

Adopted Budget 2012-13

**Presented by:
Ann-Marie Gabel
Co-Chair
Budget Advisory Committee**

September 11, 2012

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State Budget Overview

- Zero COLA (0%)
- \$50 million growth funding – only if Proposition 30 passes (LBCC's share - \$796K; 175 FTES)
- Student fees increased \$10 to \$46 per unit
- \$8.3 million in prior year ongoing cuts continue
- No restoration of 2009-10 categorical fund cuts
- Decreased deferrals by \$159.9 million to \$801.1 million - \$25 million deferrals for LBCC – only if Proposition 30 passes
- Redevelopment Agency Elimination
 - Hold harmless for related property tax shortages

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Board Goals

- Support the Student Success agenda by:
 - Added ≈ 50 sections for English, Math, Reading and Student Success Courses.
 - Reallocated funding for Success Coaches.
- Support the Career Technical Education Workforce Development & Economic Development agendas to strengthen the regional economy by:
 - Expanding programs to serve small business development
 - Renewal of the Goldman Sachs 10,000 Small Businesses initiative for the 3rd year
 - Expanded funding support for CTE programs through SB70, Nursing, and Perkins grant renewals
 - Expanded workforce development programs through new partnership funding in Healthcare and Transportation
- Allocate resources in a manner that prioritizes these Board Goals
 - Reorganizations implemented

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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 shortfall 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 \$2.3 million reserve
- Vacation Liability Reserve
 - Budgeted \$525K reserve

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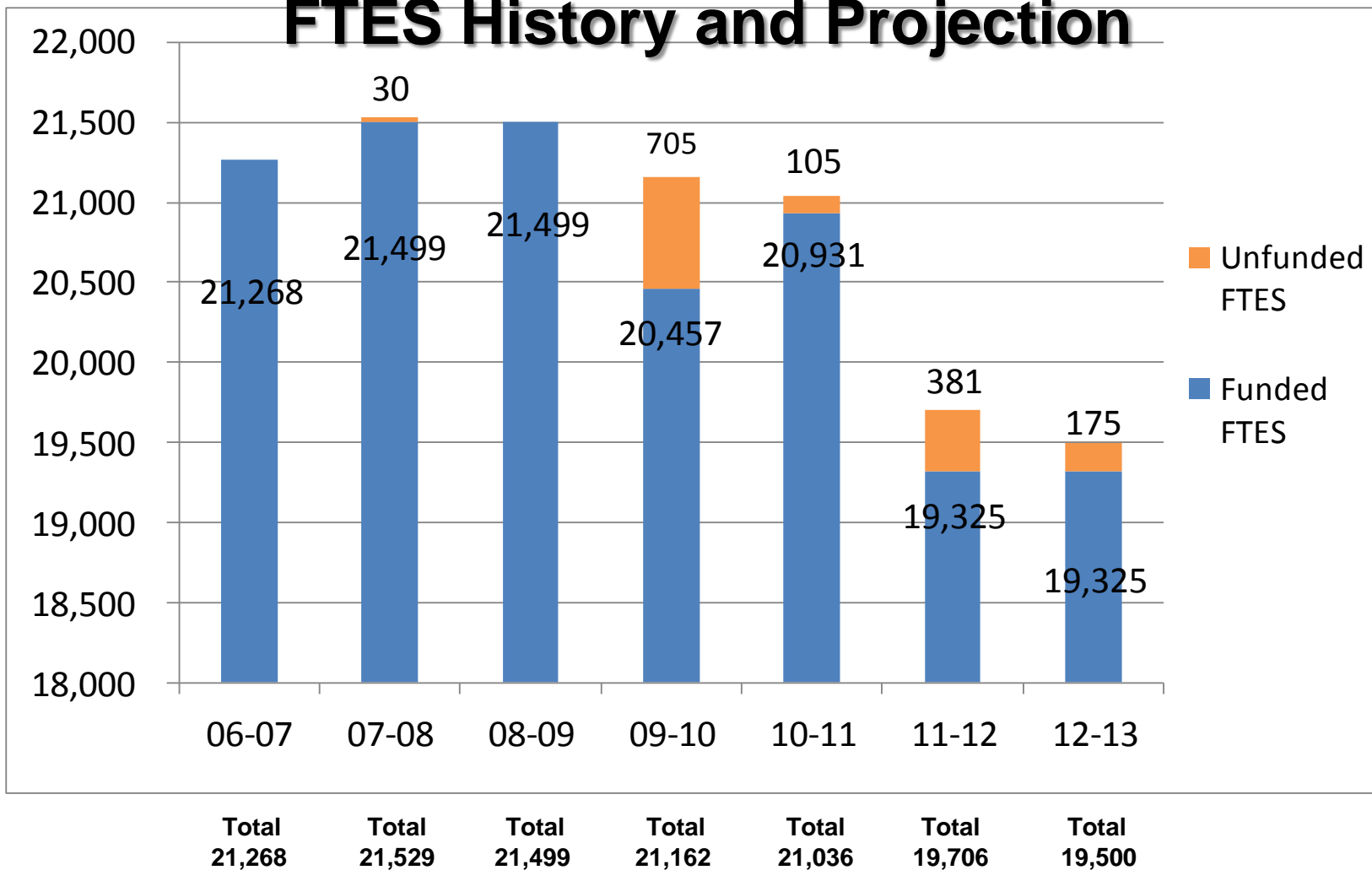
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BAC Planning Assumption Highlights (Continued)

