.

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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 of the implementation 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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## Resource Allocation towards Goals & Priorities

	Board Goals				Institutional Priorities				
	1. Student Success	2. Career Technical Education	3. Campus Community	4. Resource Allocation	A. Fiscal Stability	B. Personnel Resources	C. PCC Ed Master Plan	D. Tech Integration	E. Prof. Development
Hired 36 FT Faculty	√	√		√	√	√	√		
Computers for New Faculty	√			√			√	√	
Restored 51 Classified Positions (4.8 FTE)	√			√		√	√		
Winter Intersession	√	√		√	√	√			
Increase Course Offerings (Adjustments Made Based on Demand)	√	√		√	√	√	√		
Technology Refresh - Multimedia	√	√		√			√	√	
Instructional Equipment	√	√		√			√	√	

## Resource Allocation towards Goals & Priorities (continued)

	Board Goals				Institutional Priorities				
	1. Student Success	2. Career Technical Education	3. Campus Community	4. Resource Allocation	A. Fiscal Stability	B. Personnel Resources	C. PCC Ed Master Plan	D. Tech Integration	E. Prof. Develop- ment
LEAD Academy			√						√
SBDC		√							
TAACCCT Grant		√							
Goldman Sachs 10K Small Businesses		√							
CCPT AMETLLC Consortium	√	√		√			√	√	
Innovation Fund SoCal		√							
Award for Innovation in Higher Education	√	√	√	√	√		√	√	√
CA Career Pathways Trust	√	√						√	√
Student Equity & SSSP	√		√	√			√		

## Resource Allocation towards Goals & Priorities (continued)

Mandated Cost Allocations	Board Goals				Institutional Priorities				
	1. Student Success	2. Career Technical Education	3. Campus Community	4. Resource Allocation	A. Fiscal Stability	B. Personnel Resources	C. PCC Ed Master Plan	D. Tech Integration	E. Prof. Development
• Scheduled Maintenance Projects	√	√		√	√		√		
• Website Design & Implementation	√	√	√	√	√		√	√	
• Professional Development	√	√	√	√					√
• Communication Plan Implementation	√		√	√			√		
• Title IX Compliance Implementation	√		√	√	√				√
• Educational Master Plan Development	√	√	√	√			√		
• Schedule 25 Training	√	√		√	√		√	√	√



## **BAC Budget Assumption Highlights**

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- 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 funded and total target is 20,754.
- A 0.5% deficit factor will be included to offset possible shortfall from apportionment revenues.



