



Adopted Budget 2019-20

**Presented by:
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Co-Chair
Budget Advisory Committee**

September 11, 2019



Adopted Budget

2019-20

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Overview

- **State Budget Overview**
- **Board Goals, Institutional Priorities & Strategic Plan Goals**
- **BAC Planning Assumption Highlights**
- **FTES History and Projection**
- **List of All District Funds – Expenditures & Other Outgo**



Overview (continued)

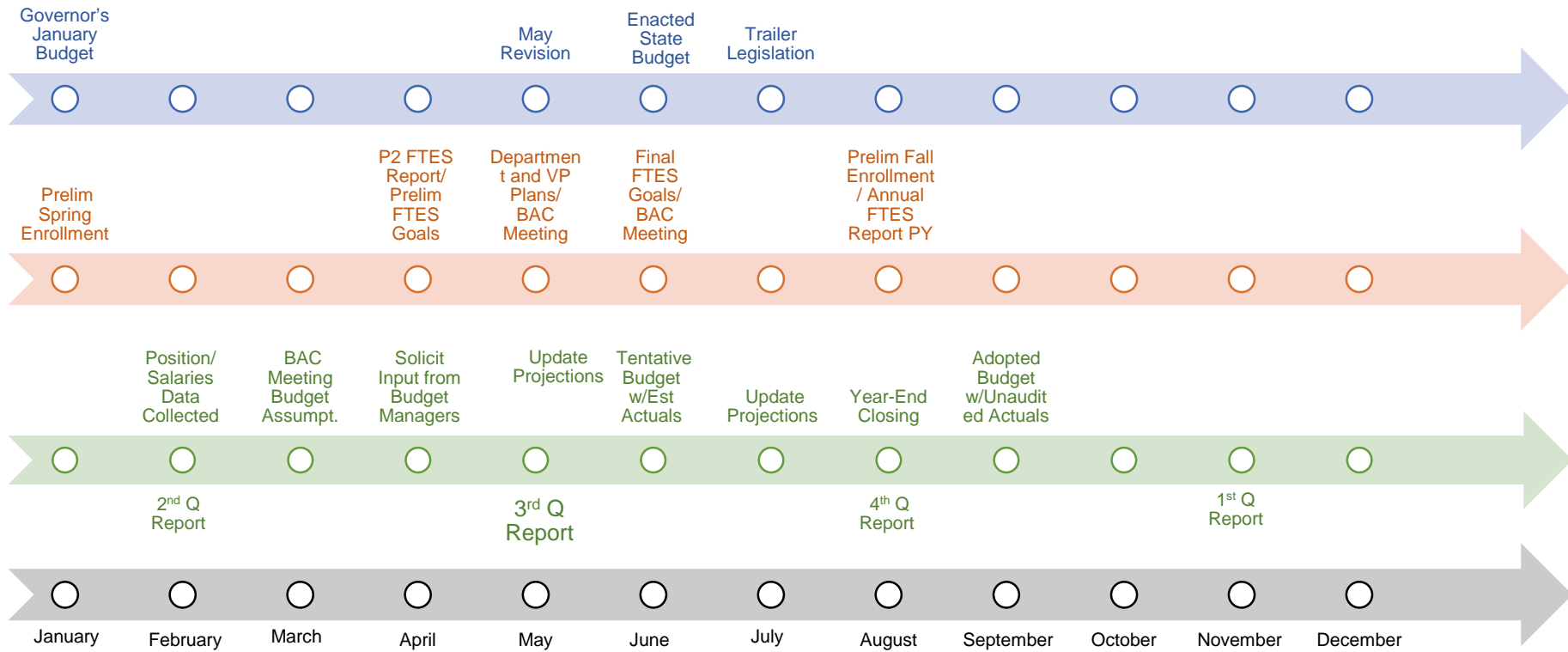
- **Unrestricted General Fund Details**
 - Overall Summary
 - Revenue Summary
 - Major Revenue Changes in 2019-20
 - Expenditure Summary
 - Major Expenditure Changes in 2019-20
 - 7-Year Trends
- **Future Budget Challenges**

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Budget Development Cycle





State Budget Overview (Governor's Budget)

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- Student Centered Funding Formula increase of \$265 million, including COLA below.
- \$230 million (3.26%) COLA
 - \$4.0 million for LBCC



State Budget Overview

(continued)

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- Student Centered Funding Formula (SCFF)
 - Maintain same allocation in 2019-20
 - 70% Base Grant – FTES
 - 20% Supplemental Grant – low-income students served
 - 10% Student Success Grant – degrees, certificates, and other success measures
- Hold harmless expanded to four years
 - Funding at least 2017-18 level plus COLAs



State Budget Overview

(continued)

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- SCFF (continued)
- “Summer Shift” – continues
- Stability funding – continues (Apportionment is equal to the greater of the current year or prior year apportionment.)



