



LONG BEACH CITY COLLEGE

Tentative Budget 2018-19

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

June 26, 2018



Overview

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

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Overview (continued)

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 - Revenue Summary
 - Major Revenue Changes in 2018-19
 - Expenditure Summary
 - Major Expenditure Changes in 2018-19
 - Reserves
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- **Future Budget Challenges**

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State Budget Overview (Governor's Budget)

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- \$60 million (1%) in growth funding
 - \$0 budgeted for LBCC (no growth expected)
- \$173.1 million (2.71%) COLA
 - No COLA for LBCC as a hold harmless district
- \$104 million in one-time funds for hold harmless districts equal to 2.71% of apportionment
 - Approximately \$3.2 million for LBCC
- \$175 million for the transition to the new formula, and \$73.7 million for apportionment



State Budget Overview

(continued)

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- New Funding Formula
 - 60% Base Grant – FTES
 - 20% Student Success Grant – degrees, certificates, and other success measures
 - 20% Supplemental Grant – low-income students served
 - Hold harmless provision – 2018-19 & 2019-20
 - End of “summer shift” – beginning summer 2019
 - End of stability funding because of the 3-year rolling average FTES in the new formula



State Budget Overview (continued)

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- \$7.8 million (2.71%) COLA for categorical programs (DSPS, EOPS, CalWORKs & Child Care Tax Bailout)
 - \$80,000 for LBCC
- \$21.5 million (2.71%) COLA for the Adult Education Block Grant
 - \$30,000 for LBCC
- \$143.5 million for Deferred Maintenance/Instructional Equipment
 - \$2.5 million for LBCC (split 70%/30%)



State Budget Overview (continued)

- \$46 million for the implementation of the California College Promise (AB 19)
- \$20 million for Innovation Awards
- \$40.7 million for Full-Time Student Success Grant and the Completion Grant
 - \$700,000 for LBCC students who meet the requirements

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State Budget Overview

(continued)

- 21 (15 continuing and 6 new) Proposition 51 facilities bond projects approved. \$46 million is allocated in 2018-19. Includes 2 LBCC projects approved in the prior budget year:
 - Buildings M & N, LAC
 - Construction Trades Phase I, Building MM, PCC
- Consolidation of 3 programs:
 - Student Success & Support Program (SSSP)
 - Student Equity
 - Student Success and Basic Skills
- \$120 million (\$100 million one-time and \$20 million ongoing) to establish the California Online Community College

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Board of Trustees Goals

1. Support the implementation of the 2016-2022 Strategic Plan
2. Improve Board governance
3. Support the implementation of an Enrollment Management Plan
4. Support strategies that improve the fiscal long-term health of the college and devise strategies to improve access and affordability for all college students

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Strategic Plan Goals

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

(Included within Board Goals approved on August 22, 2017.)

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Institutional Priorities

In compliance with all regulations and laws, and 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:

- A.** Creating guided pathways and roadmaps
- B.** Maintaining fiscal viability
- C.** Expanding our profile within the community to enhance enrollment
- D.** Supporting equitable student success through innovation

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Institutional Priorities

(continued)

- E.** Increasing student retention, completion, and transfer
- F.** Implementing our Strategic Enrollment Management Plan priorities

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Resource Allocation towards Goals & Priorities

	Board Goals		Included in Both		Institutional Priorities			
	1. Implement Strategic Plan	2. Board Governance	3 & F. Strategic Enrollment Management Plan Priorities	4 & B. Fiscal Health	A. Guided Pathways	C. Expand Community Profile to Enhance Enrollment	D. Equitable Student Success	E. Increase Retention, Completion & Transfers
Hiring 7 FT Faculty	√				√	√		√
Winter Intersession	√		√	√		√	√	√
Instructional Equipment	√				√		√	√
Business Process Reviews	√		√	√	√		√	√
LEAD & Leadership Alliance Academy	√							

Resource Allocation towards Goals & Priorities (continued)

	Board Goals		Included in Both		Institutional Priorities			
	1. Implement Strategic Plan	2. Board Governance	3 & F. Strategic Enrollment Management Plan Priorities	4 & B. Fiscal Health	A. Guided Pathways	C. Expand Community Profile to Enhance Enrollment	D. Equitable Student Success	E. Increase Retention, Completion & Transfers
The Portal @ LBCC	√					√	√	
SBDC	√			√		√		
Goldman Sachs 10K Small Businesses	√					√		
Award for Innovation in Higher Education	√		√	√	√	√	√	√
Student Equity & SSSP	√		√	√	√		√	√
Strong Workforce	√		√	√	√	√	√	√
IEPI Grant	√			√	√	√	√	√

