LONG BEACH CITY COLLEGE
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Tentative Budget 2012-13

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Co-Chair
Budget Advisory Committee

June 26, 2012

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Overview

- State Budget Overview
- Board Goals
- BAC Planning Assumption Highlights
- FTES History and Projection
- List of All District Funds – Expenditures & Other Outgo
- Expenditure Reductions

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Overview (continued)

- **Unrestricted General Fund Details**
  - Overall Summary
  - Revenue Summary
  - Major Revenue Changes in 2012-13
  - Expenditure Summary
  - Major Expenditure Changes in 2012-13
  - Reserves
  - Breakdown between Fixed and Discretionary Budgets
  - 8-Year Trends
- **Future Budget Challenges**
  - Mid-Year Trigger Cuts & Budget Risks

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State Budget Overview

- Zero COLA (0%)
- No growth funding
- Student fees increased $10 to $46 per unit
- 2011-12 workload measure cut ($5.9 million) plus mid-year trigger cut ($1.4 million) carry forward
- No restoration of 2009-10 categorical fund cuts
- Decreased deferrals by $213 million to $748 million - $19.4 million deferrals for LBCC
- Redevelopment Agency Elimination
  - Hold harmless language anticipated; however, facilities portion at risk.

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Board Goals

- Support the Student Success agenda by:
  - Implementing the Educational Master Plan
  - Implementing the Promise Pathways Program
  - Expanding the Long Beach City College Promise
- Support the Career Technical Education Workforce Development & Economic Development agendas to strengthen the regional economy by:
  - Implementing & expanding programs to serve small business development
  - Implementing the Goldman Sachs 10,000 small businesses initiative
  - Organizing a local economic development summit
- Allocate resources in a manner that prioritizes these Board Goals

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BAC Planning Assumption Highlights

- 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)
- Deficit spending will be minimized
- Carryover will only exist for the Technology Master Plan.
- Zero (0%) COLA is budgeted
- No Growth is budgeted. Target FTES is 19,500

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BAC Planning Assumption Highlights (Continued)

- A 1% deficit factor will be included to offset possible short fall from apportionment revenues.
- Total Cost of Ownership – model will be developed for future allocations
- Maintain a 5.0% unrestricted reserve for contingencies
- Load Banking Reserve
  - Budgeted $1.7 million reserve
- Vacation Liability Reserve
  - Budgeted $330,125 reserve

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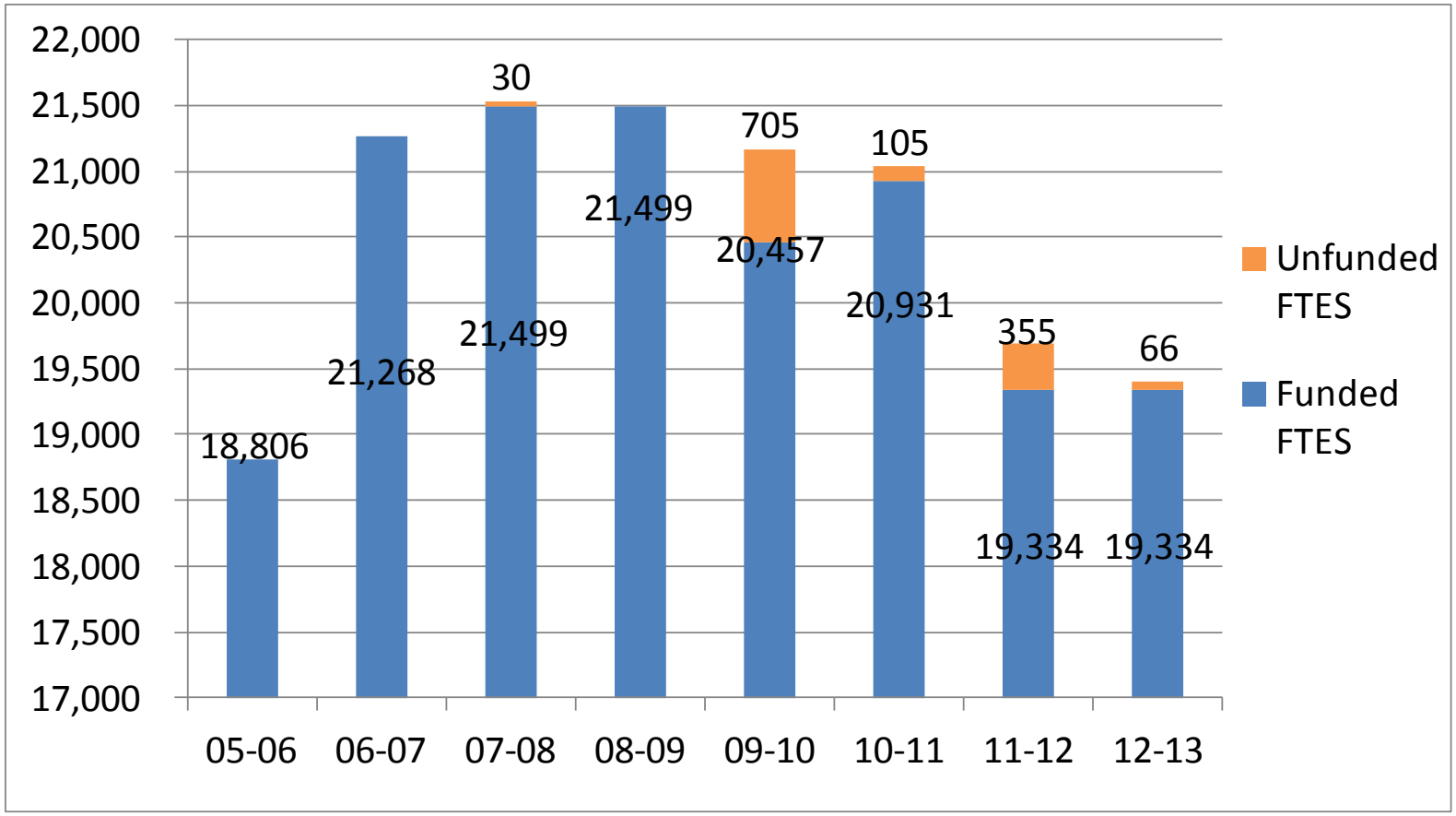
BAC Planning Assumption Highlights (Continued)