State Budget Overview (continued)

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- \$10 million (3.26%) COLA for categorical programs (DSPS, EOPS, CARE, CalWORKs & Child Care Tax Bailout)
- \$4 million (3.26%) COLA for the Adult Education Program
- \$13.5 million block grant for Deferred Maintenance/ Instructional Equipment
 - \$233,663 for LBCC – split equally



State Budget Overview (continued)

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- \$37 million to expand the California College Promise (AB 19)
 - \$1,501,080 for LBCC
- \$18 million for Student Success Completion Grant



State Budget Overview (continued)

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- 59 (20 continuing and 39 new) Proposition 51 facilities bond projects approved. Includes 1 new project and 2 LBCC projects approved in the prior budget year:
 - Buildings M & N, LAC
 - Construction Trades Phase I, Building MM, PCC
 - Music/Theatre Complex Building G & H, LAC
- Student Equity and Achievement (SEA) Program - continues at same funding level (consolidation of 3 programs)
- Strong Workforce Program – (\$7) million decrease, mainly removing one-time sources



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Board of Trustees Goals

1. Continue supporting and monitoring the implementation of the 2016-22 Strategic Plan.
2. Monitor implementation of the Enrollment Management Plan.
3. Monitor college strategies for improving college readiness and success of students for people of color, women, LGBTQ, veterans, disabled, and other historically disadvantaged communities.
4. Improve Board governance by creating a well-functioning Board unit and adhering to principles of effective Boardsmanship.
5. Support strategies that ensure the long-term fiscal health of the college and the district and devise strategies that improve access and affordability for all students.
6. Develop a strong relationship that ensures the success of the Superintendent-President, the Board, and the College.



Institutional Priorities

updated March 28, 2019

In compliance with all regulations and laws, and in alignment with the Strategic Plan goals: innovate to achieve equitable student success, accelerate college readiness and close equity gaps, build community, and invest in people and support structures for transformation, the College will primarily focus on:

- A. Creating and implementing guided pathways
- B. Maintaining fiscal viability
- C. Expanding our profile within the community to enhance enrollment
- D. Closing equity gaps in student success through innovation

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Institutional Priorities

updated March 28, 2019

(continued)

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- E.** Expanding our community outreach to attract and retain a diverse and talented workforce, as well as strengthening and expanding diverse local industry partnerships
- F.** Increasing student retention, completion, and transfer
- G.** Implementing our Strategic Enrollment Management Plan, Technology Plan, Deficit Reduction Plan, Integrated Energy Master Plan, and Facilities Master Plan.

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 22, 2017.)

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Resource Allocation towards Goals & Priorities

	LBCC Institutional Priorities and Board Goals Related to Institutional Planning							
	1. Strategic Plan	2. & G. Implement Enrollment Management, Technology, Deficit, Energy & Facility Plans	3. & D. Equitable Student Success	5. & B. Fiscal Health	5. & F. Improve Access and Increase Retention, Completion, Transfers	A. Create and Implement Guided Pathways	C. Expand Community Profile to Enhance Enrollment	E. Expand Community Outreach to Recruit/Retain Workforce & Expand Industry Partnerships
Strong Workforce	√	√	√		√	√		√
Adult Ed Regional Consortium		√	√		√		√	
Noncredit Infrastructure		√	√		√		√	
College Promise 2.0	√	√	√		√		√	
Efforts to Increase Completions (SCFF)	√	√	√	√	√	√		
Student-Centered Scheduling Improvements	√	√	√		√	√		
Community and High School Outreach	√	√	√		√	√	√	√
Meta-Majors Development/ Implementation	√	√	√		√	√		

Resource Allocation towards Goals & Priorities (continued)

	LBCC Institutional Priorities and Board Goals Related to Institutional Planning							
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AB 705 Implementation Support	√	√	√		√	√		
Global Trade and Logistics	√	√	√				√	√
15 Full-Time Faculty	√	√	√		√			
Curriculum, Catalog, and Scheduling Software	√	√	√		√	√		
STEM Initiative/ Science Center	√		√	√	√		√	√
Embedded Tutoring	√	√	√		√	√		
Modernize CTE Trades Equipment	√		√		√		√	
Professional Development and EEO Human Resources Manager	√							√

Resource Allocation towards Goals & Priorities (continued)

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Student Equity Achievement Program	√	√	√		√	√		
Viking Advantage	√	√	√		√	√	√	
Viking Summer Voyage	√		√		√	√	√	
Dreamer Supports	√		√		√			
Workforce Development Support	√		√		√	√	√	√
Welcome Center	√	√	√		√	√		
Starfish Early Alert	√	√	√		√	√		
Early College Credit Program (ECCP)		√	√		√	√	√	
Veterans Supports	√		√		√			
Instructional Equipment	√		√		√			

Resource Allocation towards Goals & Priorities (continued)

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Improve Website	√	√	√		√	√	√	
Campus Bird		√			√			
Efforts to Improve Course Success	√	√	√		√	√		
Survey Software	√	√	√		√	√		
Center for Community & Industry Partnerships	√	√	√		√	√	√	√
Business Process Reviews	√	√	√	√	√	√		
Goldman Sachs 10K Small Businesses	√						√	√

