



Budget Advisory Committee

Minutes

August 31, 2015
Meeting

Approved

ATTENDANCE (A = absent):

✓	Ann-Marie Gabel	✓	Chris Carter
✓	Eva Bagg	✓	Cindy Baker
✓	Lou Anne Bynum	A	Sem Chao
A	Rose DelGaudio	✓	Thomas Hamilton
✓	James Henchey	A	Dina Humble
✓	Karen Kane	✓	Wendy Koenig
✓	Terri Long	✓	Lynne Misajon
A	Greg Peterson	✓	John Pope
✓	John Thompson		

NOTE TAKER: Janet Falcon

Welcome (Chris)

- Chris welcomed everyone to the meeting and introductions were made. A moment of silence was held due to the passing of Dr. Julian DelGaudio.

Approval of Minutes (Chris)

- The minutes of the June 15, 2015 meeting were approved as submitted.

FTES Analysis – Annual 320 (Eva)

(Refer to “FTES Analysis” handouts for 2014-15 and 2015-16)

- Eva discussed the 2014-15 FTES Analysis. The Total FTES for 2014-15 was 20,405.75.
 - A total of 540.21 FTES was used from Summer 2014 and 758.93 FTES was borrowed from Summer 2015 in order to bring up our total FTES for 2014-15. Approximately 500 FTES is available for the 2015-16 year. FTES for Fall 2015 is currently just under 9,000. Late starting classes have been added to the schedule with hopes to improve numbers for Fall. Winter FTES is counted in the Spring calculations.
 - In 2014-15, the Enhanced Non-Credit number has increased primarily due to more courses being offered.

FTES Analysis

	Current Year						2015-16 Target
	2014-15		Target to Annual		(13/14 to 14/15)		
	Target	Annual	Variance	% Variance	Change	% Change	
Total FTES	20,700.00	20,405.75	(294.25)	-1.42%	495.62	2.49%	20,754.20

Apportionment Calculations (John)

(Refer to “Apportionment Calculation – Budget 2014-15 Adopted Budget, 2014-15 P2 (Year-End) & 2015-16 Adopted Budget” handout)

- John reviewed the Apportionment Calculations for 2014-15 and 2015-16.

Apportionment Calculation – Budget

	2014-2015 Budget Amount	2014-2015 P-2 Yr End Amount	2015-16 Adopted Budget Amount	Change from 2014-15 Amount
Total Base Revenue	98,679,211	98,675,514	106,651,415	7,975,901
COLA Adjustment	838,773	838,742	1,087,844	249,103
Restoration	1,854,258	2,108,085	1,708,413	(399,672)
Full-Time Faculty Hiring			1,091,851	1,091,851
Total Computational Revenue	101,372,243	101,622,341	110,539,524	8,917,183
Deficit Factor (1.0/0.3179/0.5/0.1821%)	(1,013,722)	(323,062)	(552,698)	(229,636)
Adjusted Computational Revenue	<u>100,358,520</u>	<u>101,299,278</u>	<u>109,986,826</u>	<u>8,687,549</u>

- The rate for Enhanced Non-Credit FTES is now the same as Credit FTES.
- There is an increase in base funding of 4.65%.
- Full-Time Faculty Hiring line item is new this year. LBCC will be required to hire 10 full-time faculty with the funds in that line item. The new hires will be for Fall 2016.
- The Deficit Factor was reduced for 2014-15 to 0.3179%. The Adopted Budget has a Deficit Factor of 0.50%.
- Adjusted Computational Revenue info budgeted for 2015-16 is a \$8.7 million increase due to the base increase, slight COLA increase, growth and the new Full-Time Faculty Hiring funding.

Faculty Obligation Numbers (FON) (John)

(Refer to “Advance FON Fall 2016 (Estimate)” handout)

- John included this information in the discussion on Apportionment Calculations. It provides \$1,091,851 in additional funds to hire full-time faculty.

Adopted Budget FY 2015-2016 (John)

(Refer to “Adopted Budget Fiscal Year 2015-16” and “Adopted Budget 2015-16” PowerPoint presentation handouts)

- John reviewed the Adopted Budget 2015-16 with a PowerPoint presentation. The Budget will be going to the Board on September 8, 2015 for approval. Following are highlights from the presentation:
 - State Budget Overview:
 - \$156.5 million (3%) in growth funding:
 - \$1.7 million (1.70%) for LBCC is built into budget if we grow 347 FTES for a total of 20,754.
 - \$61.1 million (1.02%) COLA:
 - Approximately \$1.1 million for LBCC.