Resource Allocation towards Goals & Priorities (continued)

	Board Goals		Included in Both		Institutional Priorities			
	1. Implement Strategic Plan	2. Board Governance	3 & F. Strategic Enrollment Management Plan Priorities	4 & B. Fiscal Health	A. Guided Pathways	C. Expand Community Profile to Enhance Enrollment	D. Equitable Student Success	E. Increase Retention, Completion & Transfers
Adult Ed Regional Consrtr.	√		√	√	√	√	√	√
CA Promise Innov. Grant	√		√	√	√	√	√	√
Guided Pathways	√		√	√	√	√	√	√
Pre-Apprenticeship Grants	√		√	√		√	√	√
Global Trade & Logistics	√		√	√	√	√	√	
Promise Pathways and Related Grants	√		√	√	√	√	√	√
Early College Credit	√		√	√	√	√	√	√
Viking Express	√		√	√	√	√	√	√
Cranium Cafe	√		√	√	√	√	√	√
Starfish Early Alert	√		√		√	√	√	√
HighPoint	√		√	√		√	√	√



BAC Budget Assumption Highlights

- There will be potential budget redirections in response to both the State's budget impact and the priority as identified by the College Planning Committee (CPC).
- FTES funded and total target is 20,133.
- A 0.5% deficit factor will be included to offset possible shortfall from apportionment revenues.
- Total Cost of Ownership – principles shall be employed in department planning and budgeting processes.

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BAC Budget Assumption Highlights (Continued)

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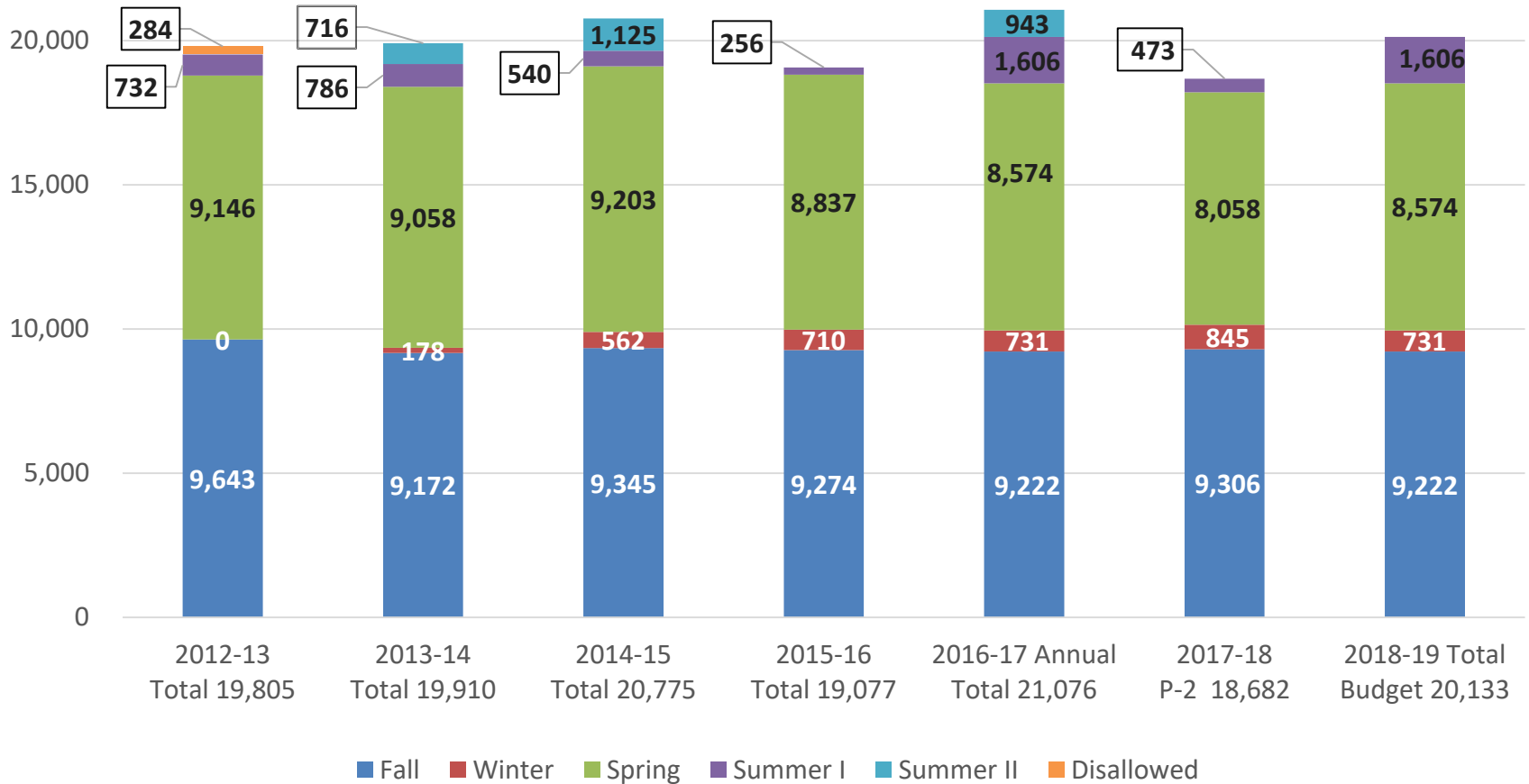
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- Maintain a 5.5% minimum unrestricted reserve
 - Institutional Effectiveness Fund Balance goal set at 15% (short-term goal is 12.5%).
- Load Banking and Vacation Liability Reserves – \$3.01 million
- Benefit costs changes:
 - STRS increased by 1.850% - \$1,108,000
 - PERS increased by 2.531% - \$973,000
 - Retiree Benefits – Annual Required Contribution (ARC) \$4.1 million
- Health & Welfare Premiums
 - Increased by 2.2% - \$417,000