## BAC Budget Assumption Highlights (Continued)

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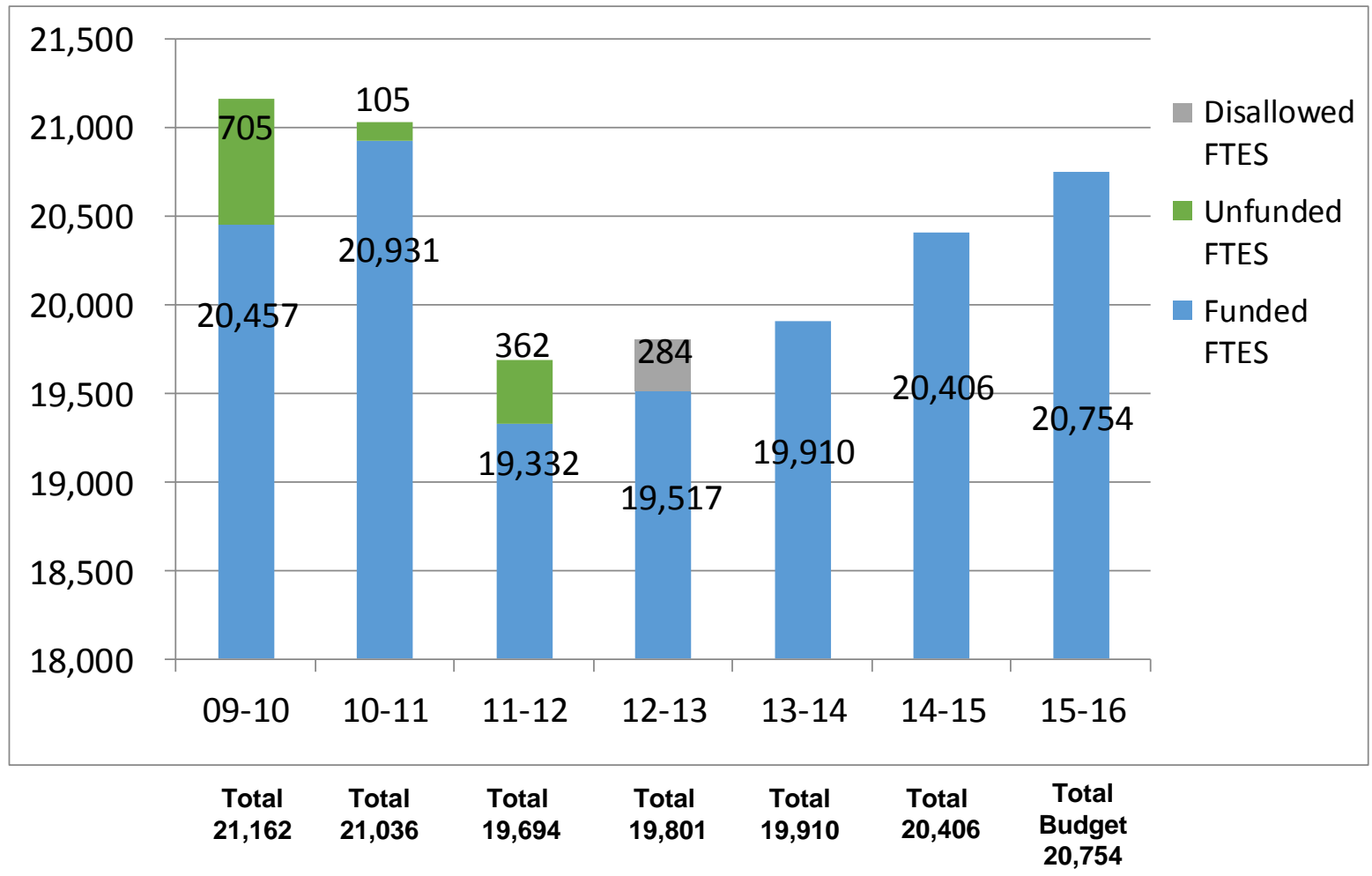
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- Total Cost of Ownership – principles shall be employed in department planning and budgeting processes.
- Maintain a 5.5% minimum unrestricted reserve.
  - Institutional Effectiveness Fund Balance goal set at 15%.
- Load Banking and Vacation Liability Reserves – \$2.7 million.
- Benefit costs changes:
  - Health and welfare costs increased by 16.2%. \$2,315,000
  - STRS increased by 1.85%. \$1,006,000
  - PERS increased by 0.076%. \$25,000
  - Worker's compensation increased by 0.136%. \$124,000





# FTES History and Projection



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

	Adopted Budget 2014-15	Unaudited Actual 2014-15	Adopted Budget 2015-16
Unrestricted General Fund	\$ 111.3	\$ 106.8	\$ 130.8
Restricted General Fund	24.2	24.3	44.6
Capital Projects Fund	4.8	1.2	13.6
Child & Adult Development Fund	1.5	1.6	1.7
Contract/Community Education Fund	0.8	0.6	0.9
General Obligation Bond Fund	181.7	47.1	185.6
Retiree Health Fund	2.7	2.3	3.3
Self-Insurance Fund	1.5	1.1	2.2
Student Financial Aid	59.3	46.2	53.0
Vet Stadium Operations	1.3	1.1	1.3
<b>Total</b>	<b>\$ 389.1</b>	<b>\$ 232.3</b>	<b>\$ 437.0</b>