Resource Allocation towards Goals & Priorities (continued)

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Marketing	√	√			√	√	√	√
Tableau Online Software	√	√	√		√	√		
Formerly Incarcerated Student Supports	√		√		√			
Multicultural Center	√		√		√	√		
Equitable Recruitment Efforts/EEO Professional Development	√		√					√
Employee Professional Development (Leadership Initiatives/ Classified Vision for Success)	√	√	√		√	√		
SBDC	√			√			√	√
Office of Basic Needs	√	√	√		√		√	

Resource Allocation towards Goals & Priorities (continued)

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Distance Learning Support	√	√	√	√	√	√		
Faculty Professional Development	√	√	√		√	√		
SLO Facilitators Support	√	√	√		√	√		
Payroll/Benefits & Accounts Payable Staff	√			√				
Reprographics Software & Staff	√	√					√	√
Mental Health Support for Students	√	√	√		√	√		
Human Resources Software & Staff	√			√				√
Contracts Management & New Software	√			√				

Resource Allocation towards Goals & Priorities (continued)

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Needs Assessments: North Long Beach; Student Housing Resources	√		√		√			
Staffing to Support Financial Aid Office	√	√	√		√	√		
Expansion of Board Docs	√							



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 priorities as identified by the College Planning Committee (CPC).
- FTES total resident target is 19,375.
- 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)

Adopted Budget

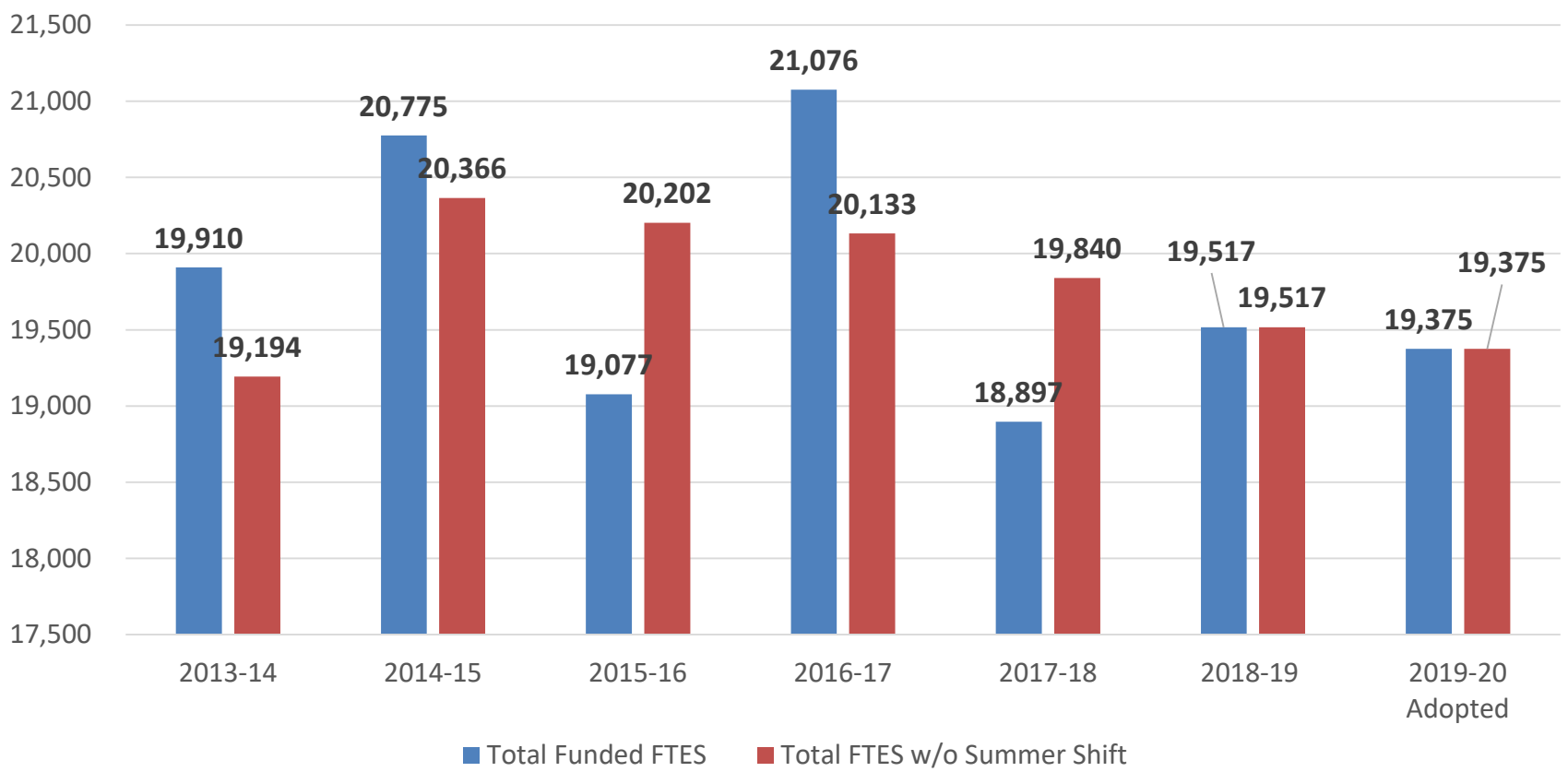
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- **Maintain a 5.5% minimum unrestricted reserve**
 - Institutional Effectiveness Fund Balance goal set at 15% (short-term goal is 12.5%).)
- **Load Banking and Vacation Liability Reserves – \$2.9 million**
- **Rainy Day Fund – currently \$0, but options will be presented for future funding**
- **Benefit costs changes:**
 - STRS increased by 0.820% - \$552,000
 - PERS increased by 1.659% - \$967,000
 - Percentage of unrestricted salaries and benefits caused by STRS and PERS increase 0.917%
 - Retiree Benefits – Annual Required Contribution (ARC) \$4.1 million
- **Health & Welfare Premiums:**
 - Increased by 1.6% - \$340,000



