



LONG BEACH CITY COLLEGE

Adopted Budget 2016-17

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

September 13, 2016



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Overview (continued)

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State Budget Overview (Governor's Budget)

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- \$114.7 million (2%) in growth funding:
 - \$0 budgeted for LBCC assuming that enrollment will grow back up to our base level.
- \$0 (0%) COLA.
- \$75 million base allocation increase.
 - Approximately \$1.2 million for LBCC.
- \$200 million for Strong Workforce Program.
 - Approximately \$1.7 million for LBCC.



State Budget Overview (continued)

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- \$2.0 million for Equal Employment Opportunity Fund.
 - Approximately \$60,000 for LBCC.
- \$5 million for Zero-Textbook Cost Degrees.
 - Competitive grants, unknown whether LBCC will apply.
- \$184.6 million for deferred maintenance/instructional equipment with no match requirement.
 - Approximately \$3.3 million for LBCC (\$2.8 million for scheduled maintenance and \$0.5 million for instr. equipment).



State Budget Overview (continued)

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- No COLA for categorical programs (DSPS, EOPS, and CalWORKs).
- \$41.9 million in Proposition 39 Energy Efficiency and Renewable Generation funding.
 - \$759,362 for LBCC.
- \$105.5 million to pay down Mandated Cost reimbursements to be allocated based on FTES.
 - \$1.9 million in one-time funding for LBCC. (\$9.4) million decrease from 2015-16.
- \$20 million for an Online Education Initiative.
 - LBCC estimate is unknown at this time.



Strategic Plan Goals

1. Innovate to achieve equitable student success.
2. Accelerate college readiness.
3. Build community.
4. Invest in people and support structures for transformation.

(Included within Board Goals approved on August 23, 2016.)

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Institutional Priorities

The top priority of the College is to enhance the infrastructure of the learning environment and support services to directly improve rates of course completion, progress through foundational skills sequences, and student attainment of academic credentials.

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

- A.** Focus resources to introduce or scale-up student success innovations that are supported by data showing promising preliminary results or demonstrated effectiveness.
- B.** Maintain fiscal stability:
 - Acquire and manage funding to support student success initiatives.
 - Acquire and manage funding to support equitable outcomes to close achievement gaps.
- C.** Analyze and dedicate resources that build effective organizational structures college-wide including:
 - Focus resources to implement Business Process Reviews and Design Thinking vetted recommendations.
 - Focus resources to continue analysis throughout other areas of the College.
- D.** Support effective integrations of technology in the learning and work environment.

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Resource Allocation towards Goals & Priorities

	Strategic Plan Goals				Institutional Priorities			
	1. Equitable Student Success	2. Improve College Readiness	3. Build Community	4. Invest in People & Support Structures	A. Student Success Innovations	B. Fiscal Stability	C. College Review Resources	D. Tech Integration
Hiring 28 FT Faculty	√	√	√	√	√	√		
Computers for New Faculty	√	√		√				√
Restored/Created 27 Classified Positions (19 FTE)			√	√			√	√
Winter Intersession	√	√				√		
Technology Refresh - Multimedia	√	√		√	√			√
Instructional Equipment	√	√		√	√			√
Created 4 New Management Positions			√	√			√	√
Business Process Review	√			√			√	√
Design Thinking	√			√			√	√

Resource Allocation towards Goals & Priorities (continued)

	Strategic Plan Goals				Institutional Priorities			
	1. Equitable Student Success	2. Improve College Readiness	3. Build Community	4. Invest in People & Support Structures	A. Student Success Innovations	B. Fiscal Stability	C. College Review Resources	D. Tech Integration
LEAD Academy			√	√			√	
SBDC			√	√		√		
TAACCCT Grant	√			√		√		
Goldman Sachs 10K Small Businesses				√		√		
CCPT AMETLLC Consr.	√			√		√		√
Award for Innovation in Higher Education	√	√	√	√	√	√		√
Student Equity & SSSP	√	√	√	√	√	√		
CTE Strong Workforce	√			√	√	√		
IDRC Truck Driving Grant	√			√	√	√		
CA Endowment Health	√	√		√	√	√		
Adult Ed Regional Consr.	√	√		√	√	√		

