



Tentative Budget 2020-21

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

June 24, 2020



Tentative Budget

2020-21

June 24, 2020

Overview

- **Board Goals, Institutional Priorities & Strategic Plan Goals**
- **State Budget Overview**
- **BAC Planning Assumption Highlights**
- **FTES History and Projection**
- **List of All District Funds – Expenditures & Other Outgo**



Overview (continued)

- **Unrestricted General Fund Details**
 - Overall Summary
 - Revenue Summary
 - Major Revenue Changes in 2020-21
 - Expenditure Summary
 - Major Expenditure Changes in 2020-21
 - 7-Year Trends
- **Future Budget Challenges**

Tentative Budget

2020-21

June 24, 2020



Board of Trustees Goals

adopted on November 13, 2018

1. Continue supporting and monitoring the implementation of the 2016-22 Strategic Plan.
2. Monitor implementation of the Enrollment Management Plan.
3. Monitor college strategies for improving college readiness and success of students for people of color, women, LGBTQ, veterans, disabled, and other historically disadvantaged communities.
4. Improve Board governance by creating a well-functioning Board unit and adhering to principles of effective Boardsmanship.
5. Support strategies that ensure the long-term fiscal health of the college and the district and devise strategies that improve access and affordability for all students.
6. Develop a strong relationship that ensures the success of the Superintendent-President, the Board, and the College.

Tentative Budget

2020-21

June 1, 2020



Institutional Priorities

adopted on May 22, 2020

In alignment with the California Community Colleges Chancellor's Office Vision for Success and Long Beach City College's Strategic Plan goals, the College will primarily focus on:

- A.** Implementing guided pathways to increase student retention, completion, and transfer and to close equity gaps in student success
- B.** Maintaining fiscal viability
- C.** Expanding outreach to increase enrollment and retain students
- D.** Attracting and retaining a diverse workforce

Tentative Budget

2020-21

June 1, 2020



Institutional Priorities

adopted May 22, 2020

(continued)

- E.** Establishing and strengthening relationships with local community organizations
- F.** Managing and learning from the COVID-19 pandemic to enhance emergency operations planning and training
- G.** Continuing to expand and improve the use of instructional technology in online and face-to-face courses.

Tentative Budget

2020-21

June 1, 2020



Strategic Plan Goals

adopted June 28, 2016

1. Innovate to achieve equitable student success
2. Accelerate college readiness and close equity gaps
3. Build community
4. Invest in people and support structures for transformation

(Included within Board Goals approved on November 13, 2018)

Tentative Budget

2020-21

June 1, 2020

Highlighted Resource Allocation towards Goals & Priorities

Grants & Funding Allocations	LBCC Institutional Priorities and Board Goals Related to Institutional Planning							
	1., 2. Implement Strategic Plan and Enrollment Management Plan	3. & A. Implement Guided Pathways to close equity gaps in student success, completion, transfer	5. & B. Maintain Fiscal Health	C. Expand Outreach, Increase Enrollment & Retention	D. Attract/ Retain Diverse Workforce	E. Establish/ Strengthen Relationships With Community Organizations	F. Enhance Emergency Operations/ Planning	G. Expand/ Improve Instructional Technology Use
Strong Workforce	√	√				√		√
Adult Ed Regional Consortium	√	√		√				
Title V HSI Grant for DESTINO (STEM Initiative & Science Center)	√	√	√	√		√		√
Student Equity Achievement Program	√	√		√				√
Goldman Sachs 10K Small Businesses	√			√		√		
Small Business Development Center	√		√	√		√		

Highlighted Resource Allocation towards Goals & Priorities

Student Success Initiatives	LBCC Institutional Priorities and Board Goals Related to Institutional Planning							
	1., 2. Implement Strategic Plan and Enrollment Management Plan	3. & A. Implement Guided Pathways to close equity gaps in student success, completion, transfer	5. & B. Maintain Fiscal Health	C. Expand Outreach, Increase Enrollment & Retention	D. Attract/ Retain Diverse Workforce	E. Establish/ Strengthen Relationships With Community Organizations	F. Enhance Emergency Operations/ Planning	G. Expand/ Improve Instructional Technology Use
College Promise 2.0	√	√		√				
Viking Advantage	√	√		√		√		
Viking Summer Voyage	√	√		√		√		√
Student-Centered Scheduling Improvements	√	√						
Meta-Majors Development/ Implementation	√	√						
AB 705 Implementation	√	√						√
Cultural Curriculum Audit	√	√						

Highlighted Resource Allocation towards Goals & Priorities

Student Support Programs & Services	LBCC Institutional Priorities and Board Goals Related to Institutional Planning							
	1., 2. Implement Strategic Plan and Enrollment Management Plan	3. & A. Implement Guided Pathways to close equity gaps in student success, completion, transfer	5. & B. Maintain Fiscal Health	C. Expand Outreach, Increase Enrollment & Retention	D. Attract/ Retain Diverse Workforce	E. Establish/ Strengthen Relationships With Community Organizations	F. Enhance Emergency Operations/ Planning	G. Expand/ Improve Instructional Technology Use
Welcome Center	√	√		√				
Dreamer Supports	√	√						
Veterans Supports	√	√						√
Early College Credit Program (ECP)	√	√		√				√
Mental Health Support for Students	√	√						
Needs Assessments: North Long Beach; Student Housing Resources	√	√						
Embedded Tutoring	√	√						√
Starfish Early Alert	√	√		√				√
Formerly Incarcerated Student Supports	√	√						
Office of Basic Needs	√	√		√				