## Unrestricted General Fund Overall Summary

	Unaudited Actual 2014-15	Adopted Budget 2015-16	Change Increase/ (Decrease)
Revenues and Other Financing Sources	\$111,203,407	\$129,177,346	\$ 17,973,939
Expenditures and Other Outgo	106,798,354	130,834,669	24,036,315
Surplus/(Deficit)	4,405,053	(1,657,323)	(6,062,376)
Fund Balance	\$ 25,606,796	\$ 23,949,473	(\$ 1,657,323)

## Unrestricted General Fund Revenue Summary

	Unaudited Actual 2014-15	Adopted Budget 2015-16	Change Increase/ (Decrease)
Federal	\$ 156,594	\$ 119,000	(\$ 37,594)
Apportionment	102,442,271	109,986,826	7,544,555
Other State	4,897,346	15,529,964	10,632,618
Local	3,309,307	3,215,825	(93,482)
Other Sources	397,889	325,731	(72,158)
Total	\$111,203,407	\$129,177,346	\$ 17,973,939



## Major Revenue Changes in 2015-16

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- **Apportionment** - \$7.54 million increase is the net of:
  - (\$0.23) million due to the increase of the deficit factor from 0.32% to 0.50%.
  - \$1.71 million in growth revenue.
  - \$1.08 million in COLA.
  - (\$1.14) million decrease due to prior year apportionment recalc revenue and FON penalty.
  - \$4.74 million increase to base allocation.
  - \$0.29 million increase in enhanced FTES rate.
  - \$1.09 million increase in new full-time faculty allocation.



## Major Revenue Changes in 2015-16

Adopted Budget

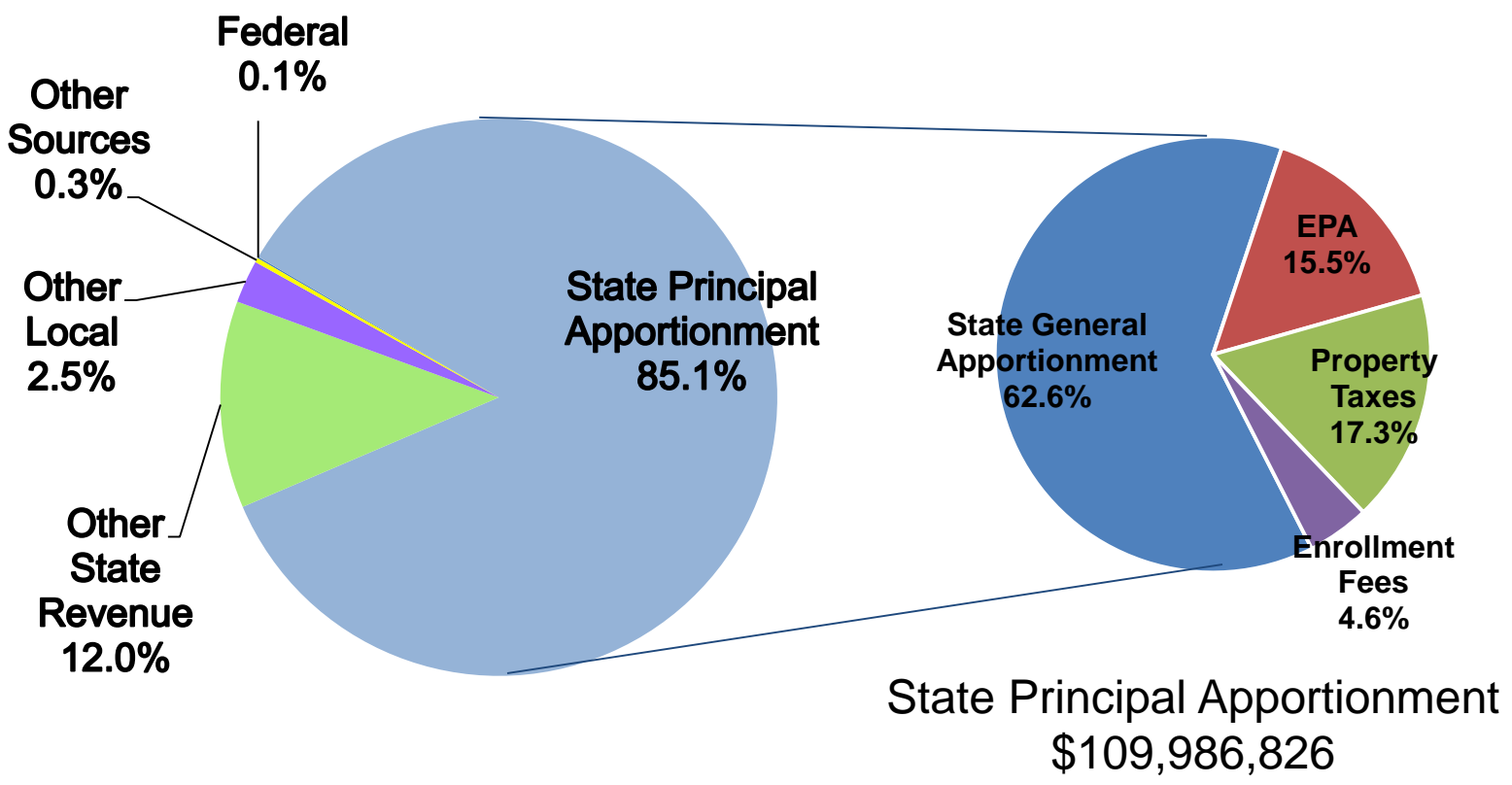
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- **Other State Revenue** - \$10.6 million increase due to:
  - \$11.3 million one-time allocation of Mandated Cost Revenue.
  - (\$0.8) million reduction of prior year Mandated Cost allocation.
  - \$0.1 million State lottery and other changes.