Resource Allocation towards Goals & Priorities (continued)

Mandated Cost Allocations	Strategic Plan Goals				Institutional Priorities			
	1. Equitable Student Success	2. Improve College Readiness	3. Build Community	4. Invest in People & Support Structures	A. Student Success Innovations	B. Fiscal Stability	C. College Review Resources	D. Tech Integration
• Innovation Fund SoCal				√				
• Scheduled Maintenance Projects				√		√		
• Website Design & Implementation		√	√	√			√	√
• Professional Development	√	√	√	√	√		√	
• Communication Plan Implementation		√	√	√			√	
• Title IX Compliance Implementation	√		√	√		√		
• Strategic Plan Implementation	√	√	√	√	√	√	√	√



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 20,775.
- A 0.5% deficit factor will be included to offset possible shortfall from apportionment revenues.
- Total Cost of Ownership – principles shall be employed in department planning and budgeting processes.



BAC Budget Assumption Highlights (Continued)

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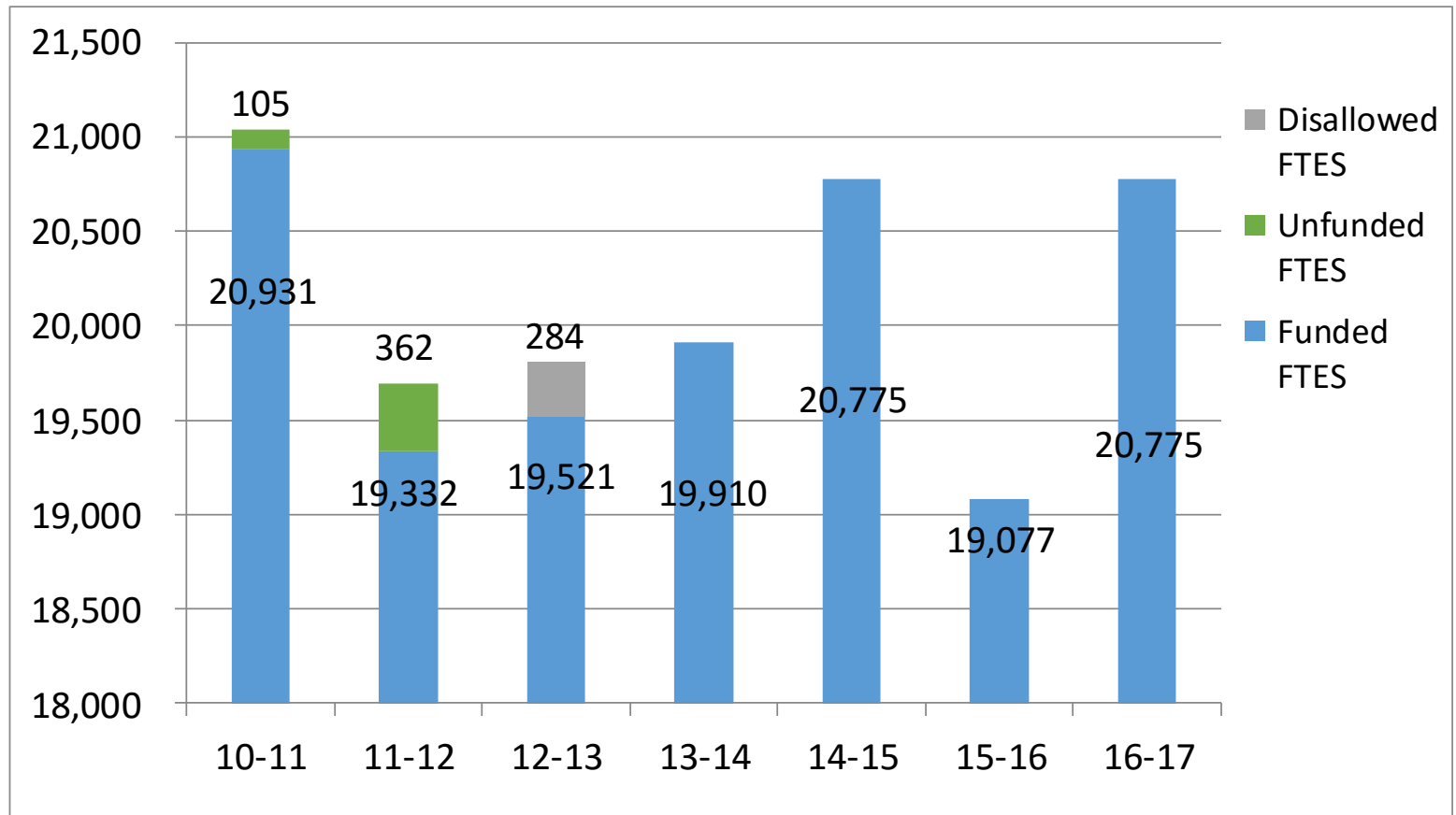
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- Maintain a 5.5% minimum unrestricted reserve.
 - Institutional Effectiveness Fund Balance goal set at 15% (short-term goal is 12.5%).
- Load Banking and Vacation Liability Reserves – \$2.7 million.
- Benefit costs changes:
 - STRS increased by 1.85%. \$933,000
 - PERS increased by 2.041%. \$663,000
 - Retiree Benefits – Annual Required Contribution (ARC) increased \$2.4 million.