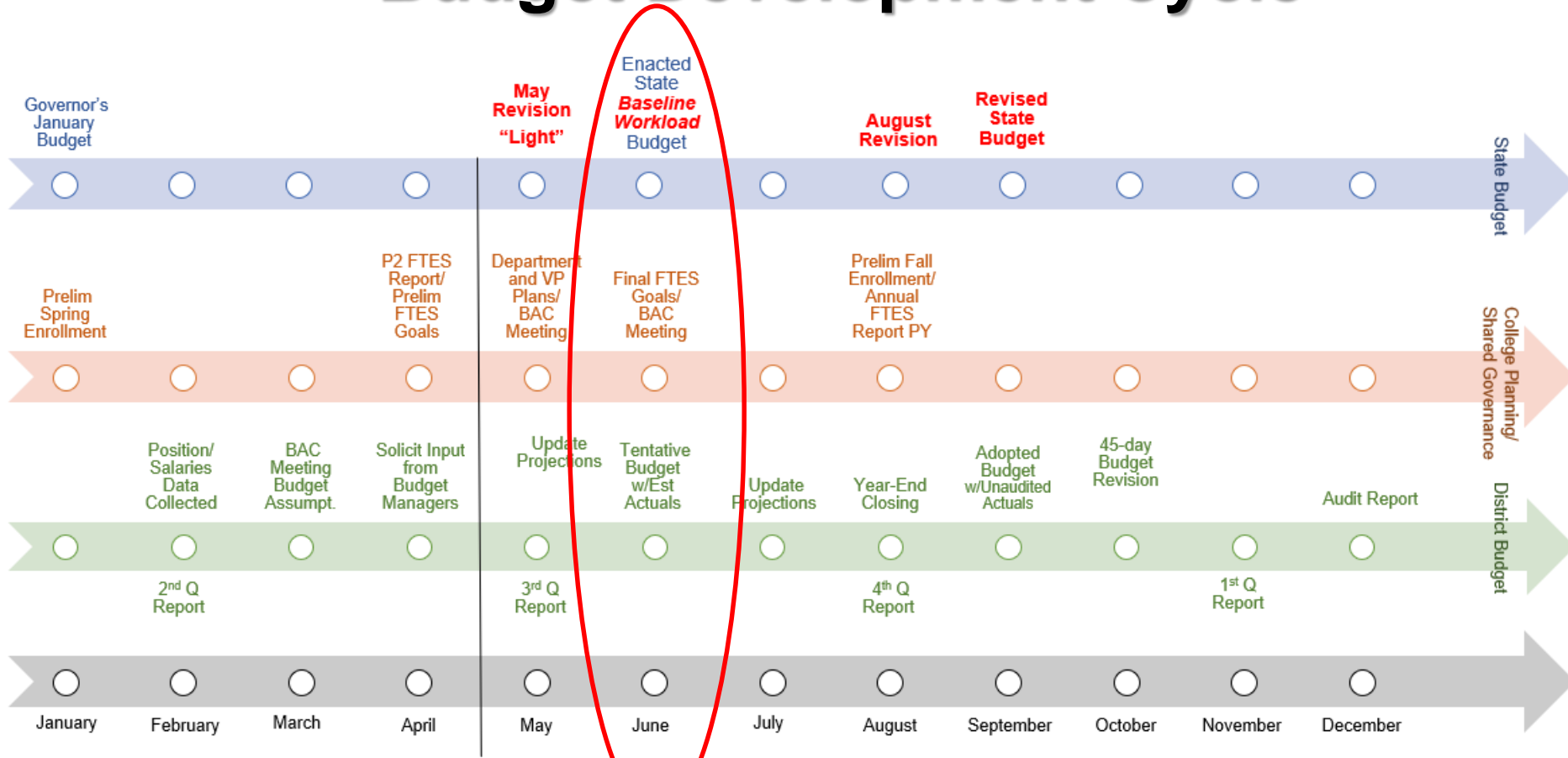
Highlighted Resource Allocation towards Goals & Priorities

Faculty, Staff, and Infrastructure Supports	LBCC Institutional Priorities and Board Goals Related to Institutional Planning							
	1., 2. Implement Strategic Plan and Enrollment Management Plan	3. & A. Implement Guided Pathways to close equity gaps in student success, completion, transfer	5. & B. Maintain Fiscal Health	C. Expand Outreach, Increase Enrollment & Retention	D. Attract/ Retain Diverse Workforce	E. Establish/ Strengthen Relationships With Community Organizations	F. Enhance Emergency Operations/ Planning	G. Expand/ Improve Instructional Technology Use
Distance Learning Support	√	√					√	√
Faculty Professional Development	√	√						√
Noncredit Infrastructure	√	√		√				√
Business Process Reviews	√	√	√				√	
Employee Professional Development (Leadership Initiatives/ Classified Vision for Success)	√	√			√			
Tableau Online Software	√	√						

Highlighted Resource Allocation towards Goals & Priorities

Marketing & Community Outreach	LBCC Institutional Priorities and Board Goals Related to Institutional Planning							
	1., 2. Implement Strategic Plan and Enrollment Management Plan	3. & A. Implement Guided Pathways to close equity gaps in student success, completion, transfer	5. & B. Maintain Fiscal Health	C. Expand Outreach, Increase Enrollment & Retention	D. Attract/ Retain Diverse Workforce	E. Establish/ Strengthen Relationships With Community Organizations	F. Enhance Emergency Operations/ Planning	G. Expand/ Improve Instructional Technology Use
Community and High School Outreach	√	√		√		√		
Marketing	√	√		√		√		
Equitable Recruitment Efforts/EEO Professional Development	√	√			√	√		
Center for Community & Industry Partnerships	√	√		√		√		