FTES Comparison*



*Resident Full-Time Equivalent Students (FTES) only.

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

	Adopted Budget 2018-19	Unaudited Actual 2018-19	Adopted Budget 2019-20
Unrestricted General Fund	\$ 137.2	\$ 131.5	\$ 142.8
Restricted General Fund	42.9	32.5	46.9
Associated Students Body Fund	1.2	1.0	1.2
Capital Projects Fund	34.9	8.5	36.4
Child & Adult Development Fund	2.0	1.9	2.1
Contract/Community Education Fund	1.4	0.3	1.0
General Obligation Bond Fund 2008 Measure E	96.2	0.0	95.9
General Obligation Bond Fund 2016 Measure LB	806.9	32.9	779.4
Retiree Health Fund	3.9	3.5	3.8
Self-Insurance Fund	1.2	0.9	1.4
Student Financial Aid	45.4	43.8	46.2
Student Representation Fund	0.0	0.0	0.0
Vet Stadium Operations	1.3	1.2	1.3
Total	\$ 1,174.5	\$ 258.0	\$ 1,158.4

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

Program Highlights

North Long Beach

- City of Long Beach 2019-20 Budget includes \$150,000 to establish a two-year lease for a North Long Beach Higher Education Center
- LBCC held an internal work group meeting on 9/10/2019
- LBCC is scheduling a walk-through of space identified by City of Long Beach
- LBCC staff will determine appropriate budget allocation for furnishings, equipment, and staffing

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

Program Highlights

“Strong Beach” Bus Pass Pilot Program

- Total 2019-20 funding allocated is \$175,000:
 - \$87,500 from Student Equity Achievement Program (SEAP)
 - \$87,500 from College Promise (AB19)

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

Program Highlights

Student Equity

- Total 2019-20 funding allocated is \$5,742,223
 - 2018-2019 carry over funding is \$1,112,814
- Student Equity Plan BOT Presentation on June 26, 2019 includes 2015-2018 Resource Allocation

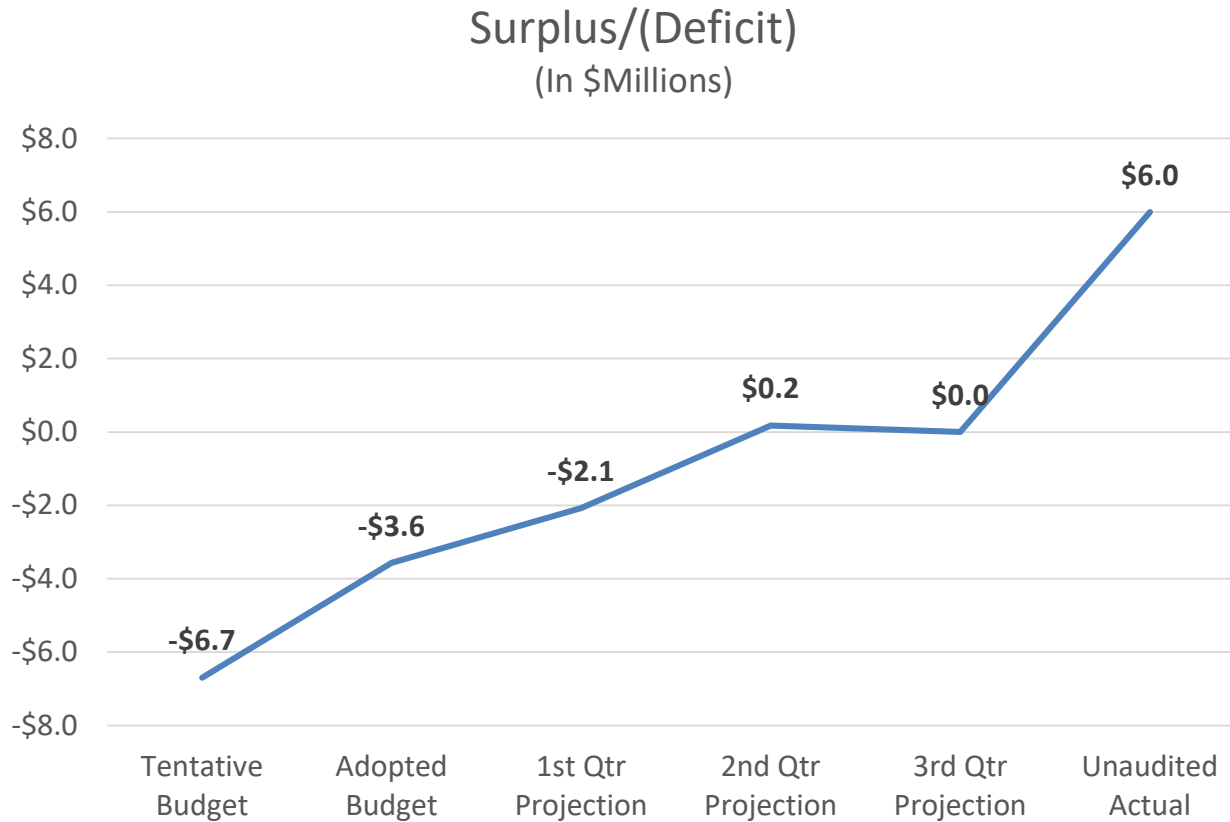
Unrestricted General Fund Overall Summary