# Unrestricted General Fund Budgeted Revenue 2015-16 (\$129,177,346)



## Unrestricted General Fund Expenditure Summary

	Unaudited Actual 2014-15	Adopted Budget 2015-16	Change Increase/ (Decrease)
Academic Salaries	\$ 46,348,091	\$ 50,118,623	\$ 3,770,532
Classified Salaries	23,745,388	26,092,554	2,347,166
Benefits	24,809,705	28,935,159	4,125,454
Supplies	661,672	953,906	292,234
Services	6,732,528	11,015,595	4,283,067
Capital Outlay	1,784,880	4,480,805	2,695,925
Other Outgo	2,716,090	9,238,027	6,521,937
Total	\$ 106,798,354	\$ 130,834,669	\$ 24,036,315





## Major Expenditure Changes in 2015-16

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- **Academic Salaries** – \$3.8 million increase is due to hiring 36 new full-time faculty and the effect of salary schedule restructuring.
- **Classified Salaries** – \$2.3 million increase is due mainly to the restoration of certain previously reduced positions (4.8 FTE – 51 positions), step & column increases, salary increases, and the assumption that vacancies will be filled.
- **Total Benefits** – \$4.1 million increase due to the increase in positions 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** – \$4.3 million increase is due mainly to the following items: \$0.5 million election costs, \$.04 million consulting costs for Student Support system, \$0.7 million due to savings from IRS penalty in 2014-15, \$1.5 million funded by one-time Mandated Costs for Professional Development, Website Design & Implementation, Communication Plan, Educational Master Plan, Innovate So Cal, Title IX compliance, and discretionary budget augmentation.
- **Capital Outlay** - \$2.7 million increase is due mainly to one-time expenditures for technology refresh and instructional equipment funded by the Mandated Cost revenue augmentation.
- **Other Outgo** – \$6.5 million increase is due mainly to the \$7.1 million transfer to the Capital Outlay Fund for scheduled maintenance, technology refresh, and instructional equipment projects funded by the Mandated Cost revenue augmentation less the \$0.7 million decrease in transfers to the Self-Insurance fund.

