

Tentative Budget 2011-12

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

June 28, 2011

Overview

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Overview (continued)

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State Budget Overview (May Revise)

- Zero COLA (0%)
- No growth funding
- Student fees increased \$10 to \$36 per unit
- Apportionment cash deferrals continue – \$611 - \$961 million (for LBCC - \$16 to \$24 million)
 - Issuing Tax Revenue Anticipation Notes (TRANS)
- \$290 million net reduction to apportionment
 - \$4.5 million cut to Long Beach City College
- No restoration of 2009-10 categorical fund cuts

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Board Goal

Measure & Improve Fiscal & Infrastructure Stability

- Commitment to Reduce Deficit Spending
 - \$7,450,647 deficit spending to maintain service levels to students
 - \$2,009,222 million surplus projected for 2010-11
- Maintain 5.0% General Fund Reserve
 - Total reserves equal \$8,060,690 (7.33%)
 - 5% reserve \$5,502,032

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Board Goal

Measure & Improve Fiscal & Infrastructure Stability

(continued)

- Focus on Advancement of Student Success Plan
 - \$2,059,485 Unrestricted General Fund
 - \$503,607 Restricted General Fund
- Reserve to fund campus maintenance & IT functions
 - \$225,213 budgeted reserve in the Unrestricted General Fund (carried over from prior year) for technology master plan

BAC Planning Assumption Highlights

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- There will be budget redirections and potential reductions in response to both the State's budget impact and the priorities as identified by the College Planning Committee (CPC)
- Maintain a 5.0% unrestricted reserve for contingencies
- Deficit spending will be minimized
- Carryover will only exist for the Technology Master Plan and Facilities Improvement Funds.

BAC Planning Assumption Highlights (Continued)

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- Zero (0%) COLA is budgeted
- No Growth is budgeted. Target FTES is 19,907
- A 1% deficit factor will be included to offset possible short fall from apportionment revenues.
- Load Banking Reserve
 - Budgeted the \$2.3 million liability
- Vacation Liability Reserve
 - Budgeted \$56,340 of the \$582,878 million liability

BAC Planning Assumption Highlights (Continued)

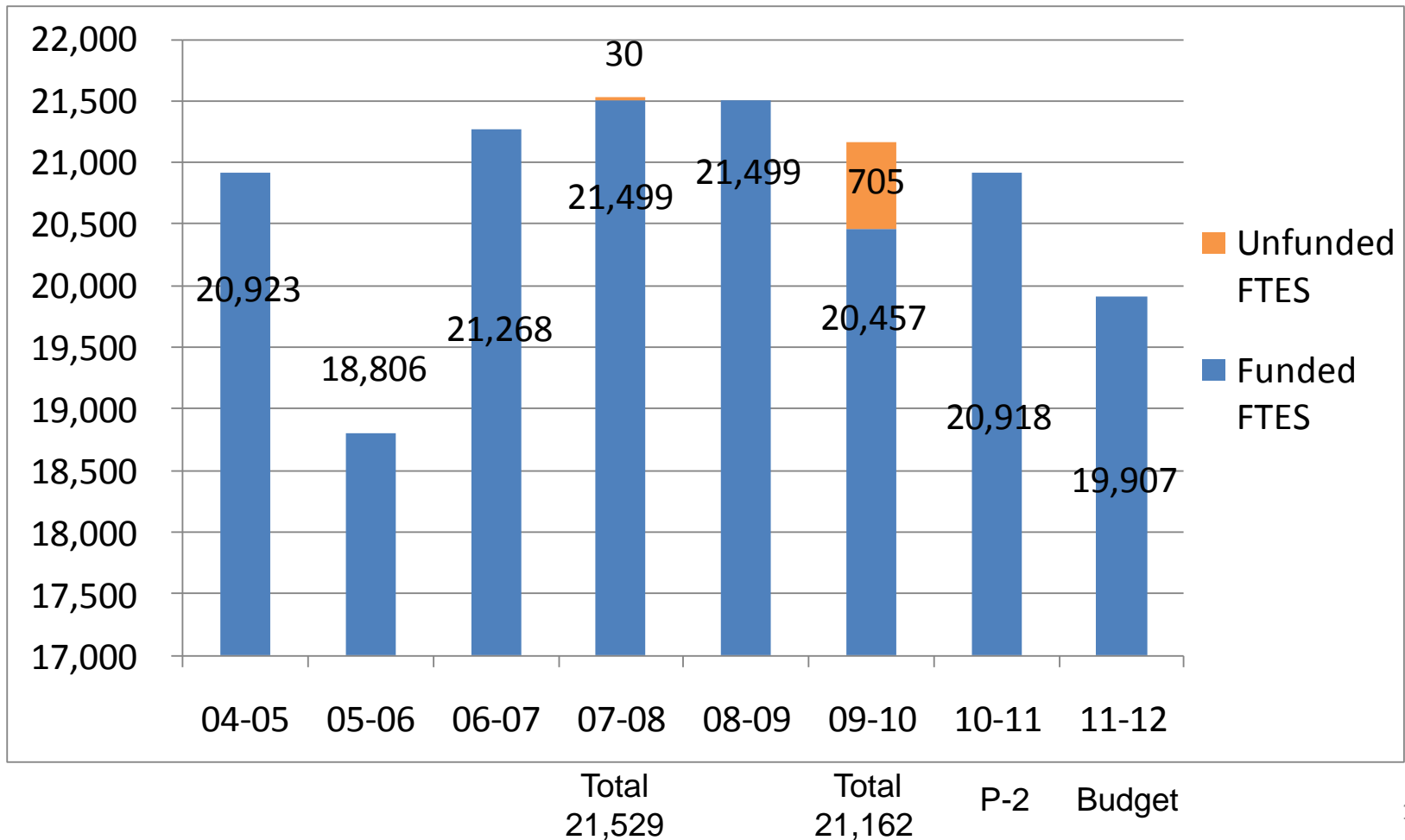
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- Benefit costs continue to increase:
 - Health and welfare costs increased by \$1.3 million
 - Offset by plan changes and increased employee contributions
 - PERS rate increased 0.2%
 - SUI increased 0.9%
 - Workers' Compensation increased 0.06%
- Part-time hourly budget will contain sufficient dollars to meet the FTES target in accordance with class schedules