	Unaudited Actual 2018-19	Tentative Budget 2019-20	Adopted Budget 2019-20	*Change Increase/ (Decrease)
Revenues and Other Financing Sources	\$137,536,484	\$139,005,867	\$139,271,218	\$ 1,734,734
Expenditures and Other Outgo	131,544,391	141,957,080	142,843,910	11,299,519
Surplus/(Deficit)	5,992,093	(2,951,213)	(3,572,692)	(9,564,785)
Fund Balance	\$ 36,212,646	\$ 27,506,157	\$ 32,639,954	\$(3,572,692)

*Change is comparison between 2018-19 Unaudited Actual and 2019-20 Adopted Budget.



Deficit Reduction Unrestricted General Fund 2018-19





2018-19 Deficit Reduction Actions



Unrestricted General Fund Revenue Summary

	Unaudited Actual 2018-19	Tentative Budget 2019-20	Adopted Budget 2019-20	*Change Increase/ (Decrease)
Federal	\$ 143,479	\$ 140,000	\$ 140,000	\$ (3,479)
State Apportionment	122,348,035	125,703,900	125,703,900	3,355,865
Other State	10,961,516	8,822,396	9,352,759	(1,608,757)
Local	3,728,408	4,186,025	3,751,516	23,108
Other Sources	355,046	153,546	323,043	(32,003)
Total	\$137,536,484	\$139,005,867	\$139,271,218	\$ 1,734,734

*Change is comparison between 2018-19 Unaudited Actual and 2019-20 Adopted Budget.



Major Revenue Changes in 2019-20

Adopted Budget

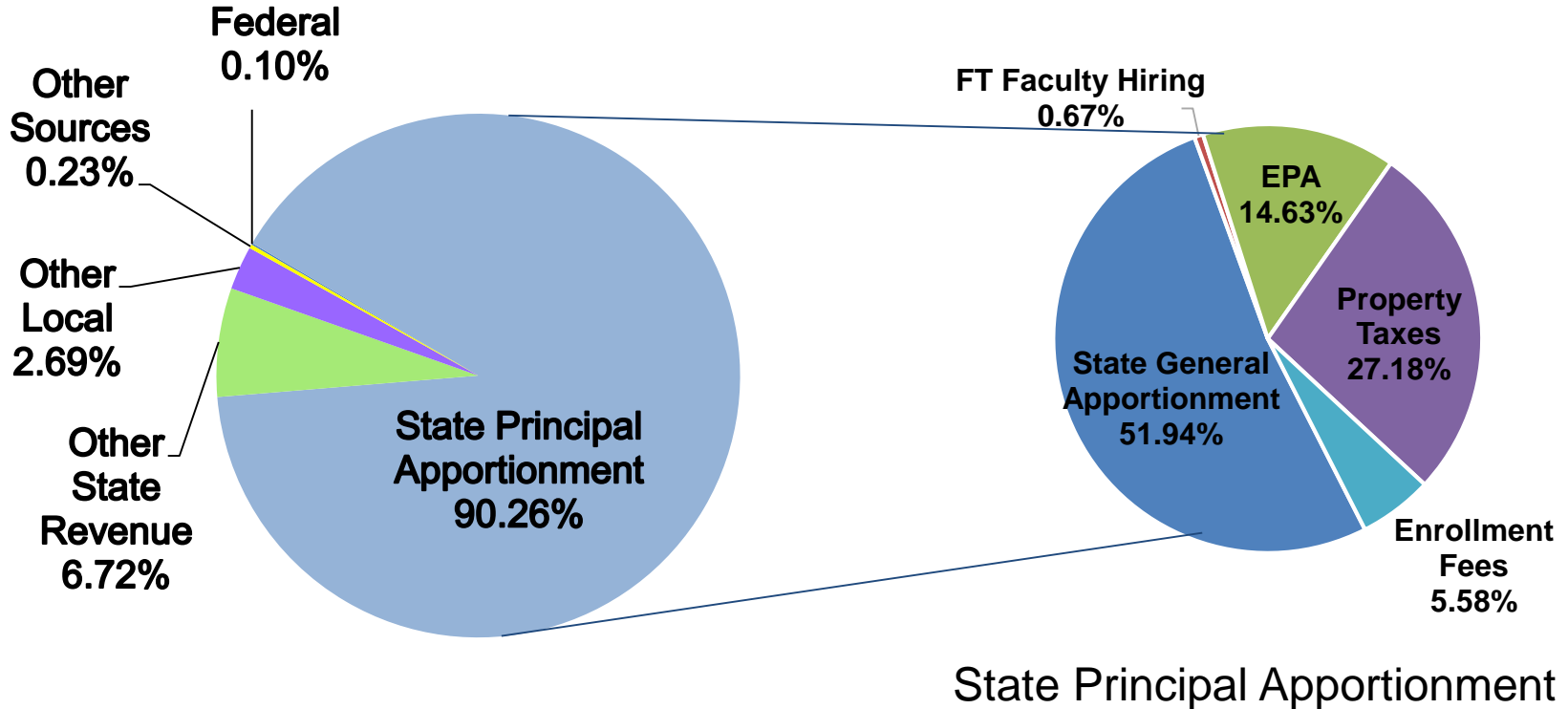
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- **Apportionment** – \$4.0 million increase for 3.26% COLA
 - (\$0.6) million decrease – estimated 0.5% deficit factor
- **Other State Revenue**
 - (\$1.6) million decrease due to additional one-time STRS On-Behalf contribution made in 2018-19