Budget Development Cycle



Budget Development Cycle

- Tentative Budget (*Required to provide spending authority July 1*)
 - Governor's January Proposed Budget
 - Most Categorical Programs
 - Governor's May Revise Proposal
 - SCFF
 - Selected Categorical Programs
- Adopted Budget
 - Enacted State Budget
 - Legislature approved their 2020-21 State Budget on June 15, 2020
 - *Significantly different than the May Revise Proposal*
 - Governor to take action within 12 days
- Budget Revisions
 - Anticipate Subsequent Budget Bill with Revisions



History of COLAs

Year	Statutory COLA	State Provided COLA
2000-01	3.17%	4.17%
2001-02	3.87%	3.87%
2002-03	1.66%	2.00%
2003-04	1.86%	0.00%
2004-05	2.41%	2.41%
2005-06	4.23%	4.23%
2006-07	5.92%	5.92%
2007-08	4.53%	4.53%
2008-09	5.66%	0.00%
2009-10	5.02%	0.00%
2010-11	-0.38%	0.00%
2011-12	2.24%	0.00%

Year	Statutory COLA	State Provided COLA
2012-13	3.24%	0.00%
2013-14	1.57%	1.57%
2014-15	0.85%	0.85%
2015-16	1.02%	1.02%
2016-17	0.00%	0.00%
2017-18	1.56%	1.56%
2018-19	2.71%	2.71%
2019-20	3.26%	3.26%
2020-21*	2.31%	0%
2021-22*	2.48%	0%
2022-23*	3.26%	3.26%

*Projected per School Services of California (May 2020)



State Budget Overview

Governor's Budget - Reflects cuts that would be partially restored pending additional Federal Aid

Ongoing Unrestricted

- Student Centered Funding Formula (SCFF)
COLA of \$167.2 million (2.31%)
 - **\$2.9 million for LBCC**
- \$31.9 million (0.50%) growth funding
 - **No impact for LBCC**
- SCFF funding reduced by \$593 million (10%)
 - **\$12.9 million cut for LBCC**

Tentative Budget

2020-21

June 24, 2020



State Budget Overview

(continued)

Categorical Programs

- No COLA for categorical programs (DSPS, EOPS, CARE, CalWORKs, Child Care Tax Bailout & Mandated Block Grant)
 - ***\$110,000 loss for LBCC***
- \$6 million cut for the Adult Education Program
 - ***\$151,000 cut for LBCC***
- \$148 million cut to Strong Workforce Program – (60%)
 - ***\$1.3 million cut for LBCC***

Tentative Budget

2020-21

June 24, 2020



State Budget Overview

(continued)

Tentative Budget

2020-21

June 24, 2020

- \$85 million cut for Student Equity and Achievement (SEA) Program
 - ***\$1.2 million cut for LBCC***
- Other new programs proposed in January that were cut from the May Revise Budget:
 - Zero Textbook Cost Pathways expansion - \$10 million cut
 - CCC Diversity pilot fellowship - \$15 million cut
 - Dreamer Resource Liaisons and Support - \$5.8 million cut (\$10 million for ongoing legal services to immigrant students, faculty and staff remains)
 - Food Pantry Programs - \$11.4 million cut



State Budget Overview

(continued)

Tentative Budget

2020-21

June 24, 2020

- California College Promise (AB 19) program continues
- Student Success Completion Grant continues

One-Time

- No block grant for Deferred Maintenance/ Instructional Equipment
 - ***\$299,000 cut from January Budget for LBCC***
- \$992.2 million Deferrals
 - ***\$330.1 million in 2019-20, \$8.7 million for LBCC***
 - ***\$662.1 million in 2020-21, \$17.4 million for LBCC***



State Budget Overview

(continued)

Capital Facilities

- \$223.1 million in Proposition 51 facilities bond projects. Includes 1 new LBCC project:
 - *\$1.6 million: Construction Trades Phase 2, Building MM, PCC*

Other

- Hold harmless expanded two more years to 2023-24
- STRS & PERS Employer rate increases reduced for 2020-21 & 2021-22
 - STRS 2020-21 reduced from 18.40% to 16.15%
 - PERS 2020-21 reduced from 22.68% to 20.70%
 - *Combined savings of \$1.2 million for LBCC*

Tentative Budget

2020-21

June 24, 2020



BAC Budget Assumption Highlights

- There will be potential budget redirections in response to both the State's budget impact and the priorities as identified by the College Planning Committee (CPC).
- FTES total resident target is 19,983.
- A 10.0% deficit factor will be based on the May Revise State Budget.
- Total Cost of Ownership – principles shall be employed in department planning and budgeting processes.