FTES History and Projection



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

	Adopted Budget 2010-11	Estimated Actual 2010-11	Tentative Budget 2011-12
Unrestricted General Fund	\$ 109.8	\$ 106.9	\$ 110.0
Restricted General Fund	18.2	21.1	19.5
Capital Projects Fund	11.2	4.8	7.3
Child & Adult Development Fund	1.6	1.5	1.5
Contract Ed./Comm. Service	0.7	0.8	0.6
General Obligation Bond Funds	472.7	52.7	463.0
Retiree Benefits Fund	2.3	2.3	2.5
Self-Insurance Fund	1.0	1.0	1.0
Student Financial Aid	50.9	53.3	56.7
Vet Stadium Operations	1.0	1.0	1.2
Total	\$ 669.4	\$ 245.4	\$ 663.3

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Expenditure Reductions - \$5.4 Million

- Management Team Furloughs of 3.08% - \$339,000
- Management Team Evening dean duties continue - \$86,000
- Health benefit plan changes and employee contribution increases:
 - Faculty \$543,000
 - Classified \$573,000
 - Management \$210,000

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Expenditure Reductions - \$5.4 Million

(continued)

- Classified reduction in force and reorganization - \$1,563,000
- Management reduction in force and reorganization - \$618,000
- Suspending three sports - \$74,000
- Reduction to part-time faculty - \$500,000
- Renegotiated security contract - \$33,000
- Cut discretionary budgets approximately 20% - \$902,000

Unrestricted General Fund Overall Summary

	Estimated Actual 2010-11	Tentative Budget 2011-12	Change Increase/ (Decrease)
Revenues and Other Financing Sources	\$ 108,876,001	\$ 102,589,984	\$ (6,286,017)
Expenditures and Other Outgo	106,866,779	110,040,631	3,173,852
Surplus/(Deficit)	2,009,222	(7,450,647)	(9,459,869)
Fund Balance	\$ 15,511,337	\$ 8,060,690	\$ (7,450,647)

Unrestricted General Fund Revenue Summary

	Estimated Actual 2010-11	Tentative Budget 2011-12	Change Increase/ (Decrease)
Federal	\$ 116,000	\$ 116,000	\$ 0
Apportionment	101,215,964	96,200,571	(5,015,393)
Other State	3,812,950	2,776,273	(1,036,677)
Local	2,471,640	2,424,723	(46,917)
Other Sources	1,259,447	1,072,417	(187,030)
Total	\$108,876,001	\$102,589,984	\$(6,286,017)