FTES History and Projection



Total	Total	Total	Total	Total	Total	Total
21,036	19,694	19,805	19,910	Recal	19,077	Budget
				20,775		20,775

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

	Adopted Budget 2015-16	Unaudited Actual 2015-16	Adopted Budget 2016-17
Unrestricted General Fund	\$ 130.8	\$ 132.5	\$ 134.4
Restricted General Fund	44.6	29.9	49.2
Capital Projects Fund	13.6	4.5	13.7
Child & Adult Development Fund	1.7	1.6	1.8
Contract/Community Education Fund	0.9	0.6	1.5
General Obligation Bond Fund 2008 Measure E	185.5	20.2	167.8
General Obligation Bond Fund 2016 Measure LB	-	0.7	786.6
Retiree Health Fund	3.3	2.9	3.6
Self-Insurance Fund	2.2	2.1	1.2
Student Financial Aid	53.1	42.6	52.8
Vet Stadium Operations	1.3	1.1	2.1
Total	\$ 437.0	\$ 238.7	\$ 1,214.7

Unrestricted General Fund Overall Summary

	Unaudited Actual 2015-16	Adopted Budget 2016-17	Change Increase/ (Decrease)
Revenues and Other Financing Sources	\$135,170,998	\$123,961,291	(\$ 11,209,707)
Expenditures and Other Outgo	132,482,606	134,390,829	1,908,223
Surplus/(Deficit)	2,688,392	(10,429,538)	(13,117,930)
Fund Balance	\$ 28,295,188	\$ 17,865,650	(\$ 10,429,538)



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Deficit Analysis

- Of the (\$10.4) million budget deficit in the 2016-17 Adopted Budget, \$7.2 million is one-time expenditures including:

2016-17 One-Time Expenditures	
○ Presidential Search	\$ 100,000
○ Business Process Reviews and Design Thinking	5,480,000
○ Mandated Cost Carryover from 2015-16	1,607,000
○ Classification Study	50,000
Total	\$ 7,237,000

- The remaining \$3.2 million of the deficit is a structural deficit, related to ongoing expenditures.

Unrestricted General Fund Revenue Summary

	Unaudited Actual 2015-16	Adopted Budget 2016-17	Change Increase/ (Decrease)
Federal	\$ 77,538	\$ 78,000	\$ 462
Apportionment	113,136,759	112,000,812	(1,135,947)
Other State	18,332,163	8,626,281	(9,705,882)
Local	3,289,436	2,922,759	(366,677)
Other Sources	335,102	333,439	(1,663)
Total	\$135,170,998	\$123,961,291	(\$ 11,209,707)



