



Budget Advisory Committee
Minutes
 October 30, 2017
 Meeting

Approved

ATTENDANCE (A = absent):

✓	Chris Carter	✓	Ann-Marie Gabel	A	Cindy Baker
✓	Sara Blasetti	✓	Ryan Carroll	✓	Sem Chao
✓	Rose DelGaudio	✓	Lee Douglas	A	Thomas Hamilton
A	James Henchey	A	Kim McGinnis	A	Anthony Moguel Jr.
A	Nash Nyra	A	Claudia Nguyen	A	Jorge Ochoa
✓	Seth Ramchandran	✓	Javier Salcedo	A	Kathy Scott
✓	John Thompson				

NOTE TAKER: Janet Falcon

Welcome (Chris)

- Chris welcomed everyone to the meeting and introductions were made.

Approval of Minutes (Chris)

- The minutes of the September 6, 2017 meeting were approved as submitted.

2017-18 First Quarter Budget Performance Report (John)

(Refer to “2017-2018 First Quarter Budget Performance Report as of September 30, 2017 Unrestricted General Fund” handout)

- John reviewed the 2017-2018 First Quarter Budget Performance Report with the following highlights:
 - Revenue
 - Total Apportionment – first quarter revenue is \$26,206,645, which is on target with the Adopted Budget.
 - One-Time Mandated Costs revenue – projected at \$580,242 for year-end. This amount was not announced until after the approval of the Adopted Budget. Ann-Marie said this amount would go towards the salary increases that have been recently negotiated.
 - It was mentioned the Nonresident Tuition Fees increased to \$36 per unit in 2017-18, which explains part of the first quarter revenue increases.
 - Total Revenue and Other Financing Sources – projected at \$130.8 million, which is on target with the Adopted Budget including the variance for One-Time Mandated Costs.
 - Expenditures
 - Academic Salaries – projected at \$55 million, which is \$1.3 million over budget due mainly to the estimate of negotiated salary increases. This amount includes adjustments for savings from vacancies.
 - Classified Salaries – projected at \$27.6 million, which is \$259,000 over budget due mainly to the recently negotiated salary increases. This amount includes adjustments for savings from vacancies.
 - Benefits – projected at \$39.7 million, which is \$711,000 over budget due to the salary increases.

- Non-salary accounts are difficult to project at this point, so they are generally projected to be equal to the current budget.
 - Total Expenditures & Other Outgo – projected at \$141.2 million, which is \$2.3 million over budget. This amount is mainly due to the increase in salaries and benefits.
 - A new section has been added to account for One-time Expenditures for Mandated Costs and Business Process Reviews – projected at \$5 million.
 - Operating (Deficit) – projected at (\$10.4 million), which is the net of the projected revenue less expenditures. This amount is an increase to the Adopted Budget deficit of \$1.7 million. The current budget reflects a deficit of \$8.8 million. Segmenting \$5 million in One-Time Mandated Costs shows a budgeted structural deficit to the District of \$3.8 million.
 - Reserves are projected to be \$20 million.
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- This report will be presented to the Board of Trustees on November 14, 2017.
 - Ryan asked for clarification on the BOG Fee Waivers Administration. John said this amount is usually tied to the fall and spring semesters with some minor adjustments throughout the year. The committee was reminded the Board of Governors (BOG) Fee Waiver will be called the California Promise Waiver in the future. Approximately 65-75% of the students at LBCC qualify for the waiver.
 - Lee asked about the One-Time Mandated Costs and if those funds would be allocated for instructional costs. Ann-Marie said the amount received for 2017-18 would go towards salary offsets for the recently negotiated salary increases.
 - Sara asked about the Capital Projects Fund (Rent from East Campus) line item. This line item for approximately \$320,000 is the projected rental income for the property on Los Coyotes. This property is being sold and is currently in escrow. Sara asked about the loss of this revenue in the future. Ann-Marie responded by saying the District is asking the Chancellor's Office for a waiver to utilize some of the proceeds to put into the District's irrevocable trust fund for retiree benefits (health and welfare benefits). If approved, this will reduce the amount of money the District is required to contribute on an annual basis in order to fund retiree benefits. It is estimated the District will be able to reduce the annual contribution by \$450,000. The District is required to contribute \$5.4 million, based on the 2015 Actuarial Study, on an annual basis for retiree benefits. This amount would be reduced to approximately \$5 million if the waiver is approved by the Chancellor's Office. The District is planning to deposit approximately \$10 million into the irrevocable trust fund with a portion of the proceeds from the sale of the property. Proceeds from the sale of a property are usually required to be used for Capital Outlay. Since the District has funds available from the passing of the local bond Measure LB, Ann-Marie has requested the special waiver from the Chancellor's Office to benefit the District by other means. The Chancellor's Office is reviewing the request. Sara asked how many years this plan will be used to offset expenses. Ann-Marie said this is estimated to be ongoing until the retiree benefit fund is fully funded. The bi-annual actuarial study will adjust the annual contribution amount into the future.
 - Sara asked how the District plans to reach a fully funded retiree benefit fund. John said the District's current obligation is approximately \$40 million to fully fund the retiree benefit fund. The District currently has over \$7 million in the irrevocable trust fund. The District has approximately \$19 million in the retiree fund at LACOE. This amount is held outside of the