Adopted Budget FY 2015-16 (continued)

- \$471.7 million for Student Success and Support Program (SSSP, formerly Matriculation).
 - 1.3:1 match requirement.
 - \$155 million for Student Equity.
 - \$10 million for Basic Skills Partnership Pilot Program.
 - \$49.5 million for enhanced non-credit rate equalization.
 - Approximately \$290,000 for LBCC.
 - \$266.7 million base allocation increase.
 - Approximately \$4.8 million for LBCC.
 - \$62.3 million for full-time faculty hiring.
 - Approximately \$1.1 million for LBCC. Requires hiring 10 full-time faculty for Fall 2016.
 - \$33.7 million to restore EOPS funding to pre-recession level.
 - Approximately \$446,000 for LBCC.
 - \$2.5 million for COLA for categorical programs (DSPS, EOPS, and CalWORKs).
 - Approximately \$35,000 for LBCC.
 - \$148 million for deferred maintenance/instructional equipment with no match requirement.
 - Approximately \$2.6 million for LBCC (split equally between scheduled maintenance and instructional equipment).
 - \$38.7 million in Proposition 39 Energy Efficiency and Renewable Generation funding.
 - \$583,855 for LBCC.
 - \$94.5 million to eliminate system deferrals. As a result, we have no plans for short-term financing (TRAN) in 2015-16.
 - \$632 million to pay down Mandated Cost reimbursements to be allocated based on FTES.
 - \$11.3 million included in one-time funding for LBCC. The Committee recommended allocating these one-time funds towards: Scheduled Maintenance Projects, Redevelopment Projects, Instructional Equipment, Technology Replacement and Refresh, Website Design & Implementation, Professional Development, Communication Plan Implementation, Title IX Compliance Implementation, Innovate So Cal, Educational Master Plan Development, Discretionary Budget Augmentation, and Schedule 25 Training.
 - \$60 million for Basic Skills and Student Outcomes Transformation Program.
- Board Goals
 - A grid summarized resource allocations toward board goals and institutional priorities.
 - FTES History and Projection
 - 12-13 – 284 Disallowed FTES; 19,517 Funded
 - 13-14 – 0 Unfunded FTES; 19,910 Funded
 - 14-15 – 20,406 Funded FTES
 - 15-16 – 20,754 Total Budget FTES

Adopted Budget FY 2015-16 (continued)

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

	Adopted Budget <u>2014-15</u>	Unaudited Actual <u>2014-15</u>	Adopted Budget <u>2015-16</u>
Total	\$389.1	\$232.3	\$437.0

Unrestricted General Fund

- Unrestricted General Fund Overall Summary

	Unaudited Actual <u>2014-15</u>	Adopted Budget <u>2015-16</u>	Change Increase (Decrease)
Total Revenue	\$111,203,407	\$129,177,346	\$17,973,939
Total Expenditures	106,798,354	130,834,669	24,036,315
Surplus/(Deficit)	4,405,053	(1,657,323)	(6,062,376)
Fund Balance	\$25,606,796	\$23,949,473	(\$1,657,323)

- Major Revenue Changes in 2015-16
 - Apportionment - \$7.54 million increase is the net of:
 - (\$0.23) million due to the increase of the deficit factor from 0.32% to 0.50%.
 - \$1.71 million in growth revenue.
 - \$1.08 million in COLA.
 - (\$1.14) million decrease due to prior year apportionment recalc revenue and FON penalty.
 - \$4.74 million increase to base allocation.
 - \$0.29 million increase in enhanced FTES rate.
 - \$1.09 million increase in new full-time faculty allocation.
 - Other State Revenue - \$10.6 million increase due to:
 - \$11.3 million one-time allocation of Mandated Cost Revenue.
 - (\$0.8) million reduction of prior year Mandated Cost allocation.
 - \$0.1 million State lottery and other changes.
- Major Expenditure Changes in 2015-16
 - Academic Salaries – \$3.8 million increase is due to hiring 36 new full-time faculty and the effect of salary schedule restructuring.
 - Classified Salaries – \$2.3 million increase is due mainly to the restoration of certain previously reduced positions (4.8 FTE – 51 positions), step & column increases, salary increases, and the assumption that vacancies will be filled.
 - Total Benefits – \$4.1 million increase due to the increase in positions and increases to certain benefit rates, most notably the 16.2% health & welfare, 1.85% STRS and 0.076% PERS increases.
 - Contract Services and Operating Expenses – \$4.3 million increase is due mainly to the following items; \$0.5 million election costs, \$0.4 million consulting costs for Student Support system, \$0.7 million due to savings from IRS penalty in 2014-15, \$1.5 million funded by Mandated Cost revenue augmentation for Professional Development, Website

Adopted Budget FY 2015-16 (continued)

Design & Implementation, Communication Plan, Educational Master Plan, Innovate So Cal, Title IX compliance, and discretionary budget augmentation.