Major Revenue Changes in 2016-17

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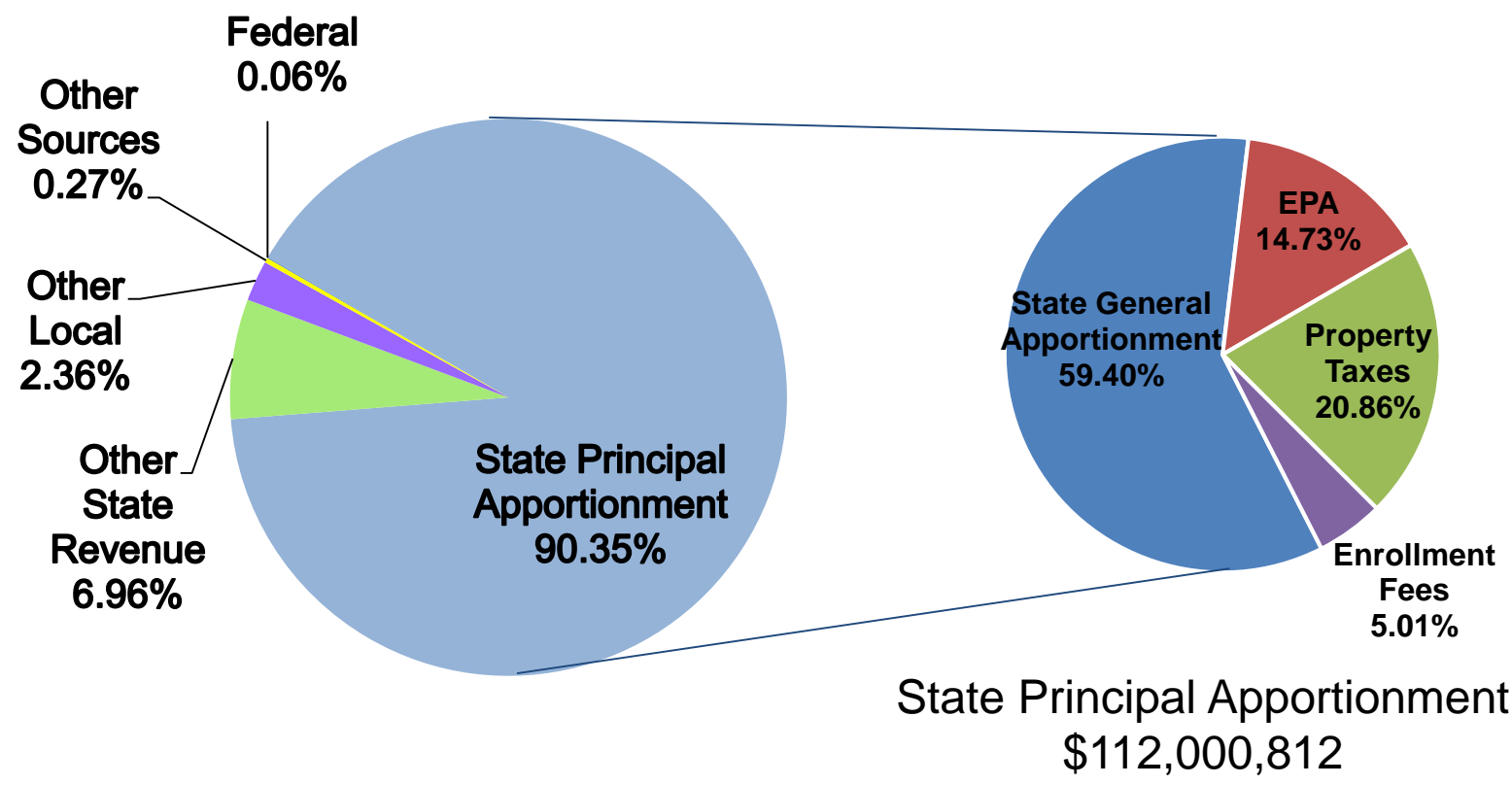
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- **Apportionment** – (\$1.1) million decrease is the net of:
 - (\$2.3) million decrease due to prior year apportionment recalc revenue.
 - \$1.2 million increase to base allocation.
- **Other State Revenue** – (\$9.7) million decrease due to:
 - (\$9.4) million decrease in one-time allocation of Mandated Cost Revenue.
 - (\$0.3) million decrease in State Lottery revenue.