- 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	Unaudited Actual 2011-12	Adopted Budget 2012-13
Unrestricted General Fund	\$ 109.8	\$ 104.9	\$ 102.9
Restricted General Fund	20.4	18.5	19.0
Capital Projects Fund	7.6	7.1	1.6
Child & Adult Development Fund	1.6	1.4	1.4
Contract/Community Education Fund	0.7	0.3	1.0
General Obligation Bond Fund	461.3	40.2	456.5
Retiree Benefits Fund	2.4	2.1	2.4
Self-Insurance Fund	1.0	0.8	1.0
Student Financial Aid	56.8	61.5	75.9
Vet Stadium Operations	1.2	1.1	1.2
Total	\$ 662.8	\$ 237.9	\$ 662.9

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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

	Unaudited Actual 2011-12	Adopted Budget 2012-13	Change Increase/ (Decrease)
Revenues and Other Financing Sources	\$101,560,043	\$101,664,651	\$ 104,608
Expenditures and Other Outgo	104,864,808	102,932,732	(1,932,076)
Surplus/(Deficit)	(3,304,765)	(1,268,081)	2,036,684
Fund Balance	\$ 14,840,916	\$ 13,572,835	\$ (1,268,081)

Unrestricted General Fund Revenue Summary

	Unaudited Actual 2011-12	Adopted Budget 2012-13	Change Increase/ (Decrease)
Federal	\$ 146,600	\$ 146,000	\$ (600)
Apportionment	93,127,937	93,608,394	480,457
Other State	3,641,739	3,647,897	6,158
Local	3,517,503	2,926,018	(591,485)
Other Sources	1,126,264	1,336,342	210,078
Total	\$101,560,043	\$101,664,651	\$ 104,608

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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.
- **Local Revenue** - \$0.6 million decrease is mainly due to the decrease in nonresident fees due to lower enrollment estimates and decreases in other local revenue due to lower interest & miscellaneous income estimates.

Unrestricted General Fund Expenditure Summary

	Unaudited Actual 2011-12	Adopted Budget 2012-13	Change Increase/ (Decrease)
Academic Salaries	\$ 43,312,112	\$ 44,294,216	\$ 982,104
Classified Salaries	25,067,672	22,297,372	(2,770,300)
Benefits	24,946,598	23,454,705	(1,491,893)
Supplies	484,290	806,408	322,118
Services	9,124,965	9,617,630	492,665
Capital Outlay	825,982	1,092,401	266,419
Other Outgo	1,103,189	1,370,000	266,811
Total	\$ 104,864,808	\$ 102,932,732	\$ (1,932,076)