- Benefit costs changes:
  - Health and welfare costs increased by 2.6%
  - PERS rate increased 0.5%
  - SUI decreased 0.5%
  - Workers' Compensation increased 0.04%
- 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 2011-12	Estimated Actual 2011-12	Tentative Budget 2012-13
Unrestricted General Fund	$ 109.8	$ 108.6	$ 103.0
Restricted General Fund	20.4	19.3	19.0
Capital Projects Fund	7.6	7.0	1.4
Child & Adult Development Fund	1.6	1.4	1.4
Contract/Community Education Fund	0.7	0.4	0.8
General Obligation Bond Funds	461.3	30.9	465.6
Retiree Benefits Fund	2.4	2.4	2.6
Self-Insurance Fund	1.0	0.9	1.0
Student Financial Aid	56.8	64.6	75.9
Vet Stadium Operations	1.2	1.2	1.2
Total	$ 662.8	$ 236.7	$ 671.9

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Expenditure Reductions - $5.1 Million

- Ongoing reductions from prior years
- Management reduction in force $1,255,000
- Classified reduction in force $3,817,000

Unrestricted General Fund Overall Summary

	Estimated Actual 2011-12	Tentative Budget 2012-13	Change Increase/ (Decrease)
Revenues and Other Financing Sources	$ 101,122,796	$ 101,781,620	$ 658,824
Expenditures and Other Outgo	108,583,819	103,033,555	(5,550,264)
Surplus/(Deficit)	(7,461,023)	(1,251,935)	6,209,088
Fund Balance	$ 10,684,658	$ 9,432,723	$ (1,251,935)

Unrestricted General Fund Revenue Summary

	Estimated Actual 2011-12	Tentative Budget 2012-13	Change Increase/ (Decrease)
Federal	$ 124,547	$ 124,547	$ -0-
Apportionment	93,087,067	93,615,419	528,352
Other State	3,397,036	3,506,203	109,167
Local	3,406,825	3,176,528	(230,297)
Other Sources	1,107,321	1,358,923	251,602
Total	$101,122,796	$101,781,620	$ 658,824

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Major Revenue Changes in 2012-13

- **Apportionment** - $0.5 million increase is the net of the $1.3 million increase in current year apportionment due to the reduction of the deficit factor from 2.4% to 1.0% and the ($0.8) million decrease due to prior year apportionment revenue in 2011-12.
- **Other Sources** - $0.3 million increase is due to the increase in indirect costs budgeted for the 10,000 Small Businesses Grant.

