



**Budget Advisory Committee**  
**Minutes**  
 March 27, 2017  
 Meeting

*Approved  
 with Subsequent Notes*

**ATTENDANCE (A = absent):**

✓	Chris Carter	✓	Elizabeth Miller	A	Eva Bagg
✓	Cindy Baker	✓	Sara Blasetti	✓	Lou Anne Bynum
A	Sem Chao	✓	Cathy Crane	A	Sheila Daniels
✓	Rose DelGaudio	✓	Thomas Hamilton	A	James Henchey
✓	Karen Kane	A	Terri Long	✓	Miles Nevin
✓	Greg Peterson	✓	Seth Ramchandran	A	Adrianna Scott
A	Mollie Smith	✓	John Thompson	✓	Shannon Trisler for Adrianna Scott

**NOTE TAKER:** Janet Falcon

**Welcome (Chris)**

- Chris welcomed everyone to the meeting.

**Approval of Minutes (Chris)**

- The minutes of the February 13, 2017 meeting were approved as submitted.

**Tentative Budget Assumptions (John)**

*(Refer to “2017-2018 Tentative Budget Assumptions and Implications” handout)*

- John reviewed the Budget Assumptions and Implications. The Tentative Budget will be presented at the June Board meeting. Some of the highlights are listed below:
  - The Budget Assumptions and Implications were adjusted where necessary from the 2016-17 Adopted Budget.
  - The Institutional Priorities are as follows:
    - In alignment with the strategic plan goals: innovate to achieve equitable student success, accelerate college readiness, build community, and invest in people and support structures for transformation, the College will primarily focus on:
      - Creating guided pathways and roadmaps,
      - Maintaining fiscal viability,
      - Expanding our profile within the community to enhance enrollment, and
      - Supporting equitable student success through innovation.
  - Section II – B: FTES targets will be 20,775.62. There is no growth in FTES anticipated, the amount budgeted is our base FTES from 2016-17. The target is anticipated to remove us from stability.
  - Section II – F: Lou Anne asked about this item regarding Total Cost of Ownership. John and Betty suggested it should remain in the Assumptions and to be mindful of while setting budgets.
  - Section III – C: A restricted liability reserve for year-end vacation liability is estimated at \$567,644.

- Section V – B: COLA will be budgeted at 1.48%.
  - Shannon asked about some of the acronyms in the report. FTES (Full Time Equivalent Students) and COLA (Cost of Living Adjustment) were explained.
  - Seth asked about COLA and whether or not it applies to categorical programs. John responded the amount is applied to our General Apportionment. Betty added it would depend how the Governor defines the line item for COLA. Chris clarified it is not intended to be applied directly to salaries; it is an overall COLA adjustment to our base.
  - Thomas asked what the current percentage is for Reserves. John said at the start of the fiscal year it was approximately 28%. (Subsequent note: the Reserves balance at the start of the fiscal year was \$28 million which is 21% of expenditures; projected for end of year is \$18 million which is 13.7% of expenditures. This amount includes assigned components of Reserves.)
  - Sarah asked for more information regarding “borrowing FTES” and if there is a limit to how much we can borrow. Betty answered there are certain restrictions under Title V regarding the calculation of FTES and the year they may be reported in. Chris added the word “allocation” is a better term to describe the transfer of FTES amounts to different fiscal years.
- Section V – C: FTES are expected to be funded at a 20,755 FTES level with no additional growth revenue.
- Section V – F: A total of \$790,000 for LBCC block grants are included in the State Budget for scheduled maintenance and instructional equipment with no match requirement.
- Section V – G: This item was deleted because there are no One-Time Mandated Cost funds anticipated in the Governor’s budget.
- Section VII – C: The Assumptions include 32 new faculty positions.
  - Cathy informed the group there has been at least one failed search with the new faculty hires. She asked if the numbers are adjusted in the Assumptions and/or Budget. John said we would continue to budget for 32 positions and can adjust accordingly if necessary.
  - Seth asked about the list of 32 faculty on the Hiring Priorities list. Betty discussed the Faculty Obligation Number (FON) and the assessment of a penalty if the target is not met. Betty’s research has found LBCC falls around the state-wide average for FON which is \$72,000 per faculty position below the FON. The cost of hiring the faculty member and the penalty for being below the FON are almost the same amount.
  - Thomas asked is the District was setting aside funds for the restoration of Classified positions. Betty responded we are not including any funds to restore Classified positions in the Assumptions. Thomas said that some of the Classified staff that were reduced several years ago are working in January and July. He said the District is currently spending the funds and wants to address the issue of restoring them to 100%. Rose responded the process for anyone that works January or July for two consecutive years is reviewed for conversion back to their original standing.
- Section VII – D: Overall the Health and Welfare benefit costs will result in a 3.2% blended rate increase.
  - Lou Anne asked why there is such a large increase in Mental Health. Rose explained the number of people using the option has increased. Sarah asked about the -2% for Blue Cross PPO specifically who benefits from the decrease in premium. Betty stated the premium rate will decrease is a blended reduction and will be shared between the District and the employee. Chris asked if there was a dollar amount associated with the changes to the Blue Cross PPO plan. John said the 2% reduction represents approximately a decrease of \$576,000 in premiums. (Subsequent note: the decrease represents \$133,000 in