Tentative Budget

2020-21

June 24, 2020



BAC Budget Assumption Highlights (Continued)

- Maintain a 5.5% minimum unrestricted reserve
 - Total Institutional Effectiveness Fund Balance goal set at 15% (short term goal is 12.5%)
- Load Banking and Vacation Liability Reserves – \$2.9 million
- Retiree Benefits Annual Required Contribution (ARC) – \$4.1 million
- Health & Welfare Premiums:
 - Increased by 4.2% - \$808,583
- Does not reflect 2020-21 collective bargaining unit settlements

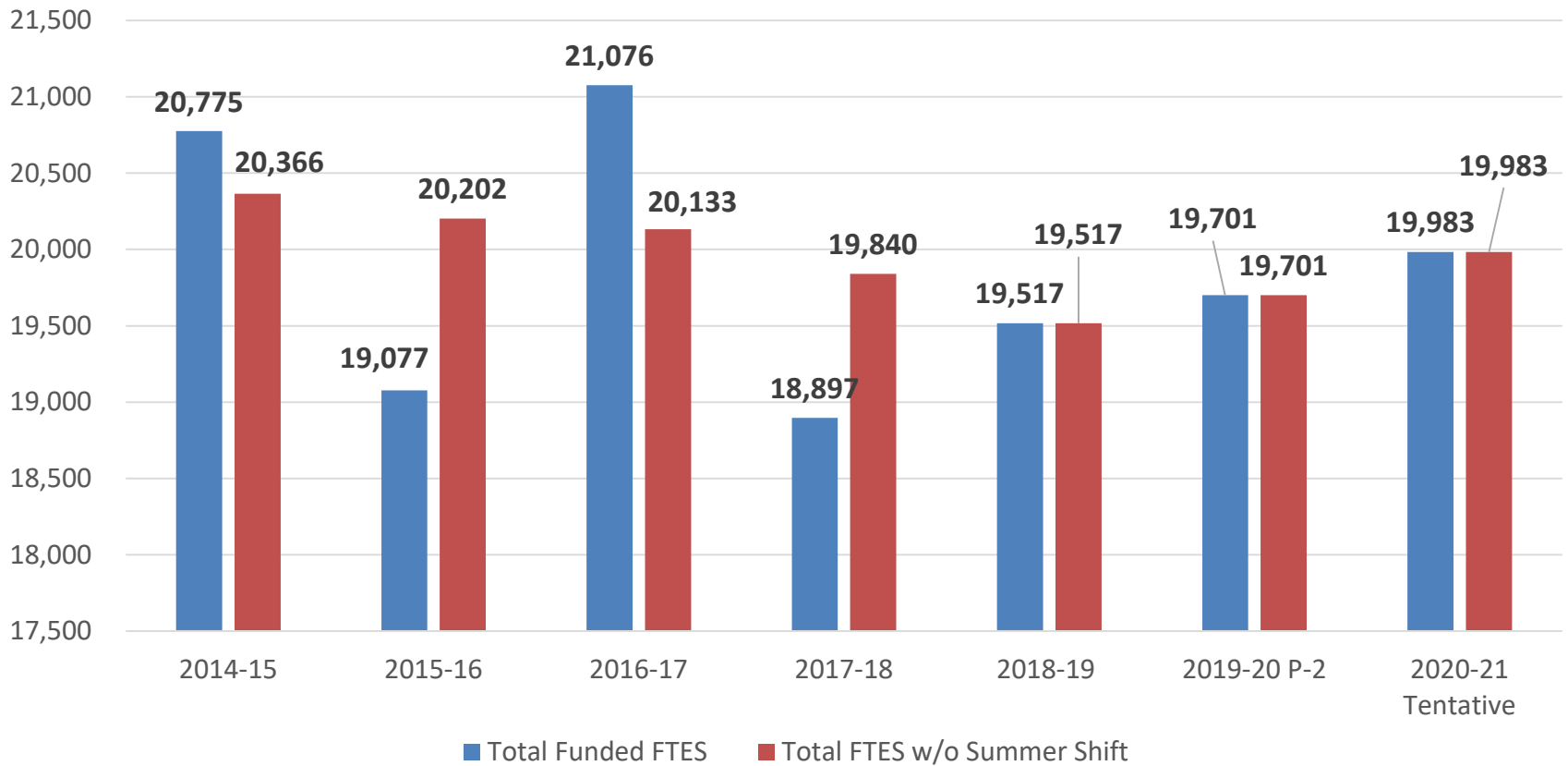
Tentative Budget

2020-21

June 24, 2020



FTES Comparison*



*Resident Full-Time Equivalent Students (FTES).

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

	Adopted Budget 2019-20	Estimated Actual 2019-20	Tentative Budget 2020-21
Unrestricted General Fund	\$ 142.8	\$ 143.1	\$ 144.7
Restricted General Fund	46.9	39.7	59.2
Associated Students Body Fund	1.2	1.0	1.2
Capital Projects Fund	36.4	5.3	34.6
Child & Adult Development Fund	2.1	2.1	2.2
Contract/Community Education Fund	1.0	0.0	1.0
General Obligation Bond Fund 2008 Measure E	95.9	0.0	128.1
General Obligation Bond Fund 2016 Measure LB	779.4	43.2	742.7
Retiree Health Fund	3.8	2.8	3.2
Self-Insurance Fund	1.4	1.3	1.5
Student Financial Aid	46.2	50.3	51.9
Student Representation Fund	0.0	0.0	0.0
Vet Stadium Operations	1.3	1.4	1.5
Total	\$ 1,158.4	\$ 290.2	\$ 1,171.8