Unrestricted General Fund Budgeted Revenue & Other Sources 2019-20



Unrestricted General Fund Expenditure Summary

	Unaudited Actual 2018-19	Tentative Budget 2019-20	Adopted Budget 2019-20	*Change Increase/ (Decrease)
Academic Salaries	\$ 52,426,269	\$ 55,905,852	\$ 55,763,550	\$ 3,337,281
Classified Salaries	25,772,298	28,821,675	29,024,248	3,251,950
Benefits	40,408,581	42,078,106	42,984,845	2,576,264
Supplies	629,531	796,045	853,627	224,096
Services	8,891,407	10,289,655	10,325,093	1,433,686
Capital Outlay	1,262,044	1,616,815	1,390,466	128,422
One-Time	818,261	1,002,932	1,166,081	347,820
Other Outgo	1,336,000	1,446,000	1,336,000	0
Total	\$131,544,391	\$141,957,080	\$142,843,910	\$ 11,299,519

*Change is comparison between 2018-19 Unaudited Actual and 2019-20 Adopted Budget.



Major Expenditure Changes in 2019-20

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- **Academic Salaries** – the \$3.3 million increase is due mainly to hiring 14 new full-time faculty, step increases, and 1.85% negotiated salary increases.
- **Classified Salaries** – \$3.3 million increase due to 3.26% COLA negotiated salary increases, step and column increases, and budget for vacancies.
- **Total Benefits** – \$2.6 million increase is due to the increase in positions, salaries, and increases to certain benefit rates, most notably the 0.82% for STRS, the 1.659% for PERS, and 1.6% increase to health and welfare benefits.



Major Expenditure Changes in 2019-20 (continued)