irrevocable trust fund for the option of cash flow purposes. The funds earn interest in this account and the funds are managed by Futuris.

- Sara was concerned about the future and asked what the long term plan is regarding the loss of this revenue. Ann-Marie said the long term plan is to deposit the funds into the irrevocable trust for retiree benefits and follow the recommendations of the actuary.
- Lee asked for more information about the Business Process Reviews. Ann-Marie said the District is working within the Financial Aid, Academic Services, and Purchasing departments. This year work will begin in the benefit administration department and Accounts Payable to be able to authorize invoices online. The District is also using these funds to help with the Guided Pathways project. The total budget is \$5 million until it is spent. The funds were originally student services focused and now there is a shift to the Senior Leadership Team (SLOT) projects and the Strategic Plan.
- John mentioned the District is projecting to be in Stabilization funding for 2017-18.

Revision to BAC Charge (Ann-Marie)

(Refer to “BAC Charge and Membership” handout)

- Ann-Marie reviewed the proposed changes to the BAC Charge. These changes update the charge with the new language to state the new name for the President’s Cabinet, current title changes, add a Classified Senate Representative, remove the Executive Vice President of CAED, and the removal of having meetings at the north and south side of the LAC campus as the size of the committee has outgrown the typical meeting space.
- The Charge and Membership revisions were approved as proposed.

State Budget Update (Ann-Marie)

(Refer to “Community College Update” and email handouts)

- Ann-Marie drew attention to the Chancellor’s Office 2018-19 Budget Request. Overall, the Chancellor’s Office is requesting \$591 million for the 2018-19 fiscal year. Each of the line items are tied to the Vision Statement from the Chancellor’s Office. This includes the following:

2018-19 System Budget Request (Dollars in millions)	Amount
General Operating Expense (Base Allocation)	\$200
COLA (2.15%)	148
Access/Growth (1%)	63
Project FLOW	
FT Faculty Support	75
PT Faculty	25
Cal Grant	
Basic Skills	25
Professional Development	25
CCCCO Staffing & Support	
Adult Education Data Sharing	
Integration of Student Support Services	
Equal Employment Opportunity	5
College Promise	25
Total	\$591

- Sara asked what the allocation for Basic Skills would be used for. Ann-Marie replied it would be awarded to those districts that applied for individual grants to assist with math, English, and reading. The District would use these funds primarily for tutoring. Lee added the allocations would scale up the processes already in place.
- Javier asked what the difference would be between the California College Promise and the District's College Promise. There was a long discussion about the two programs. With the possibility of the request being funded by the State, the District is currently discussing different options with the Foundation regarding the College Promise. There is a potential for the Foundation to fund a second free year of college or book grants. Ann-Marie asked the committee for their comments. Javier replied book grants would be very beneficial to students, especially those in a STEM major. Lee added 70-80% of the students already receive a waiver and book grants are important. Chris agreed books are important to students.
- Sara confirmed the current BOG Fee Waiver will become the California College Promise. Ann-Marie said it is all determined by whether or not it is funded by the State. If funded, the parameters on how a student qualifies would be changed.
- Ann-Marie reminded the committee the Long Beach Promise is only for recent high school graduates from Long Beach Unified School District and a handful of local high schools within District boundaries. The California College Promise will be for all high schools that have agreements with their local community college. The agreement with CSULB will need to be reviewed for students that would not be part of the Long Beach Promise.
- Sara is concerned how the new changes would affect incoming students that are not recent high school graduates. Ann-Marie said that not all of the particulars have been finalized at this time. More information will be available in January when the Governor's budget is released for the next fiscal year. According to information on the Internet, Lee said that it does not appear the California College Promise would be limited to only recent high school graduates.

Other (Chris)

- None

Meeting adjourned at 4:17 pm.

Next Meeting: Monday, November 27, 2017 at LAC – T-1046 at 3:00 pm