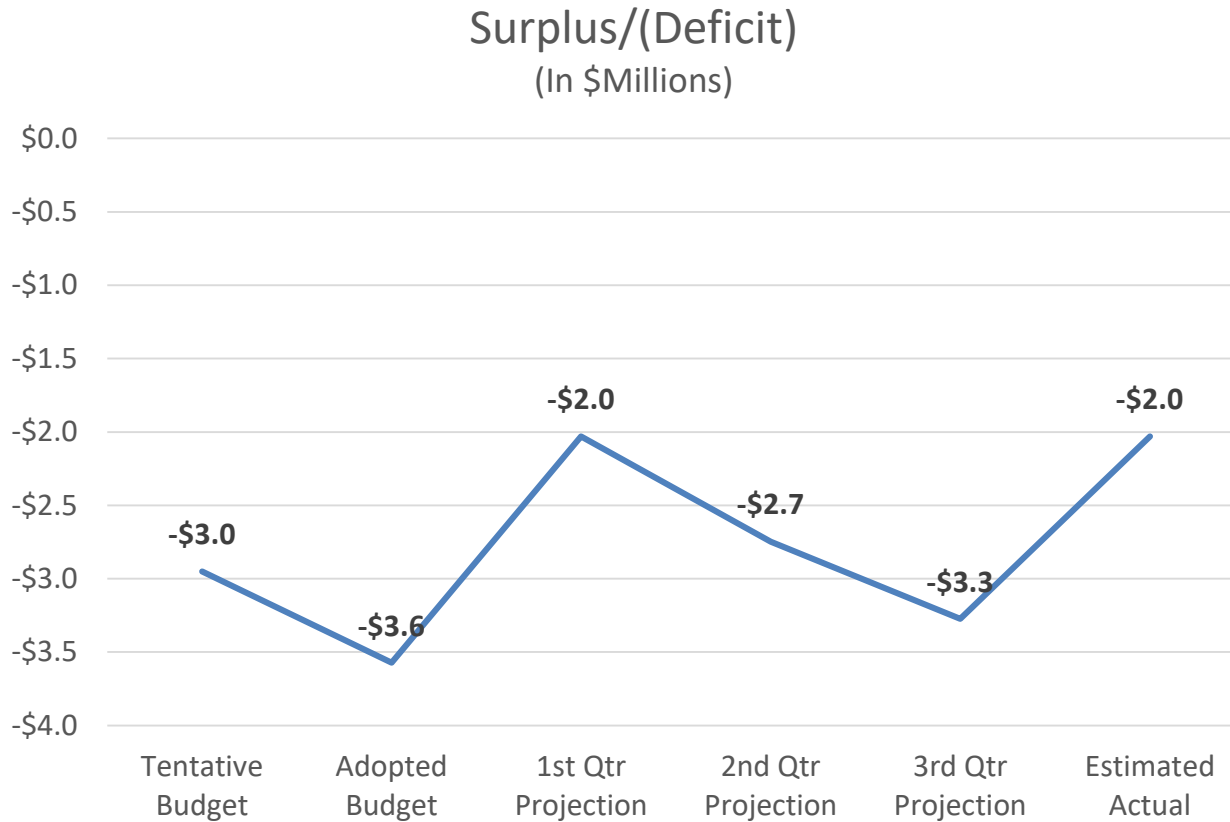
Unrestricted General Fund Overall Summary

	Estimated Actual 2019-20	Tentative Budget 2020-21	*Change Increase/ (Decrease)
Revenues and Other Financing Sources	\$141,092,251	\$129,866,622	\$(11,225,629)
Expenditures and Other Outgo	143,123,001	144,692,700	1,569,699
Surplus/(Deficit)	(2,030,750)	(14,826,078)	(12,795,328)
Fund Balance	\$ 34,181,896	\$ 19,355,818	\$(14,826,078)

*Change is comparison between 2019-20 Estimated Actual and 2020-21 Tentative Budget.



Deficit Reduction Unrestricted General Fund 2019-20



Unrestricted General Fund Revenue Summary

	Estimated Actual 2019-20	Tentative Budget 2020-21	*Change Increase/ (Decrease)
Federal	\$ 140,000	\$ 140,000	\$ 0
State Apportionment	125,519,325	116,328,537	(9,190,788)
Other State	11,092,727	10,011,369	(1,081,358)
Local	3,993,675	3,046,365	(947,310)
Other Sources	346,524	340,351	(6,173)
Total	\$141,092,251	\$129,866,622	\$(11,225,629)

*Change is comparison between 2019-20 Estimated Actual and 2020-21 Tentative Budget.



Major Revenue Changes in 2020-21

- **Apportionment** – \$9.2 million decrease
 - \$12.3 million decrease for 10% apportionment cut
 - \$2.9 million increase for 2.31% COLA
 - \$0.2 million increase due to fall 2019 FON penalty imposed in 2019-20
- **Other State Revenue**
 - \$1.1 million decrease due to no PERS On-Behalf contribution
- **Local Revenue**
 - \$0.9 million decrease due to decrease in non-resident tuition, material fees & summer program revenue