FTES By Term



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

	Adopted Budget 2017-18	Estimated Actual 2017-18	Tentative Budget 2018-19
Unrestricted General Fund	\$ 138.9	\$ 135.9	\$ 140.5
Restricted General Fund	47.0	39.4	39.0
Associated Students Body Fund	1.1	1.0	1.2
Capital Projects Fund	13.2	6.6	36.9
Child & Adult Development Fund	1.9	2.0	2.0
Contract/Community Education Fund	1.2	0.2	1.4
General Obligation Bond Fund 2008 Measure E	141.9	0.0	96.6
General Obligation Bond Fund 2016 Measure LB	785.5	25.6	806.3
Retiree Health Fund	3.3	3.0	2.8
Self-Insurance Fund	1.2	1.1	1.2
Student Financial Aid	43.9	44.9	44.3
Student Representation Fund	0.0	0.0	0.0
Vet Stadium Operations	1.3	1.4	1.3
Total	\$ 1,180.4	\$ 261.1	\$ 1,173.5

Unrestricted General Fund Overall Summary

	Estimated Actual 2017-18	Tentative Budget 2018-19	Change Increase/ (Decrease)
Revenues and Other Financing Sources	\$131,115,373	\$133,828,441	\$2,713,068
Expenditures and Other Outgo	135,878,891	140,525,010	4,646,119
Surplus/(Deficit)	(4,763,518)	(6,696,569)	(1,933,051)
Fund Balance	\$ 25,709,182	\$ 19,012,613	\$(6,696,569)

Unrestricted General Fund Revenue Summary

	Estimated Actual 2017-18	Tentative Budget 2018-19	Change Increase/ (Decrease)
Federal	\$ 150,000	\$ 150,000	\$ 0
Apportionment	118,165,591	121,710,664	3,545,073
Other State	8,927,599	8,116,304	(811,295)
Local	3,533,340	3,505,798	(27,542)
Other Sources	338,843	345,675	6,832
Total	\$131,115,373	\$133,828,441	\$ 2,713,068