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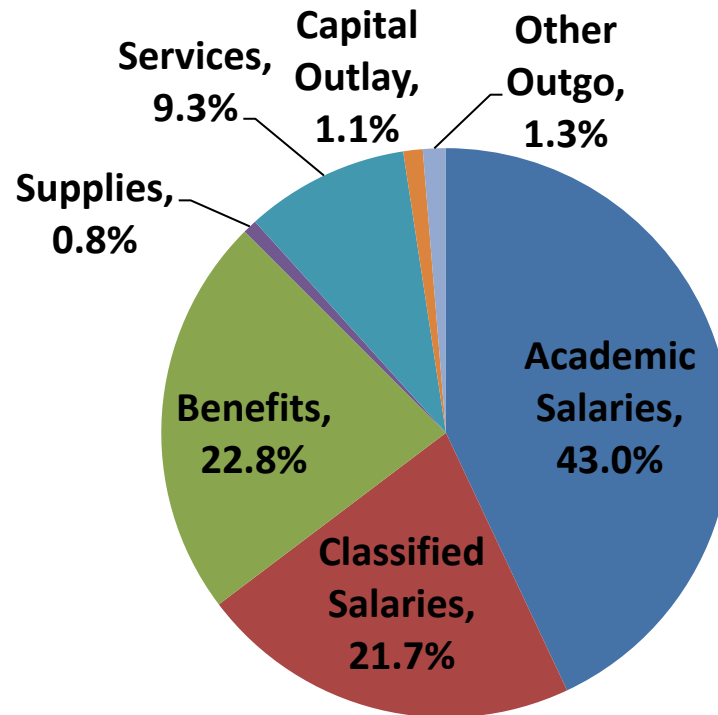
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Major Expenditure Changes in 2012-13

- **Academic Salaries** – \$0.9 million increase is due to 4 new faculty positions, increased full-time hourly pay rates by 6%, step & column increases less the reduction in management positions & academic retirements.
- **Classified Salaries** – \$2.8 million decrease is due to the classified and management reduction in force.
- **Benefits** – \$1.5 million decrease is due to the decrease in total salaries & the expiration of prior years' retiree incentives.
- **Services** – \$0.5 million increase is the net effect of increases including professional services & other services; utilities & maintenance due to new buildings over decreases including election costs & the suspension of police and fire science instructional service agreements.

Unrestricted General Fund Budgeted Expenditures 2012-13



Salaries & Benefits 87.5%

Unrestricted General Fund Reserves

	Adopted Budget
Unassigned Reserves	