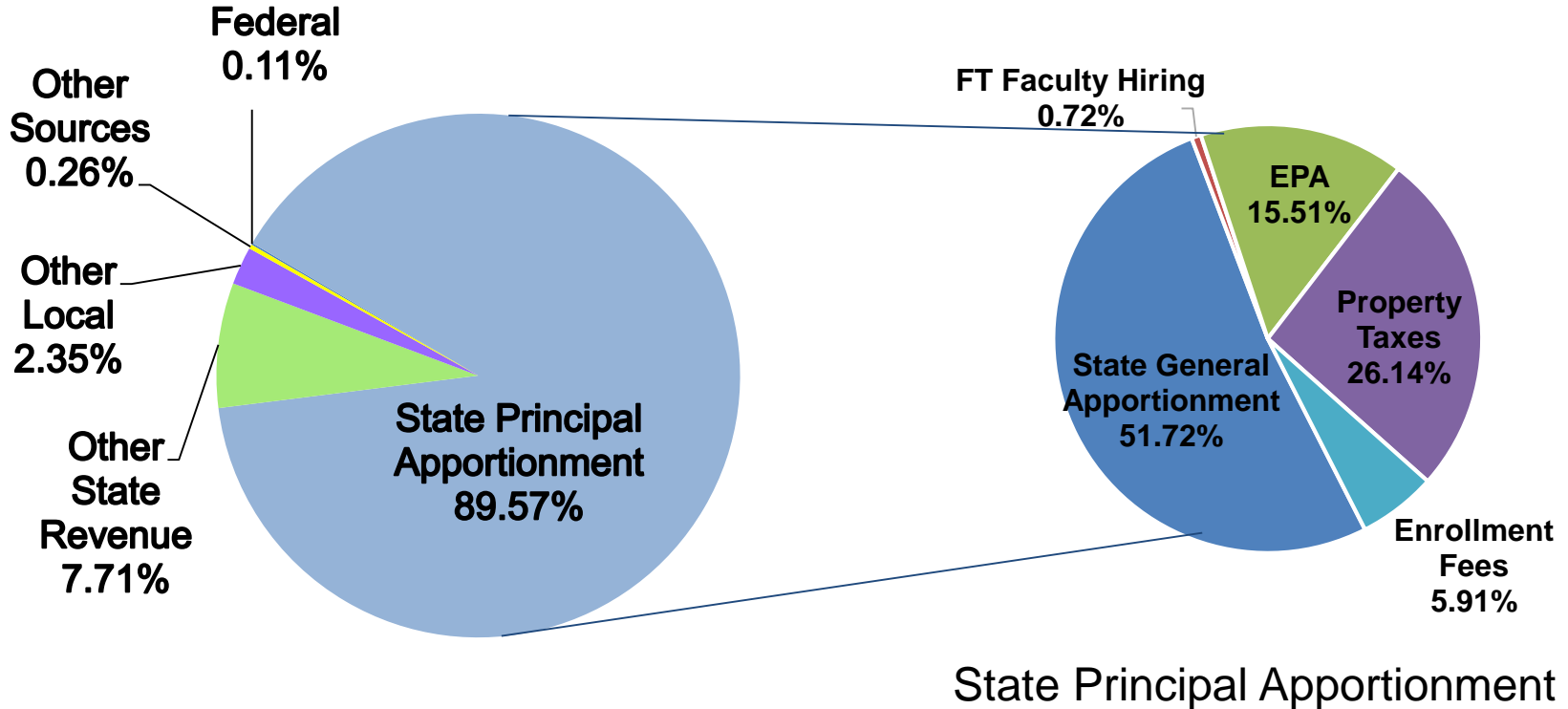
Tentative Budget

2020-21

June 24, 2020



Unrestricted General Fund Budgeted Revenue & Other Sources 2020-21



Unrestricted General Fund Expenditure Summary

	Estimated Actual 2019-20	Tentative Budget 2020-21	*Change Increase/ (Decrease)
Academic Salaries	\$ 56,109,873	\$ 55,923,166	\$ (186,707)
Classified Salaries	28,555,774	29,733,329	1,177,555
Benefits	44,052,121	44,008,446	(43,675)
Supplies	1,323,124	774,649	(548,475)
Services	9,971,998	10,933,081	961,083
Capital Outlay	1,283,784	1,227,491	(56,293)
One-Time	490,327	756,538	266,211
Other Outgo	1,336,000	1,336,000	0
Total	\$143,123,001	\$144,692,700	\$ 1,569,699

*Change is comparison between 2019-20 Estimated Actual and 2020-21 Tentative Budget.



Major Expenditure Changes in 2020-21

- **Classified Salaries** – \$1.2 million increase due to step and column increases and budget for vacancies.
- **Total Benefits** – \$0.04 million decrease is due to removal of PERS On-Behalf contribution and increases to certain benefit rates, most notably 0.979% for PERS and 4.2% increase costs to health and welfare benefits.
- **Supplies & Materials** – \$0.5 million decrease is due to additional COVID expenses incurred in 2019-20.

Tentative Budget

2020-21

June 24, 2020



Major Expenditure Changes in 2020-21 (continued)

- **Contract Services & Operating Expenses** – \$1.0 million increase is mainly due to the increase in professional services, election costs, online software licensing and other services.
- **One-Time Funds** – \$0.3 million increase based on 2020-21 budgeted projects. Major 2019-20 one-time project expenses included professional services for student financial aid, ECS Forms development for Admission and Records forms, Degree Planning software, catalog and curriculum management software, benefits administration software implementation and security training software.