## Mandated Cost Allocations 2015-16

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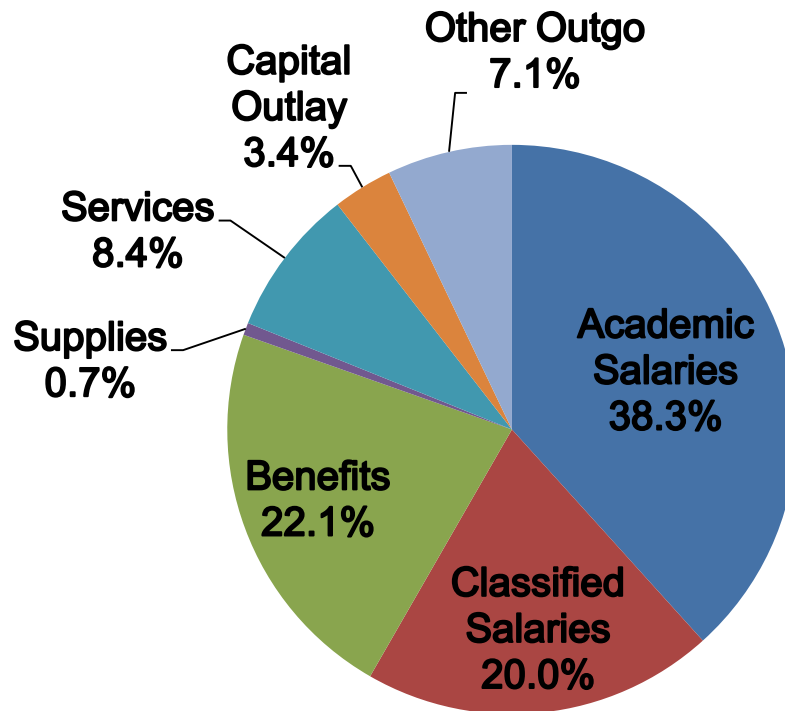
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● Scheduled Maintenance Projects	\$ 2,265,000
● Redevelopment Projects	\$ 48,000
● Instructional Equipment	\$ 2,927,470
● Technology Replacement and Refresh	\$ 4,462,913
● Website Design & Implementation	\$ 200,000
● Professional Development	\$ 150,000
● Communication Plan Implementation	\$ 400,000
● Title IX Compliance Implementation	\$ 50,000
● Innovate So Cal	\$ 100,000
● Educational Master Plan Development	\$ 100,000
● Discretionary Budget Augmentation	\$ 581,000
● Schedule 25 Training	<u>\$ 10,000</u>
<b>Total</b>	<b>\$11,294,383</b>



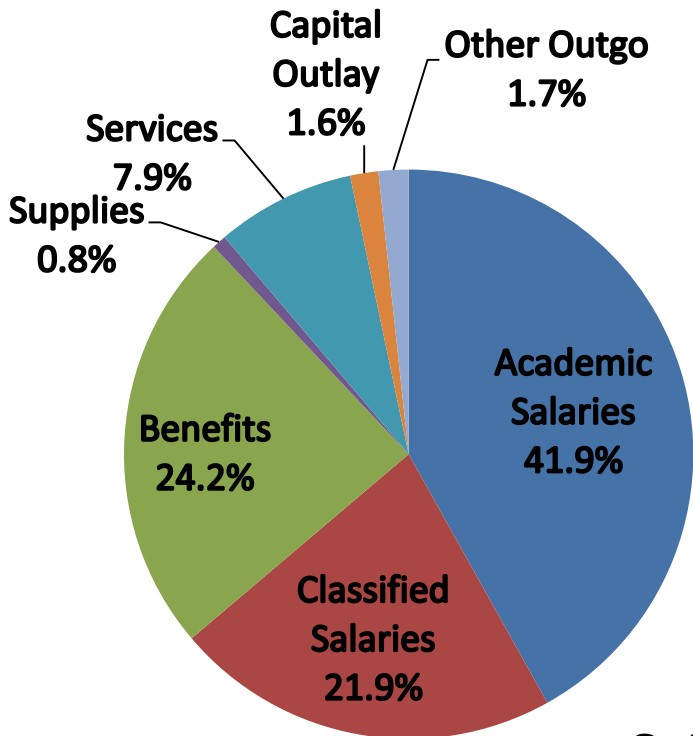
## Unrestricted General Fund Budgeted Expenditures 2015-16 (\$130,834,669)