Adopted Budget

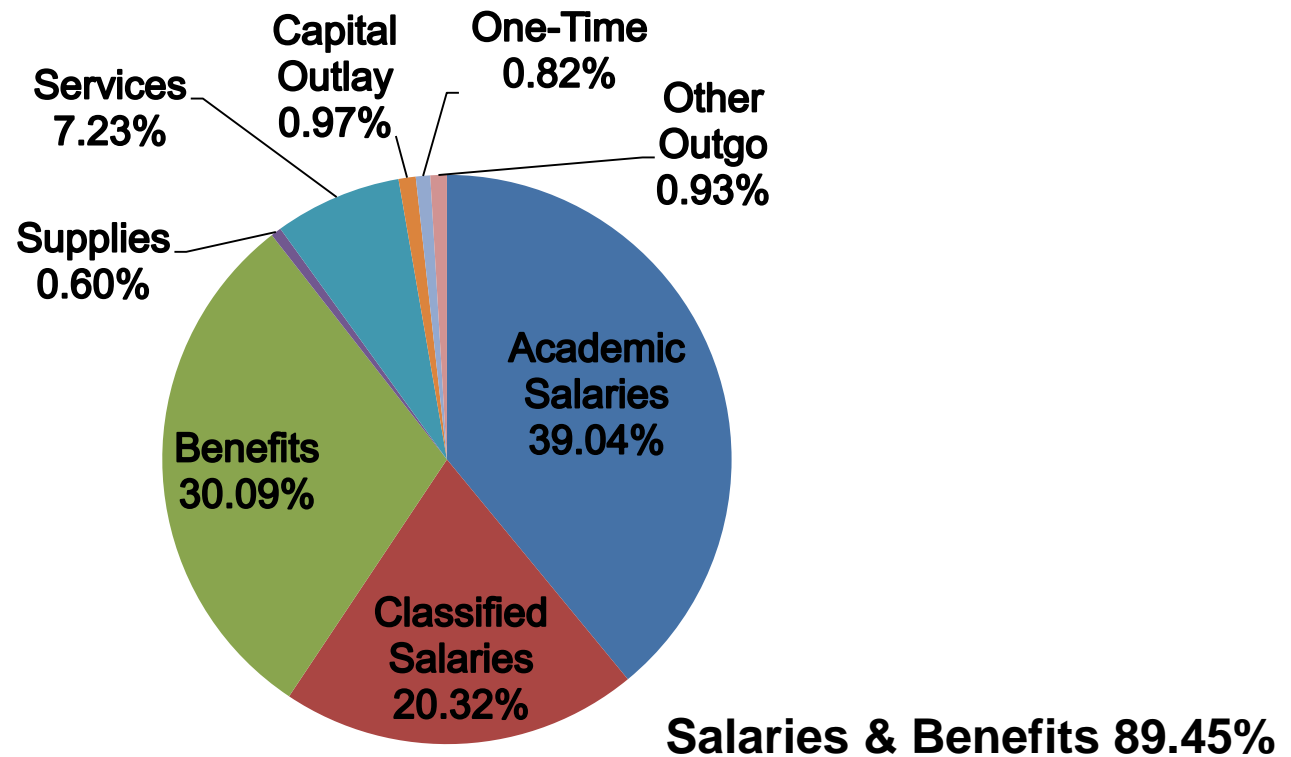
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- **Contract Services & Operating Expenses** – \$1.4 million increase is mainly due to the increase in professional services, utilities and other services.
- **One-Time Funds** – \$0.3 million increase based on 2019-20 budgeted projects. Major 2018-19 one-time project expenses included professional services for student financial aid, ECS Forms development for Admission and Records forms, Degree Planning software, catalog and curriculum management software, benefits administration software implementation and security training software.



Unrestricted General Fund Budgeted Expenditures and Other Outgo 2019-20



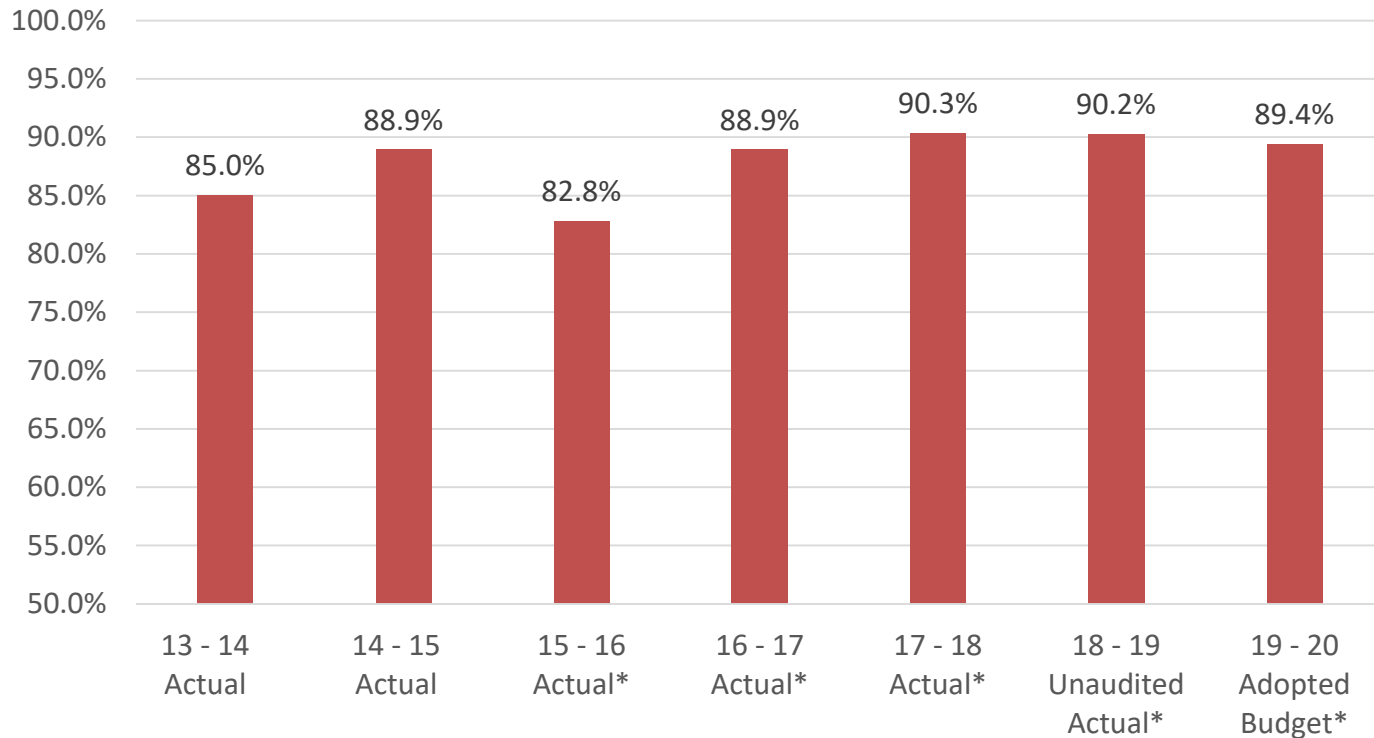
Unrestricted General Fund 7-Year Trend Summary (in millions)