Unrestricted General Fund Budgeted Revenue 2016-17 \$123,961,291



Unrestricted General Fund Expenditure Summary

	Unaudited Actual 2015-16	Adopted Budget 2016-17	Change Increase/ (Decrease)
Academic Salaries	\$ 51,915,030	\$ 51,765,066	(\$ 149,964)
Classified Salaries	24,804,287	27,266,790	2,462,503
Benefits	33,004,456	35,042,972	2,038,516
Supplies	818,471	929,673	111,202
Services	8,895,886	16,085,156	7,189,270
Capital Outlay	3,859,411	1,855,172	(2,004,239)
Other Outgo	9,185,065	1,446,000	(7,739,065)
Total	\$132,482,606	\$134,390,829	\$ 1,908,223



Major Expenditure Changes in 2016-17

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- **Academic Salaries** – the (\$0.1) million decrease is the net of the savings due to the retirements of 32 full-time faculty, less increases from the hiring of 28 new full-time faculty, 2 new academic managers, and the effect of salary schedule restructuring.
- **Classified Salaries** – \$2.5 million increase is due mainly to the restoration of certain previously reduced positions (0.74 FTE – 6 positions), the creation of new positions (18.26 FTE – 21 classified positions; 2 classified management positions), step & column increases, salary increases, and the assumption that vacancies will be filled.
- **Total Benefits** – \$2.0 million increase due to the increase in positions and increases to certain benefit rates, most notably the 1.85% for STRS, the 2.041% for PERS, and early retirement incentives of \$0.5 million.



Major Expenditure Changes in 2016-17 (continued)

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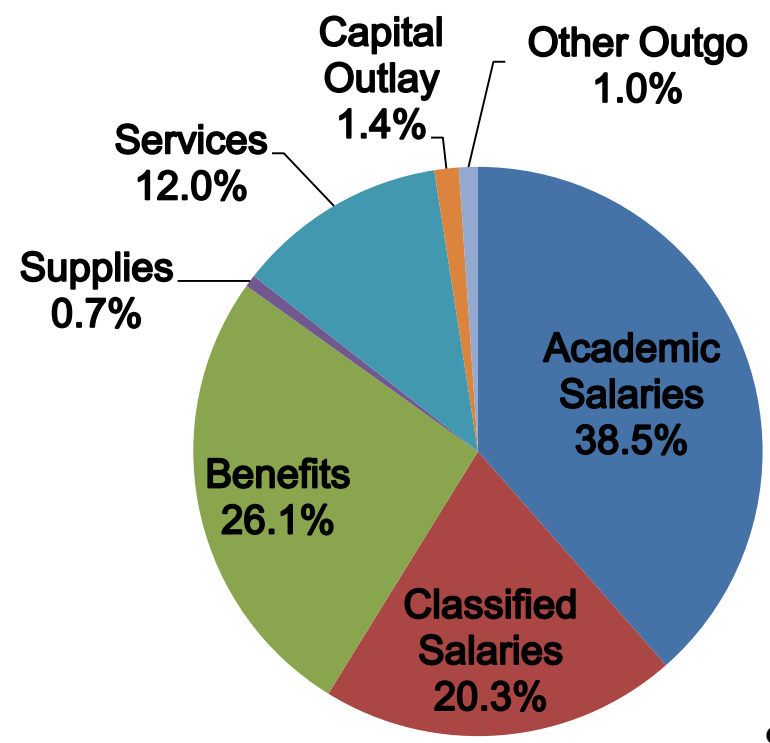
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- **Contract Services and Operating Expenses** – \$7.2 million increase is due mainly to the following items: \$5.5 million for business process review and design thinking implementation work; \$0.4 million increase to utility budgets; and \$1.3 million net increase in various other accounts including \$0.7 million carryover of Mandated Cost revenue for Strategic Plan, Communication Plan, professional development, and web design and implementation.
- **Capital Outlay** – (\$2.0) million decrease is due mainly to the reduction in one-time expenditures for technology refresh and instructional equipment funded by the Mandated Cost revenue augmentation.
- **Other Outgo** – (\$7.7) million decrease is due to the \$7.1 million one-time transfer in 2015-16 to the Capital Outlay Fund for Mandated Cost projects, which will not be repeated in 2016-17; and the \$0.6 million decrease in transfers to the Self-Insurance fund.