premiums.) The 28% increase for mental health represents approximately \$16,000. (Subsequent note: the increase represents \$131,000.) The combined 3.2% increase represents approximately \$576,000.

- Section VII – E: Other Payroll related benefits will be budgeted based upon the rates established by their respective regulatory agencies.

➤ The Tentative Budget Assumptions were approved as submitted.

**Apportionment Calculations 2015-16 Recalc & 2016-17 P-1 (John)**

*(Refer to “Apportionment Calculation – Budget 2015-16 Recalc & 2016-17 P-1 Apportionment” handout)*

➤ John reviewed the Apportionment Calculations for 2015-16 and 2016-17 P-1.

	<b>2015-16 Recal Amount</b>	<b>2016-17 P-1 Amount</b>	<b>2017-18 Projection Amount</b>	<b>Change from 2016-17 Amount</b>
Total Base Revenue	103,656,853	102,570,031	112,590,126	10,020,095
COLA Adjustment (1.02%/0.0%/1.48%/1.48%)	978,056	-	1,666,334	1,666,334
Total Restoration/Growth	(7,769,015)	8,463,923	-	(8,463,923)
Full-Time Faculty Hiring Adjustments	1,054,406	91,727	-	(91,727)
Base Increase FON	4,649,731	15,117	-	(15,117)
Base Increase Non-FON	-	1,449,328	408,280	(1,041,048)
Stability Adjustment	7,848,259	-	-	-
Total Computational Revenue	110,418,290	112,590,126	114,664,740	2,074,614
Deficit Factor (0.00%/1.2219%/0.50%/ -0.7219%)	-	(1,375,704)	(573,324)	802,380
Adjusted Computational Revenue	<u>110,418,290</u>	<u>111,214,422</u>	<u>114,091,416</u>	<u>2,876,994</u>
Funded FTES	19,077.33	20,775.62	20,775.62	-

- Sara asked for more information about enhanced non-credit. Enhanced non-credit classes include ESL classes as well as career development classes. Karen explained the recent history for apportionment. It has only been recently the base allocation for non-credit classes has been increased to the same level as credit classes. She added there are several areas in adult education where the District can receive credit amounts for non-credit classes.
- Shannon asked about the concept of “no growth”. John explained the 8.9% increase is the amount to restore the Base Allocation for the District to get out of stabilization.
- Karen asked if the District is projecting no growth, are we going to continue to be in stabilization. John said it is a possibility the District would be in stabilization again. There is approximately \$1.4 million in growth funds available if the District can grow. If the District is not able to reach our base FTES level next year, it would go back into stability funding. Shannon asked what the equivalent is for one FTES. Betty said it is 525 hours of instruction per year/per student (15 units per semester/per student). She added financial aid is not part of the formula to calculate FTES.

**State Budget Update (Betty)**

*(Refer to "Community College Update" handouts)*

- Betty discussed the information we have received regarding the State Budget Update including the following highlights:
  - Betty said that many other districts are experiencing the same pattern and districts are not growing. The Governor is expressing concerns about the direction of the economy and may become even more conservative. The May Revise will be released in mid-May. The District's budget will be adjusted accordingly based upon the information in May. Several committee members echoed comments they are hearing regarding the state of the economy in California. They are concerned with the lack of funds available for community colleges given the recent proposals for the Affordable Care Act.
  - Karen discussed the Reserves and Fund Balance goals. Last year, the Institutional Effectiveness goals were 12.5% for short term and 15% for long term. John announced the goals for the next year would be on the agenda for the April meeting.
  - Betty said there are difficult choices to be made in the future. Sara asked who determines what the changes will be. Betty said ultimately it falls under the final approval of the Board of Trustees. The Assumptions are a large piece of the planning process. Betty added she has been looking at several areas for consideration and she has reviewed the last five years of utility costs. There have been many energy projects that have saved the District money. Several other cost saving ideas were discussed including discretionary funds.

**Other (Chris) - None**

Meeting adjourned at 4:30 pm.

**Next Meeting:** Thursday, April 17<sup>th</sup> at PCC – GG-238 at 3:00 pm