Unrestricted General Fund Expenditure Summary

	Estimated Actual 2011-12	Tentative Budget 2012-13	Change Increase/ (Decrease)
Academic Salaries	$ 44,406,332	$ 44,391,181	$ (15,151)
Classified Salaries	25,001,299	22,362,160	(2,639,139)
Benefits	25,268,932	23,698,733	(1,570,199)
Supplies	915,979	746,410	(169,569)
Services	10,278,555	9,711,552	(567,003)
Capital Outlay	991,161	550,741	(440,420)
Other Outgo	1,721,561	1,572,778	(148,783)
Total	$ 108,583,819	$ 103,033,555	$ (5,550,264)

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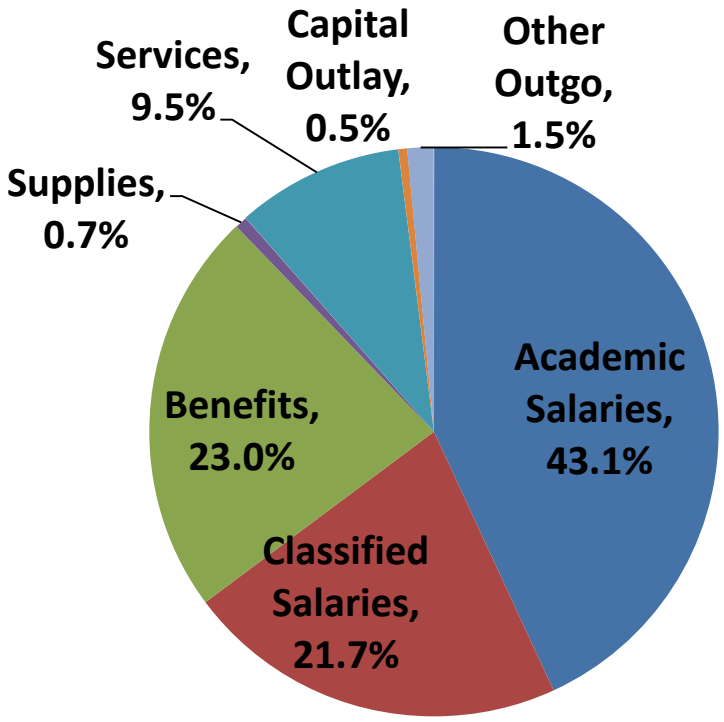
Major Expenditure Changes in 2012-13

- **Classified Salaries** – $2.6 million decrease is due to the classified and management reduction in force.
- **Benefits** – $0.9 million decrease, which is a 3.8% decrease matches the 3.8% decrease in total salaries.
- **Services** – $0.6 million decrease primarily due to no election costs (elections held every other year) and the suspension of police and fire science instructional service agreements.
- **Equipment** - $0.4 million decrease resulted from budget reductions in response to reduced funding and 2011-12 expenditures were unusually high due to several equipment needs that were addressed.

Unrestricted General Fund Budgeted Expenditures 2012-13



Salaries & Benefits 87.8%

Unrestricted General Fund Reserves

	Tentative Budget
Unassigned Reserves	
Board Mandated Reserve – 5.0%	$ 5,151,678
Economic Uncertainties	2,193,921
Assigned Reserves	
Technology Master Plan	104,986
Vacation and Load Banking Reserve	1,982,138
Total	$ 9,432,723

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Unrestricted General Fund Breakdown Between Fixed & Discretionary Budgets

(Summary Multiyear Comparison – Total Costs)

	Adopted Budget 2010-11	Adopted Budget 2011-12	Tentative Budget 2012-13
Fixed Costs:			
Academic Salaries	$30,805,108	$31,225,931	$30,950,688
Classified Salaries	23,623,469	24,266,428	21,169,008
Benefits	25,517,818	25,680,115	23,698,733
Total Other Fixed Costs	11,170,226	10,743,395	9,983,288
Total Fixed Costs	**$91,116,621**	**$91,915,869**	**$85,801,717**
	82.99%	**83.69%**	**83.28%**
Discretionary Costs:			
Discretionary Hourly Salaries	$15,095,267	$14,389,516	$14,633,645
Other Discretionary Costs	3,575,267	3,529,204	2,598,193
Total Discretionary Costs	**$18,670,534**	**$17,918,720**	**$17,231,838**
	17.01%	**16.31%**	**16.72%**
Total Expenditures	**$109,787,155**	**$109,834,589**	**$103,033,555**

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

	05-06 Actual	06-07 Actual	07-08 Actual	08-09 Actual	09-10 Actual	10-11 Actual	11-12 Estimated Actual	12-13 Tentative Budget
Salaries & Benefits as a % of Total Expenses & Other Outgo	84.7%	85.5%	85.2%	86.7%	87.7%	88.3%	87.2%	87.8%
Surplus / (Deficit)	$1.2	$7.5	$1.3	($0.1)	($1.2)	$4.6	($7.5)	($1.2)
Ending Balance	$6.1	$13.6	$14.9	$14.7	$13.5	$18.1	$10.6	$9.4
Ending Balance as a % of Total Expenses & Other Outgo	6.4%	12.9%	13.3%	13.1%	12.4%	17.4%	9.8%	9.2%

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Mid-Year Trigger Cuts

If the Governor's tax initiative is not implemented, the following mid-year cuts will be triggered:

- No deferral reduction. Apportionment deferrals will remain at $961 million ($24.8 million for LBCC or over 30% of state apportionment)
- Additional $338 million in ongoing cuts to apportionment (approximately $5.9 million for LBCC)

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Budget Risk

- **Tax Initiative** – In order for the Governor's tax increases to be implemented his tax initiative must earn both:
  - A majority of the vote in November and
  - More votes than the other tax initiative on the ballot.
  - This provides an additional hurdle and increases the risk of mid-year cuts.