Major Revenue Changes in 2011-12

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- **Apportionment** - \$5.0 million decrease includes a \$4.5 million decrease in current year apportionment due to reduced FTES targets caused by state funding reductions and a \$0.5 million decrease due to prior year apportionment revenue in 2010-11.
- **Other State Revenues** - \$1.0 million decrease consists mainly of decreases in mandated cost reimbursements since future funding is uncertain and a decrease in lottery revenue due to reduced FTES targets.

Unrestricted General Fund Expenditure Summary

	Estimated Actual 2010-11	Tentative Budget 2011-12	Change Increase/ (Decrease)
Academic Salaries	\$ 44,193,189	\$ 45,048,450	\$ 855,261
Classified Salaries	23,964,620	24,949,517	984,897
Benefits	25,096,399	25,741,314	644,915
Supplies	664,779	559,925	(104,854)
Services	9,689,730	10,703,547	1,013,817
Capital Outlay	669,327	369,398	(299,929)
Other Outgo	2,588,735	2,668,480	79,745
Total	\$ 106,866,779	\$110,040,631	\$ 3,173,852

Major Expenditure Changes in 2011-12

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- **Academic Salaries** – overall \$0.9 million increase is due to hiring 15 new faculty, and the expiration of the 2.3075% furlough. Administrator salaries decreased ≈ \$300,000.
- **Classified Salaries** - \$1.0 million increase is due to the reduction of management furloughs (3.08%) and expiration of classified furloughs (5.77%) and step freeze less the classified and management reduction in force and reorganization.
- **Benefits** - \$0.6 million increase mainly due to salary and rate increases. Health insurance increases were offset by plan changes and increased employee contributions.

Major Expenditure Changes in 2010-11 (continued)

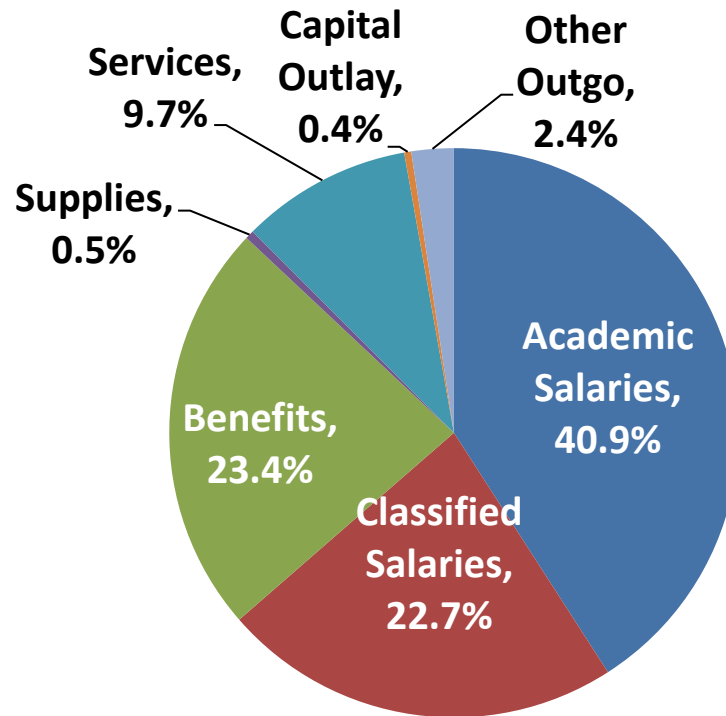
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- **Services** - \$1.0 million increase includes:
 - Election Cost - \$450,000
 - Professional services - \$162,000
 - Other services - \$425,000
 - Includes VP's unallocated (\$359,423 total budget) & Dean's unallocated (\$57,259 total budget) budgets.