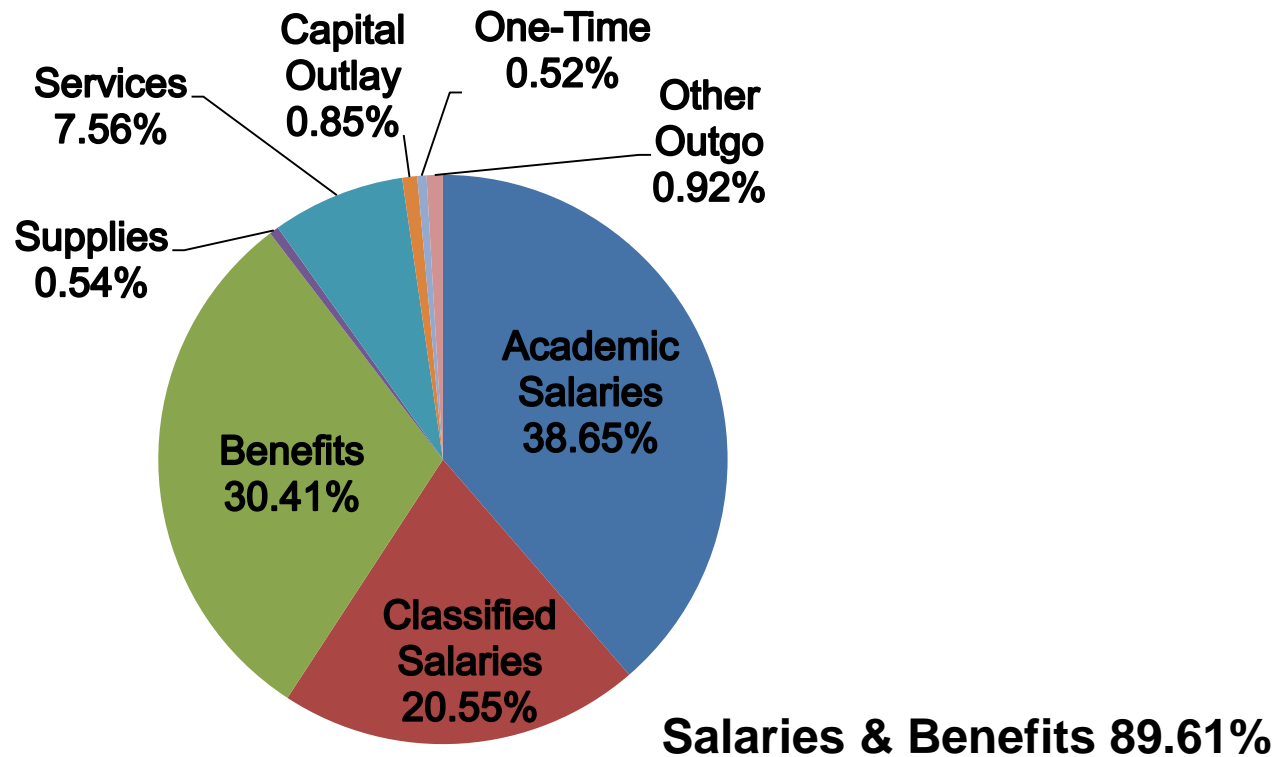
Tentative Budget

2020-21

June 24, 2020



Unrestricted General Fund Budgeted Expenditures and Other Outgo 2020-21



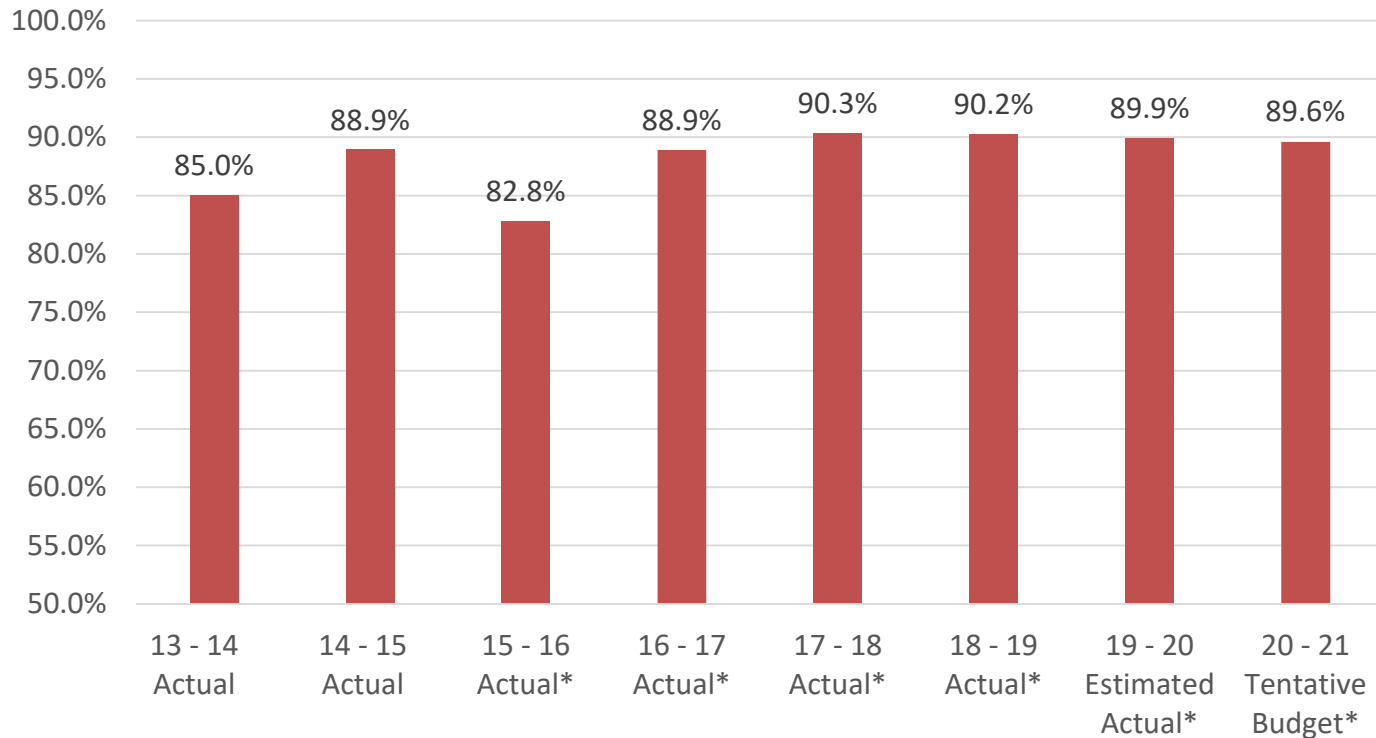
Unrestricted General Fund 7-Year Trend Summary (in millions)