Board Mandated Reserve – 5.0%	\$ 5,146,637
Economic Uncertainties	5,556,556
Assigned Reserves	
Technology Master Plan	84,986
Vacation and Load Banking Reserve	2,784,656
Total	\$ 13,572,835

Unrestricted General Fund Breakdown Between Fixed & Discretionary Budgets

(Summary Multiyear Comparison – Total Costs)

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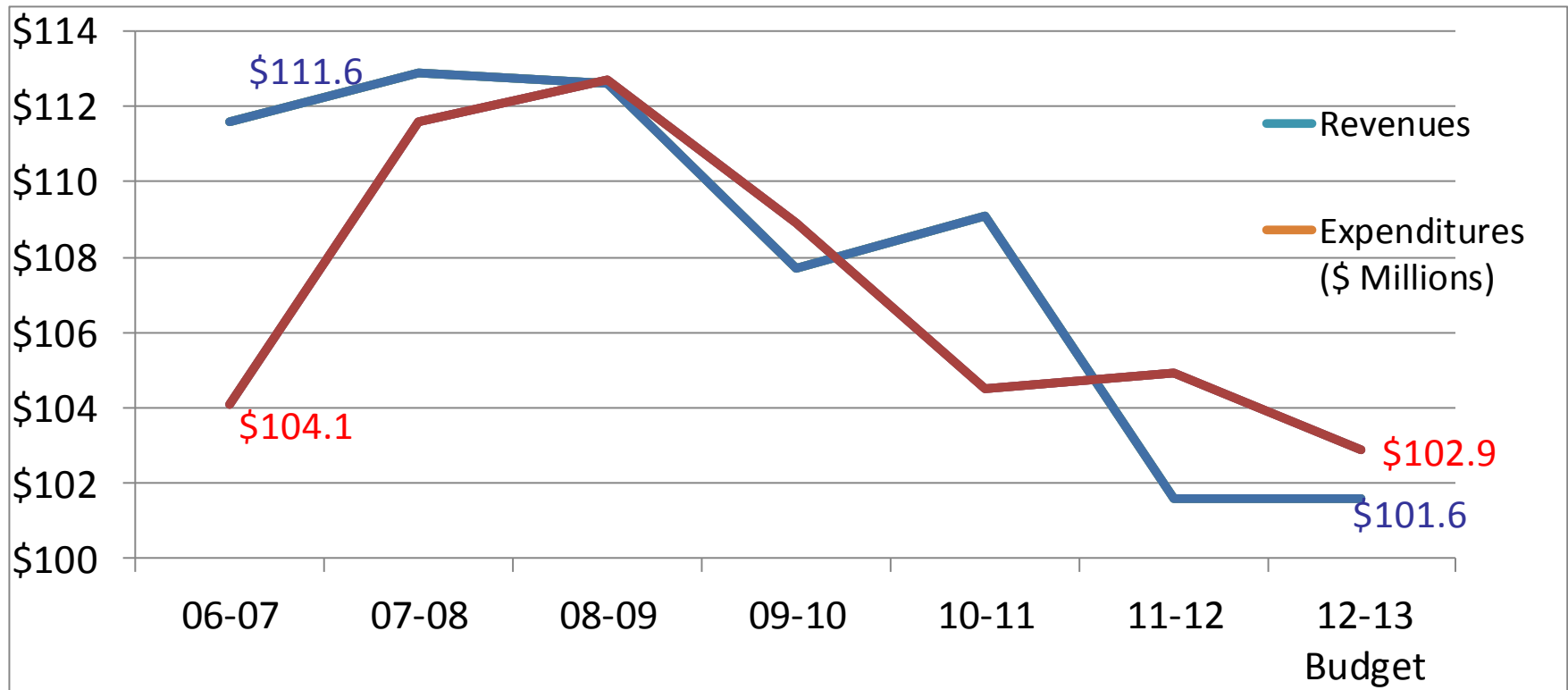
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	Actual 2010-11	Actual 2011-12	Adopted Budget 2012-13
Fixed Costs:			
Academic Salaries	\$30,241,606	\$31,004,532	\$30,843,835
Classified Salaries	22,664,400	23,533,423	21,155,028
Benefits	24,940,372	24,946,598	23,454,705
Total Other Fixed Costs	9,138,552	9,263,819	9,523,004
Total Fixed Costs	\$86,984,930	\$88,748,372	\$84,976,572
	83.24%	84.63%	82.56%
Discretionary Costs:			
Discretionary Hourly Salaries	\$14,451,570	\$13,841,829	\$14,592,725
Other Discretionary Costs	3,065,089	2,274,607	3,363,435
Total Discretionary Costs	\$17,516,659	\$16,116,436	\$17,956,160
	16.76%	15.37%	17.44%
Total Expenditures	\$104,501,589	\$104,864,808	\$102,932,732