**Salaries & Benefits 80.4%**



## Unrestricted General Fund Budgeted Expenditures 2015-16 without Mandated Cost (\$119,540,286)



**Salaries & Benefits 88.0%**

Expenditures	
Total	\$ 130.8 M
Less: Mandated Cost	<u>(11.3 M)</u>
Expenditures without Mandated Cost	\$ 119.5 M



## Unrestricted General Fund Reserves

	Adopted Budget
Unassigned Reserves	
Board Mandated Reserve	\$ 7,195,907
Additional Reserve for Institutional Effectiveness Goal	10,548,135
Assigned Reserves	
Potential Enrollment Shortfall	1,708,413
Reserve for New Full-Time Faculty (17 faculty)	1,751,000
Vacation and Load Banking Reserve	2,746,018
Total	\$ 23,949,473

## 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 Unaudited Actual	15-16 Adopted Budget
Salaries & Benefits as a % of Total Expenses & Other Outgo	87.7%	88.3%	89.0%	89.0%	85.0%	88.9%	80.4% 88.0%*
Surplus / (Deficit)	(\$1.2)	\$4.6	(\$3.3)	\$2.4	\$4.0	\$4.4	(\$1.7)
Ending Balance	\$13.5	\$18.1	\$14.8	\$17.2	\$21.2	\$25.6	\$23.9
Ending Balance as a % of Total Expenses & Other Outgo	12.4%	17.4%	14.2%	17.7%	20.6%	24.0%	18.3%

\*Percentage of Total Expenses and Other Outgo excluding one-time expenses related to Mandated Cost revenue.

## Unrestricted General Fund Two-Year Projection

	Adopted Budget 2015-16	Projected 2016-17
Beginning Fund Balance	\$ <u>25,606,796</u>	\$ <u>23,949,473</u>
Prior Year Surplus/(Deficit)	(3,358,768)	(1,657,323)
Apportionment Changes	9,628,306	1,756,071
Other Revenue Changes	11,629,314	(11,294,383)
New & Restored Positions	(3,608,000)	(1,751,000)
Salary Rate Increases	(2,133,994)	(259,622)
Other Salary & Benefit Changes	(2,082,873)	(3,369,000)
Other Expense Changes	<u>(11,731,308)</u>	<u>11,657,683</u>
Net Surplus/(Deficit)	<u>(1,657,323)</u>	<u>(4,917,574)</u>
Ending Fund Balance	\$ <u>23,949,473</u>	\$ <u>19,031,899</u>





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## Future Budget Challenges

- **Sunset of Proposition 30 Revenues:**
  - We received \$18.6 million from Proposition 30 in 2014-15.
    - Approximately 21% from Sales Tax.
    - 79% from Income Tax.
  - Sales tax increase terminates at the end of 2016.
  - Income tax increase terminates at the end of 2018.
- **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.



# 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%	\$ 1,006,000	13.05%	\$ 393,000
2017-18	14.43%	1,006,000	16.60%	1,159,000
2018-19	16.28%	1,006,000	18.20%	522,000
2019-20	18.13%	1,006,000	19.90%	555,000
2020-21	19.10%	527,000	20.40%	163,000
Total		\$ 4,551,000		\$2,792,000

Rates are from the July 2015 Chancellor's Office Accounting Advisory. Employer contribution increase estimates are based on total salaries from the 2015-16 Adopted Budget.

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**Questions?**