Unrestricted General Fund Budgeted Expenditures 2011-12



Salaries & Benefits 87.0%

Unrestricted General Fund Reserves

	Tentative Budget
Unassigned Reserves	
Board Mandated Reserve – 5.0%	\$ 5,502,032
Assigned Reserves	
Technology Master Plan	225,213
Vacation and Load Banking Reserve	2,333,445
Total	\$ 8,060,690

Unrestricted General Fund Breakdown Between Fixed & Discretionary Budgets

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	Tentative Budget 2011-12	Percentage of Total Tentative Budget
Fixed Costs:		
Academic Salaries	\$27,586,608	25.07%
Academic Administrator Salaries	3,709,966	3.37%
Manager/Supervisor Salaries	5,268,222	4.79%
Confidential Salaries	1,135,995	1.03%
Classified Salaries	17,959,366	16.32%
Benefits	25,741,314	23.39%
Total Salary & Benefit Costs	\$81,401,471	73.97%
Other Fixed Costs:		
Professional Services (LBPD)	\$2,624,345	2.39%
Material Fees	70,521	0.07%
Software & Online Software Licensing	813,188	0.74%
Contracts for Higher One, Actuarial Study, etc.	59,550	0.05%
AQMD Fees	35,000	0.03%
Utilities	2,928,400	2.66%

Unrestricted General Fund Breakdown Between Fixed & Discretionary Budgets (cont.)

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	Tentative Budget 2011-12	Percentage of Total Tentative Budget
Other Fixed Costs:		
Copier Maintenance	72,000	0.07%
Building Maintenance	384,280	0.35%
Rental	132,912	0.12%
LACOE Contracts	51,054	0.05%
Environmental Health Fees	930	0.00%
Election	450,000	0.41%
Audit, TRANs & Legal Services	607,450	0.55%
Student Services Credit Card Fees	200,000	0.18%
Instructional Services (Police & Fire Science)	550,000	0.50%
Lease/Purchase	256,000	0.23%
Interfund Transfer Out (Required Match)	1,995,912	1.81%
Total Other Fixed Costs	\$11,231,542	10.21%
Total Fixed Costs	\$92,633,013	84.18%

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Unrestricted General Fund Breakdown Between Fixed & Discretionary Budgets (cont.)

	Tentative Budget 2011-12	Percentage of Total Tentative Budget
Discretionary Costs:		
Academic Hourly Salaries	\$ 13,751,876	12.50%
Classified Hourly Salaries	585,934	0.53%
Total Hourly Salaries	\$14,337,810	13.03%
Other Supplies	\$397,555	0.36%
Fuel	59,440	0.06%
Professional Services	575,192	0.52%
Travel & Conference	124,598	0.11%
Staff Development	22,382	0.02%
Dues & Memberships	153,143	0.14%
Equipment Repairs	192,478	0.17%
Postage	204,292	0.19%
Other Services & Expenses	525,167	0.48%
Capital Outlay	111,204	0.10%
Other Discretionary Costs	31,789	0.03%
Interfund Transfers Out – Other	672,568	0.61%
Total All Other Discretionary Costs	3,069,808	2.79%
Total Discretionary Costs	\$17,407,618	15.82%

Unrestricted General Fund Breakdown Between Fixed & Discretionary Budgets (Summary)

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	Tentative Budget 2011-12	Percentage of Total Tentative Budget
Fixed Costs:		
Academic Salaries	\$31,296,574	28.44%
Classified Salaries	24,363,583	22.14%
Benefits	25,741,314	23.39%
Other Fixed Costs	11,231,542	10.21%
Total Fixed Costs	\$92,633,013	84.18%
Discretionary Costs:		
Discretionary Hourly Salaries	\$14,337,810	13.03%
Other Discretionary Costs	3,069,808	2.79%
Total Discretionary Costs	\$17,407,618	15.82%
Total Expenditures	\$110,040,631	100.00%

Unrestricted General Fund Breakdown Between Fixed & Discretionary Budgets

(Summary Multiyear Comparison – Total Costs)