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

	06-07 Actual	07-08 Actual	08-09 Actual	09-10 Actual	10-11 Actual	11-12 Unaudited Actual	12-13 Adopted Budget
Salaries & Benefits as a % of Total Expenses & Other Outgo	85.5%	85.2%	86.7%	87.7%	88.3%	89.0%	87.5%
Salaries & Benefits as a % of Total Revenue & Other Sources	79.7%	84.3%	86.8%	88.7%	84.6%	91.9%	88.6%
Surplus / (Deficit)	\$7.5	\$1.3	(\$0.1)	(\$1.2)	\$4.6	(\$3.3)	(\$1.3)
Ending Balance	\$13.6	\$14.9	\$14.7	\$13.5	\$18.1	\$14.8	\$13.5
Ending Balance as a % of Total Expenses & Other Outgo	12.9%	13.3%	13.1%	12.4%	17.4%	14.2%	13.2%

Unrestricted General Fund Revenue and Expenditures Trends



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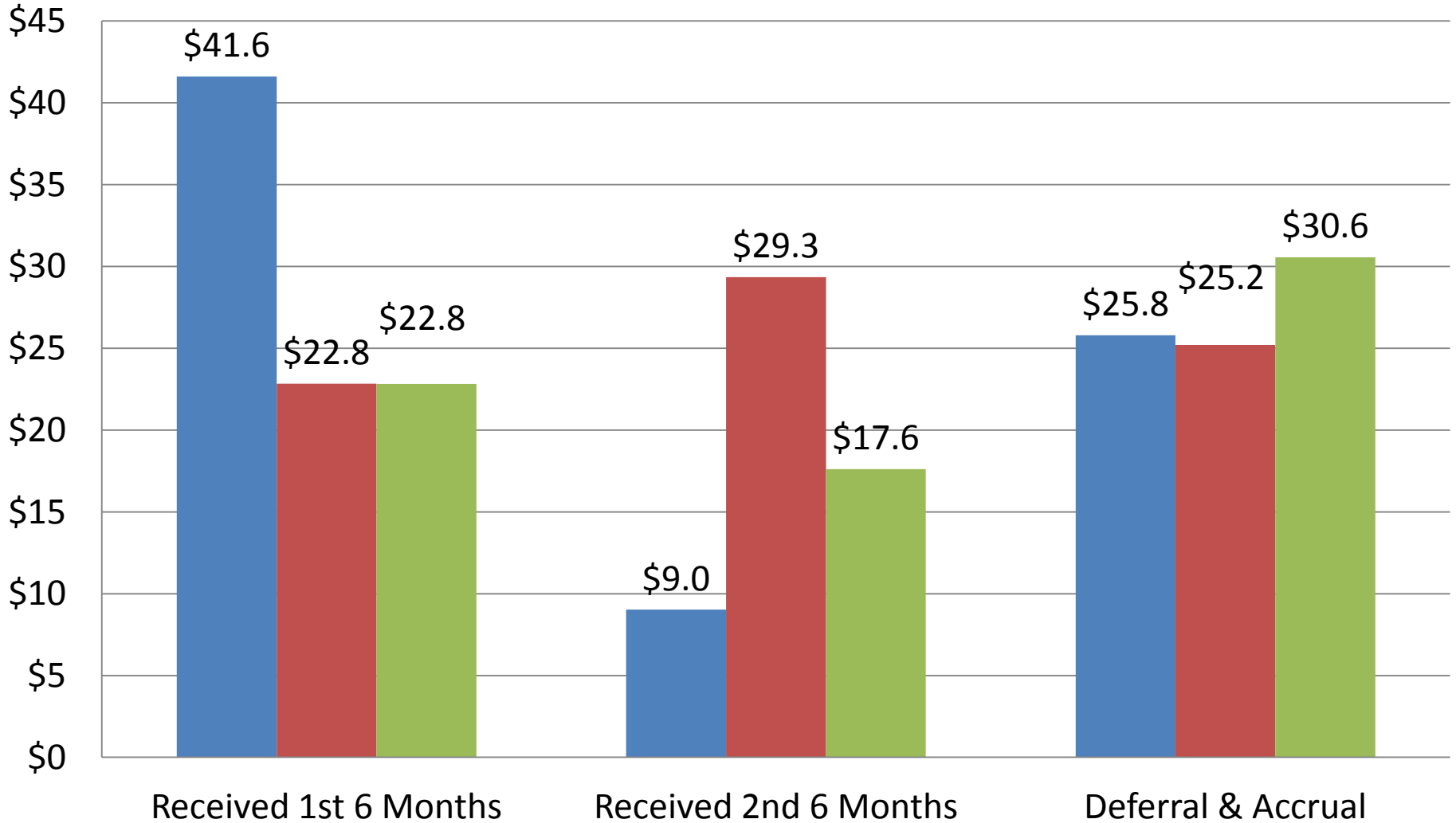
Critical Cash Flow Changes

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

- Less state apportionment in the first 6 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
- TRANs required no later than March for \$20 - \$30 million

State General Apportionment Cash Flow 2012-13 Comparison (in Millions)

■ 2011-12 ■ 2012-13 Taxes Pass ■ 2012-13 Taxes Fail



Budget Risk

Proposition 30 Passes

- Funded at prior year base level – certified through May
- Deferrals cut \$159.9 million to \$801.1 million
 - LBCC deferral ≈ \$25 million
- \$50 million growth
 - LBCC share ≈ \$796 K, ≈ 175 FTES
- Education Protection Act – estimated at \$855 million (11%)
 - LBCC share ≈ \$21.5 million
 - ≈ \$5.4 million less per LAO estimate

Proposition 30 Fails

- Mid-year cut of \$338.6 million
 - LBCC share ≈ \$6.4 million
 - ≈ 1,400 FTES & ≈ 320 sections
- Deferrals stay at \$961 million
 - LBCC share ≈ \$30 million
 - Over 39% of state apportionment
- No growth funding

Trigger Language

Scenario	Percent of deficit factor	Base Cut (this cut will take place regardless of the outcome of the election or the deficit factor)	Prop 30 passes (additional cuts based on deficit factor – Trigger 1)	Prop 30 fails (additional cuts are NOT based on deficit factor, rather a flat rate is used – Trigger 2)	Total Cuts
Scenario A	0.00% - 1.00%	\$2,000,000	\$0		\$2,000,000
Scenario B	1.01% - 1.49%	\$2,000,000	\$500,000		\$2,500,000
Scenario C	1.50% - 1.99%	\$2,000,000	\$1,000,000		\$3,000,000
Scenario D	2.00% - 2.49%	\$2,000,000	\$1,500,000		\$3,500,000
Scenario E	2.50%+	\$2,000,000	\$2,000,000		\$4,000,000
Scenario F		\$2,000,000		\$6,400,000	\$8,400,000

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Questions?