Unrestricted General Fund Budgeted Expenditures 2016-17 \$134,390,829



Salaries & Benefits 84.9%

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

	10-11 Actual	11-12 Actual	12-13 Actual	13-14 Actual	14-15 Actual	15-16 Unaudited Actual	16-17 Adopted Budget
Salaries & Benefits as a % of Total Expenses & Other Outgo	88.3%	89.0%	89.0%	85.0%	88.9%	82.8% 89.4%*	84.9% 87.2%*
Surplus / (Deficit)	\$4.6	(\$3.3)	\$2.4	\$4.0	\$4.4	\$2.7	(\$10.4)
Ending Balance	\$18.1	\$14.8	\$17.2	\$21.2	\$25.6	\$28.3	\$17.9
Ending Balance as a % of Total Expenses & Other Outgo	17.4%	14.2%	17.7%	20.6%	24.0%	21.4%	13.3%

*Percentage of Total Expenses and Other Outgo excluding one-time expenses related to Mandated Cost revenue (current year and carryover allocations).

Mandated Cost Allocations

	2015-16	2016-17*
Scheduled Maintenance Projects	\$ 2,265,000	\$ 2,200,111
Redevelopment Projects	48,000	48,000
Instructional Equipment	2,927,470	2,527,909
Technology Replacement and Refresh	4,462,913	2,286,203
Website Design & Implementation	200,000	200,000
Professional Development	150,000	51,754
Communication Plan Implementation	400,000	310,013
Title IX Compliance Implementation	50,000	50,000
Innovate So Cal	100,000	100,000
Strategic Plan Development	100,000	98,625
Discretionary Budget Augmentation	581,000	351,085
Schedule 25 Training	10,000	10,000
Business Process Reviews	-	1,913,157
Executive Coaching	-	41,500
Total	\$11,294,383	\$10,188,357

*2016-17 Allocation includes \$8.3 million carried over from 2015-16.

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Unrestricted General Fund Two-Year Projection

	Projected 2017-18	Projected 2018-19
Beginning Fund Balance	<u>\$ 17,865,650</u>	<u>\$ 7,367,557</u>
Prior Year Surplus/(Deficit)	(10,429,538)	(10,498,093)
Apportionment Changes	1,227,771	2,680,167
Other Revenue Changes	(1,913,157)	-
New & Restored Positions	(2,428,369)	-
Other Salary & Benefit Changes	(3,488,000)	(3,636,000)
Other Expense Changes	<u>6,533,200</u>	<u>658,000</u>
Net Surplus/(Deficit)	<u>(10,498,093)</u>	<u>(10,795,926)</u>
Ending Fund Balance	<u>\$ 7,367,557</u>	<u>(\$ 3,428,369)</u>
	5.51%	(2.51%)



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Future Budget Challenges

- **Enrollment:**
 - Declining enrollment reported for 2015-16.
 - Stabilization funding for 2015-16.
 - We will need to grow back at least to our base FTES level to avoid a decrease in apportionment in 2016-17.
 - Without growth funds we will need to start reducing expenditures in order to balance budget.
- **Retiree Benefits Obligations:**
 - Other post-employment benefits (OPEB) liabilities for future retiree health benefits have increased sharply.
 - ARC is \$5.2 million (86% increase).
 - \$44.4 million Unfunded Actuarial Accrued Liability (UAAL).



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Future Budget Challenges

(continued)

- **Sunset of Proposition 30 Revenues:**
 - We received \$17.2 million from Proposition 30 in 2015-16.
 - 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 five years.
 - STRS – 19.10% by 2020-21.
 - PERS – 19.80% by 2020-21.

STRS & PERS Future Employer Rates

Fiscal Year	STRS		PERS	
2015-16	10.73%		11.85%	
2016-17	12.58%		13.89%	
2017-18	14.43%	\$ 936,000	15.50%	\$ 528,000
2018-19	16.28%	936,000	17.10%	524,000
2019-20	18.13%	936,000	18.60%	491,000
2020-21	19.10%	491,000	19.80%	393,000
Total		\$ 3,299,000		\$1,936,000

Rates are from the July 2016 School Services Update. Rates are subject to change. Updated rates are expected from PERS in the spring of 2017. Employer contribution increase estimates are based on total covered salary estimates from the 2016-17 Adopted Budget.

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Questions?