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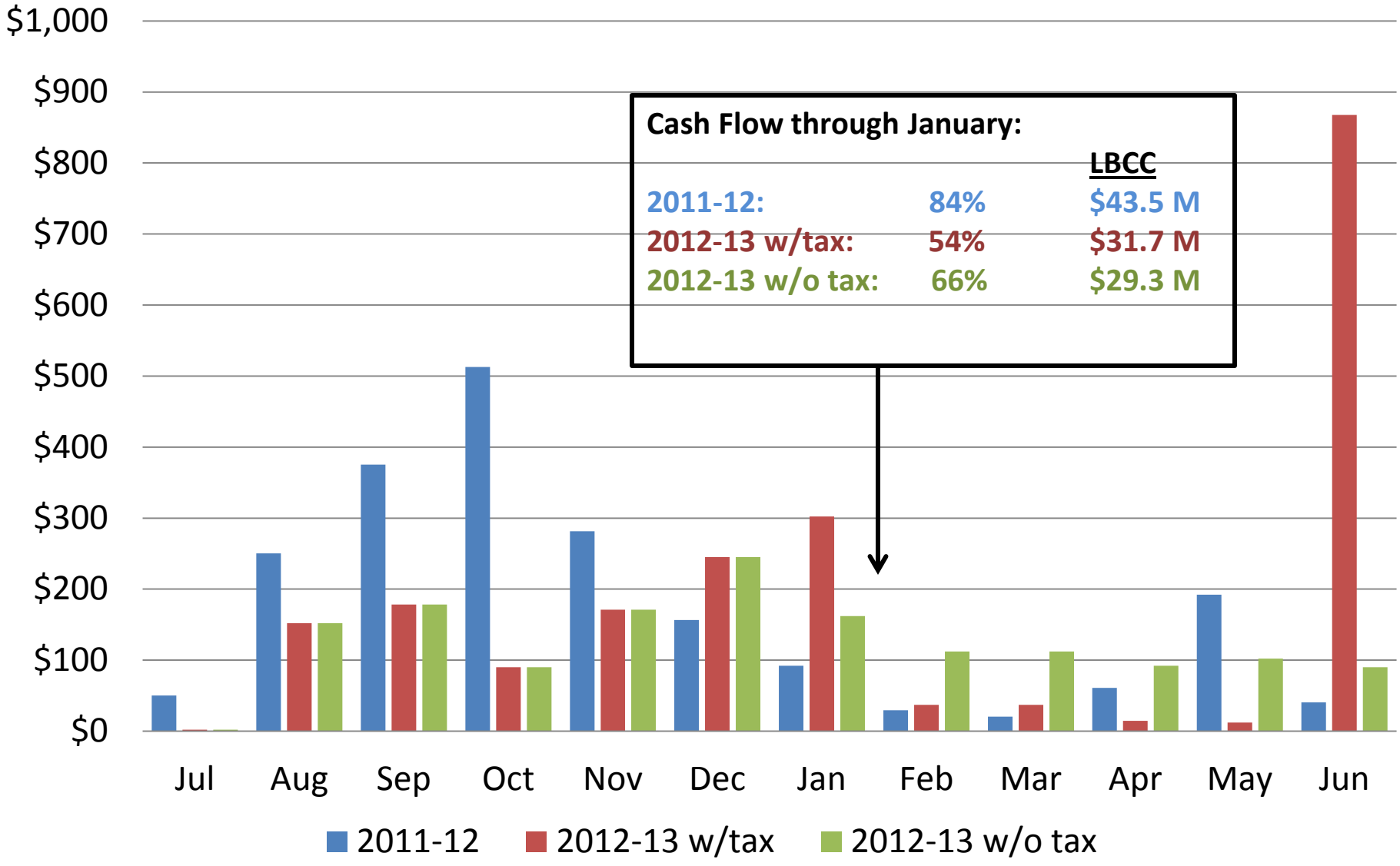
Critical Cash Flow Changes

The Department of Finance is seeking major changes in cash payments to schools including:

- Less state apportionment in the first 7 months of the fiscal year
- A large balloon payment delayed until June (if tax initiative passes)
- A comparative graph is shown on the next slide

State-Wide Apportionment Cash Flow
2012-13 (in Millions)



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Questions?

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