- Capital Outlay - \$2.7 million increase is due mainly to one-time expenditures for technology refresh and instructional equipment funded by the Mandated Cost revenue augmentation.
 - Other Outgo - \$6.5 million increase is due mainly to the \$7.1 million transfer to the Capital Outlay Fund for scheduled maintenance, technology refresh, and instructional equipment projects funded by the Mandated Cost revenue augmentation less the \$0.7 million decrease in transfers to the Self-Insurance fund.
- Total Expenditures for 2015-16 are \$130.8 million. In 2015-16 the District will have a Mandated Cost Allocation of \$11.3 million. Expenditures without Mandated Cost equal \$119.5 million. The Mandated Cost funds will be allocated as follows:

Schedule Maintenance Projects	\$2,265,000
Redevelopment Projects	48,000
Instructional Equipment	2,927,470
Technology Replacement and Refresh	4,462,913
Website design & Implementation	200,000
Professional Development	150,000
Communication Plan Implementation	400,000
Title IX Compliance Implementation	50,000
Innovate So Cal	100,000
Educational Master Plan Development	100,000
Discretionary Budget Augmentation	581,000
Schedule 25 Training	10,000
Total	<u>\$11,294,383</u>

- Unrestricted General Fund Two-Year Projection
 - The 2016-17 Projections start by assuming everything remains the same as the prior year budget and then revisions are made for anticipated changes. Some of these include 1.6% in COLA for state revenue, the loss of the Mandated Costs revenue augmentation, projected new hires, and estimated step, column and health benefit increases.

	Adopted Budget 2015-16	Projected 2016-17
Beginning Fund Balance	<u>\$25,606,796</u>	<u>\$23,949,473</u>
Prior Year Surplus/(Deficit)	(3,358,768)	(1,657,323)
Apportionment Changes	9,628,306	1,756,071
Other Revenue Changes	11,629,314	(11,294,383)
New & Restored Positions	(3,608,000)	(1,751,000)
Salary Rate Increases	(2,133,994)	(259,622)
Other Salary & Benefit Changes	(2,082,873)	(3,369,000)
Other Expense Changes	(11,731,308)	11,657,683
Net Surplus/(Deficit)	<u>(1,657,323)</u>	<u>(4,917,574)</u>
Ending Fund Balance	<u>\$23,949,473</u>	<u>\$19,031,899</u>

Adopted Budget FY 2015-16 (continued)

- Future Budget Challenges
 - Sunset of Proposition 30 Revenues – We received \$18.6 million from Proposition 30 in 2014-15. Approximately 21% from Sales Tax and 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 six years. STRS – 19.10% by 2020-21 and PERS – 20.40% by 2020-21. Total six-year increases are projected to be \$4,551,000 for STRS and \$2,792,000 for PERS.
- Thomas asked to clarify the increase of 16.2% in health & welfare. He was under the impression there was an offer on the table to save the college money regarding health & welfare. Ann-Marie responded our current health & welfare vendor has an increase of 16.2% this year. Any changes to health & welfare would need to be negotiated with the different bargaining units at the college.
- Thomas asked about Reserves. Ann-Marie reviewed the Reserves with the changes that occurred at the end of the 2014-15 school year with the reduction in the Deficit Factor.
- Thomas asked if the discontinued programs from 2011 would be considered to be brought back. Ann-Marie stated it would be up to Curriculum and Program Plans to determine what the marketplace and workforce will need in the future. Lou Anne discussed the apprenticeship programs now in place at the college and where those might take us in the future.
- **Restricted General Fund**
 - Due to the limited amount of time, Ann-Marie stated the Restricted General Fund Budget could be reviewed by looking at pages 24-33 in the Adopted Budget book. A summary is provided below:

Restricted General Fund	Unaudited Actual 2014-2015	Adopted Budget 2015-2016
Total Federal Revenue	6,035,447	6,717,612
Total State Revenue	11,338,741	22,833,179
Total Local Revenue	4,655,785	7,735,436
Total Prior Year Carryover	2,717,780	8,094,072
TOTAL REVENUE	<u>24,747,753</u>	<u>45,380,299</u>
TOTAL EXPENDITURES & OTHER OUTGO	<u>24,284,088</u>	<u>44,594,556</u>
OPERATING SURPLUS/(DEFICIT)	463,665	785,743
Plus Beginning Balance	<u>2,883,876</u>	<u>3,347,541</u>
ENDING BALANCE	<u>3,347,541</u>	<u>4,133,284</u>

2016-17 Projections

(Refer to “2015-16 Adopted Budget Projection Fiscal Years 2015-16 & 2016-17” handout)

- John reviewed the Fund Balance Projections for Fiscal Years 2015-16 and 2016-17 within his Adopted Budget presentation.

State Budget Update (Ann-Marie)

(Refer to “Community College League of California, School Services of California, and Chancellor’s Office Updates” handouts)

- Ann-Marie briefly discussed the State Budget Update.

Other (Chris) - None

Meeting adjourned at 4:45 pm.

Next Meeting: September 21st at LAC (T-1046) 3:00 pm