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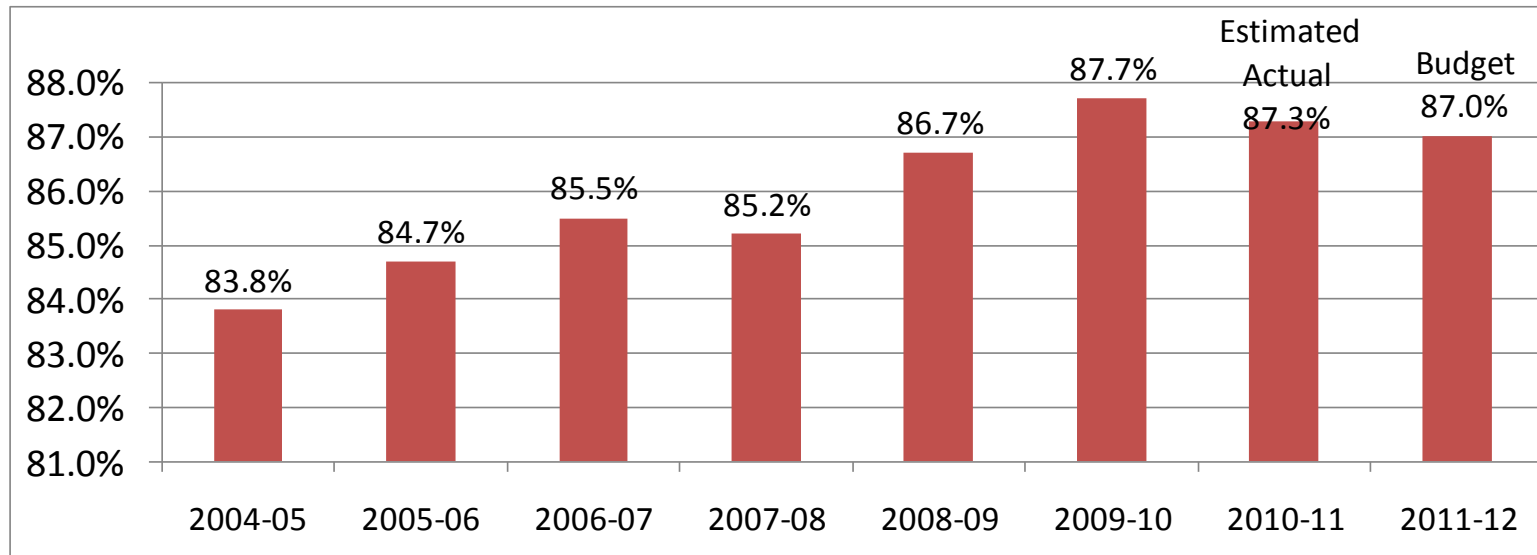
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	Adopted Budget 2009-10	Adopted Budget 2010-11	Tentative Budget 2011-12
Fixed Costs:			
Academic Salaries	\$32,702,246	\$30,805,108	\$31,296,574
Classified Salaries	24,959,575	23,623,469	24,363,583
Benefits	24,055,863	25,517,818	25,741,314
Total Other Fixed Costs	11,615,744	11,170,226	11,231,542
Total Fixed Costs	\$93,333,428	\$91,116,621	\$92,633,013
	82.40%	82.99%	84.18%
Discretionary Costs:			
Discretionary Hourly Salaries	\$15,253,912	\$15,095,267	\$14,337,810
Other Discretionary Costs	4,678,078	3,575,267	3,069,808
Total Discretionary Costs	\$19,931,990	\$18,670,534	\$17,407,618
	17.60%	17.01%	15.82%
Total Expenditures	\$113,265,418	\$109,787,155	\$110,040,631