	13-14 Actual	14-15 Actual	15-16 Actual	16-17 Actual	17-18 Actual	18-19 Unaudited Actual	19-20 Adopted Budget
Salaries & Benefits as a % of Total Expenses & Other Outgo	85.0%	88.9%	82.8%*	88.9%*	90.3%*	90.2%*	89.4%*
Surplus / (Deficit)	\$4.0	\$4.4	\$2.7	\$2.2	(\$0.3)	\$6.0	(\$3.6)
Ending Balance	\$21.2	\$25.6	\$28.3	\$30.5	\$30.2	\$36.2	\$32.6
Ending Balance as a % of Total Expenses & Other Outgo	20.6%	24.0%	21.4%	24.4%	22.9%	27.5%	22.9%

*Percentage of Total Expenses and Other Outgo including one-time expenses.



Salaries & Benefits as a % of Total Expenses & Other Outgo



*Percentage of Total Expenses and Other Outgo including one-time expenses.

Unrestricted General Fund Multi-Year Projection (in \$millions)

	Adopted Budget 2019-20	Projected 2020-21	Projected 2021-22
Projected Revenue			
Apportionment Revenue	\$125.7	\$129.5	\$133.1
Other Revenue	13.5	14.2	14.2
Total Available Funding	139.2	143.7	147.3
Projected Expenses			
Expenditure Base (Prior Year)	131.5	142.8	146.8
Adjustments to Operations	2.1	0.9	0.0
Adjustments to Compensation/Benefits	9.2	3.1	2.4
Total Projected Expenses	142.8	146.8	149.2
Projected Surplus/ (Deficit)	(3.6)	(3.1)	(1.9)
Projected Ending Fund Balance	\$32.6	\$29.5	\$27.6
% of Expenses	22.9%	20.1%	18.5%



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Future Budget Challenges

● Enrollment:

- 2019-20 resident FTES target is 19,375
- Near-term goal is to reach 20,000 FTES.
- However, declining enrollment is a challenge throughout the state.
- Outreach and marketing efforts have increased to help improve enrollment.
- The new funding formula includes other metrics, but FTES remain the single largest factor to our funding.

● State Pension Obligations:

- Governor's one-time PERS and STRS contributions help;
- However, STRS and PERS obligations will continue to increase in the upcoming years.
- Advocates suggest setting aside funds for future increases, especially if there is a downturn in the economy and state funding is reduced.

STRS & PERS Future Employer Rates

Fiscal Year	STRS		PERS		Total
2013-14	8.25%	\$ (131,947)	11.44%	\$ (6,310)	\$ (138,257)
2014-15	8.88%	227,313	11.77%	370,860	598,173
2015-16	10.73%	1,779,636	11.85%	128,984	1,908,620
2016-17	12.58%	1,270,151	13.89%	933,156	2,203,307
2017-18	14.43%	1,193,075	15.53%	839,116	2,032,191
2018-19	16.28%	834,704	18.06%	764,568	1,599,272
*2019-20	17.10%	552,000	19.72%	967,000	1,519,000
2020-21	18.40%	680,000	22.70%	1,080,000	1,760,000
2021-22	18.10%	(157,000)	24.60%	689,000	532,000
2022-23	17.60%	(261,000)	25.40%	290,000	29,000
Total		\$ 5,986,932		\$ 6,056,374	\$ 12,043,306

Rates are as of July 2019 and are subject to change for future years. Employer contribution increase estimates are based on total covered salary estimates from the 2019-20 Tentative Budget.



Future Budget Challenges

(continued)

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- **Deficit Spending:**
 - The 2019-20 Adopted Budget includes \$3.6 million in deficit spending.
 - \$1.2 million of that is due to one-time projects.
 - We will continue deficit reduction measures to ensure that structural deficits do not become unmanageable on a long-term basis.
 - Expenditure budgets increased \$11.3 million over 2018-19.
 - State funding has not kept up with natural expenditure increases.
- **SCFF Metrics:**
 - Improvements have been made to try to increase revenue under the Student Centered Funding Formula (SCFF).
 - We will continue to work together to implement processes to help us improve results for our students including degree and certificate attainment and transfers.
 - Workshops have been provided to help improve completion and Pell grant application counts.
 - Largest graduating class in school history in 2019.



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Questions?