	13-14 Actual	14-15 Actual	15-16 Actual	16-17 Actual	17-18 Actual	18-19 Actual	19-20 Estimated Actual	20-21 Tentative Budget
Salaries & Benefits as a % of Total Expenses & Other Outgo	85.0%	88.9%	82.8%*	88.9%*	90.3%*	90.2%*	89.9%*	89.6%*
Surplus / (Deficit)	\$4.0	\$4.4	\$2.7	\$2.2	(\$0.3)	\$6.0	(\$2.0)	(\$14.8)
Ending Balance	\$21.2	\$25.6	\$28.3	\$30.5	\$30.2	\$36.2	\$34.2	\$19.4
Ending Balance as a % of Total Expenses & Other Outgo	20.6%	24.0%	21.4%	24.4%	22.9%	27.5%	23.9%	13.4%

*Percentage of Total Expenses and Other Outgo including one-time expenses.



Salaries & Benefits as a % of Total Expenses & Other Outgo



*Percentage of Total Expenses and Other Outgo including one-time expenses.

Unrestricted General Fund Multi-Year Projection (in \$millions)

	Tentative Budget 2020-21	Projected 2021-22	Projected 2022-23
Projected Revenue			
Apportionment Revenue	\$116.3	\$128.6	\$132.8
Other Revenue	13.6	13.6	13.6
Total Available Funding	129.9	142.2	146.4
Projected Expenses			
Expenditure Base (Prior Year)	143.1	144.7	147.3
Adjustments to Operations	0.6	(0.4)	0.8
Adjustments to Compensation/Benefits	1.0	3.0	4.4
Total Projected Expenses	144.7	147.3	152.5
Projected Surplus/ (Deficit)	(14.8)	(5.1)	(6.1)
Projected Ending Fund Balance	\$19.4	\$14.3	\$8.2
% of Expenses	13.4%	9.7%	5.4%



Tentative Budget

2020-21

June 24, 2020

Future Budget Challenges

● Enrollment Management:

- The range of future enrollment is very wide.
- Declining enrollment is a challenge throughout the state.
- Outreach and marketing efforts improved enrollment.
- Recessions usually result in increased enrollment.
- It is uncertain how many students may not make the transition to remote education.
- It is uncertain how many university students will transition to community colleges.

● State Pension Obligations:

- Governor's one-time contributions to reduce PERS and STRS expenses help;
- However, STRS and PERS obligations will continue to increase in the upcoming years.

STRS & PERS Future Employer Rates

Fiscal Year	STRS		PERS		Total
2013-14	8.25%	\$ (131,947)	11.44%	\$ (6,310)	\$ (138,257)
2014-15	8.88%	227,313	11.77%	370,860	598,173
2015-16	10.73%	1,779,636	11.85%	128,984	1,908,620
2016-17	12.58%	1,270,151	13.89%	933,156	2,203,307
2017-18	14.43%	1,193,075	15.53%	839,116	2,032,191
2018-19	16.28%	834,704	18.06%	764,568	1,599,272
*2019-20	17.10%	1,260,000	19.72%	981,000	2,241,000
2020-21	16.15%	(536,000)	20.70%	356,000	(180,000)
2021-22	16.02%	(73,000)	22.84%	777,000	704,000
2022-23	17.60%	891,000	25.40%	930,000	1,821,000
Total		\$ 6,714,932		\$ 6,074,374	\$ 12,789,306

Rates are as of May 2020 and are subject to change for future years. Employer contribution increase estimates are based on total covered salary estimates from the 2019-20 Adopted Budget.



Future Budget Challenges

(continued)

- **Deficit Spending:**
 - Prior to COVID-19, projected deficits were typically between \$3 to \$5 million
 - May Revise cuts result in a huge \$14.8 million deficit for 2020-21
 - Federal relief and rules relaxed by the State help, but cannot completely make up for the damage done
 - August Revise Budget planned by the state
- **Student Centered Funding Formula (SCFF) Metrics:**
 - Improvements have been made to try to increase revenue under the Student Centered Funding Formula (SCFF)
 - May Revise extends hold harmless provisions for two more years through 2023-24
 - The huge (10%) cuts to SCFF funding in the 2020-21 budget wipe out other positive trends

Tentative Budget

2020-21

June 24, 2020



Future Budget Challenges

(continued)

● Cash Flow:

- Cash deferrals will be used in 2019-20 & 2020-21
- This tactic has been used in previous recessions
- In addition to less apportionment revenue, we will receive good portions of our revenue in the following fiscal year
- We will monitor cash balances closely
- May need interfund borrowing & Tax and Revenue Anticipation Notes (short-term financing) to ensure that vendors and employees are paid on time

Tentative Budget

2020-21

June 24, 2020



Future Budget Challenges

(continued)

● Changes in State Budget

- Legislature's Budget exchanges some budget cuts with cash deferrals pending additional Federal aid
- Increases need for cash borrowing and related expenses

● COVID-19 Expenses

- CARES Act provides nearly \$7 million for District expenses
- Length and total cost as yet still unknown

● Economic Projections

- Severity and length of economic downturn uncertain
- Multi-year projections are tentative, at best
- Long term actions in response to alternate scenarios are being developed

Tentative Budget

2020-21

June 24, 2020



Tentative Budget

2020-21

June 24, 2020

Questions?