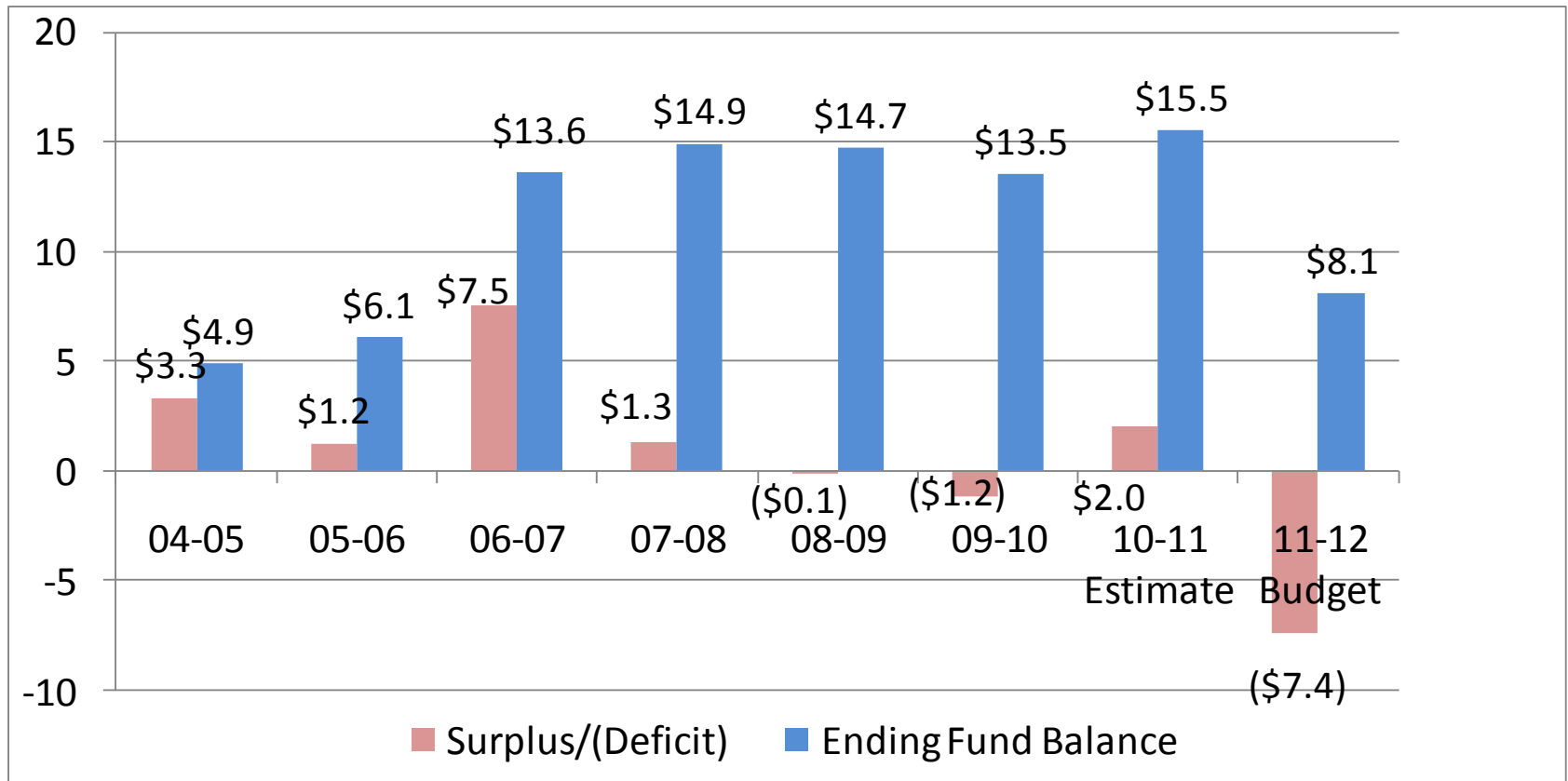
Unrestricted General Fund 8-Year Trend Summary (in millions)

	04-05 Actual	05-06 Actual	06-07 Actual	07-08 Actual	08-09 Actual	09-10 Actual	10-11 Estimated Budget	11-12 Tentative Budget
Salaries & Benefits as a % of Total Expenses & Other Outgo	83.8%	84.7%	85.5%	85.2%	86.7%	87.7%	87.3%	87.0%
Surplus / (Deficit)	\$3.3	\$1.2	\$7.5	\$1.3	(\$0.1)	(\$1.2)	\$2.0	\$(7.4)
Ending Balance	\$4.9	\$6.1	\$13.6	\$14.9	\$14.7	\$13.5	\$15.5	\$8.1
Ending Balance as a % of Total Expenses & Other Outgo	5.5%	6.4%	12.9%	13.3%	13.1%	12.4%	14.5%	7.3%

Unrestricted General Fund 8-Year Trend Salaries & Benefits as a % of Total Expenditures & Other Outgo



Unrestricted General Fund 8-Year Trend Ending Fund Balance and Surplus/(Deficit)



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Future Budget Challenges

- State's structural budget deficit projected into 2015-16
 - Unknown if further cuts will be imposed. Not much left in discretionary accounts to address additional cuts.
- Full-time faculty obligation (FON) – once the Board of Governors lifts the obligation suspension, LBCC will need to hire a significant number of full-time faculty
 - 15 new Faculty being hired in 2011-12 to begin addressing this obligation
- Cash flow concerns – State continuing apportionment deferrals

Questions?

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Thank you to John Thompson, Patti Davis and Sem Chao for their dedication and hard work.