Major Revenue Changes in 2018-19

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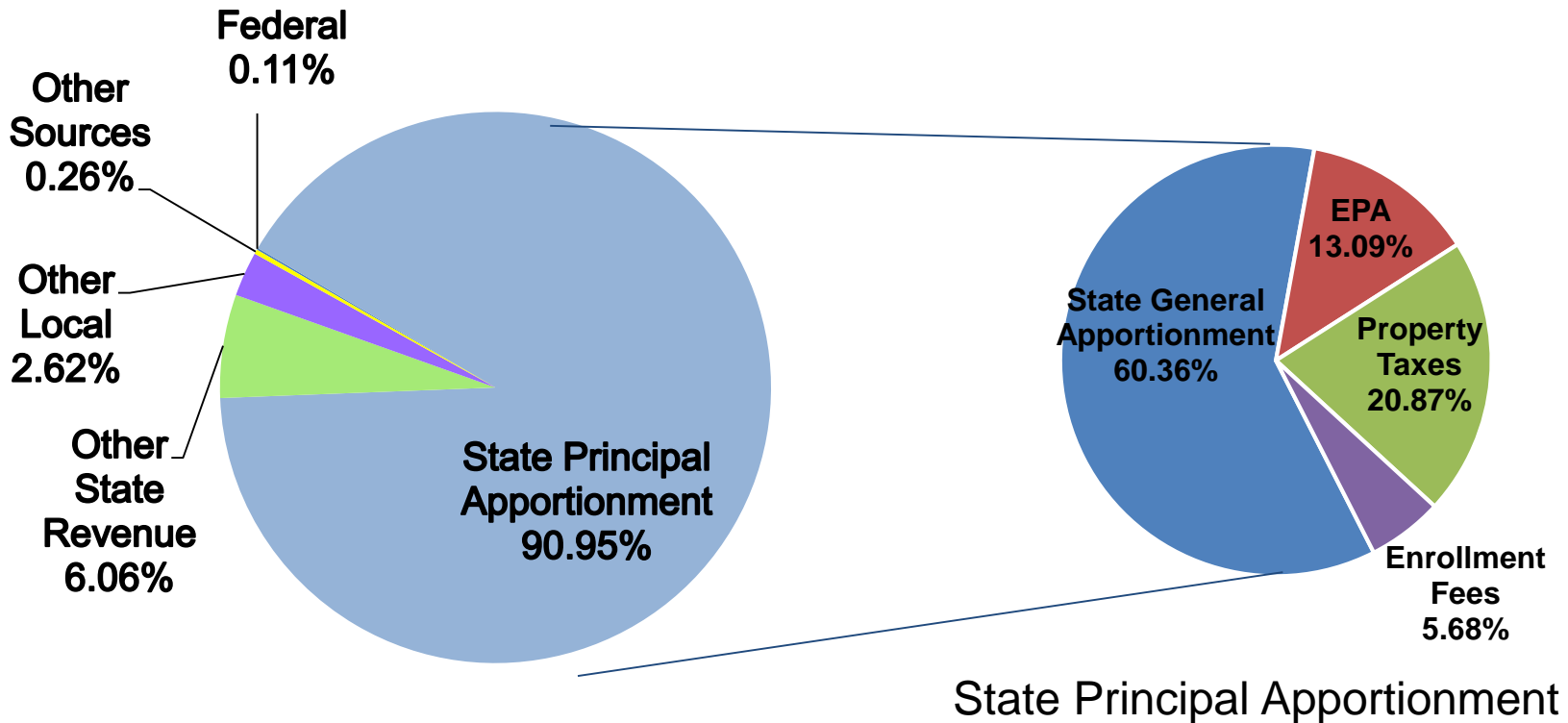
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- **Apportionment** – \$3.5 million increase is the net of:
 - \$3.2 million one-time 2.71% resource allocation
 - \$0.6 million increase due to no projected faculty obligation penalty in 2018-19
 - (\$0.3) million decrease due to prior year apportionment recalculation revenue
- **Other State Revenue** – (\$0.8) million decrease due to:
 - (\$0.6) million decrease in one-time Mandated Cost Revenue
 - (\$0.4) million decrease in State Lottery revenue
 - \$0.2 million net increase other state revenues



Unrestricted General Fund Budgeted Revenue & Other Sources 2018-19



Unrestricted General Fund Expenditure Summary

	Estimated Actual 2017-18	Tentative Budget 2018-19	Change Increase/ (Decrease)
Academic Salaries	\$ 54,481,141	\$ 56,223,736	\$ 1,742,595
Classified Salaries	27,696,390	28,643,463	947,073
Benefits	39,369,107	40,998,440	1,629,333
Supplies	991,457	878,691	(112,766)
Services	9,160,096	9,925,945	765,849
Capital Outlay	1,430,329	1,617,285	186,956
One-Time	1,304,371	855,850	(448,521)
Other Outgo	1,446,000	1,381,600	(64,400)
Total	\$135,878,891	\$140,525,010	\$ 4,646,119



Major Expenditure Changes in 2018-19

- **Academic Salaries** – the \$1.7 million increase is due mainly to hiring 7 new full-time faculty and negotiated salary increases.
- **Classified Salaries** – \$0.9 million increase is due to negotiated salary increases, step and column increases, and the assumption that vacancies will be filled.
- **Total Benefits** – \$1.6 million increase is due to the increase in positions, salaries, and increases to certain benefit rates, most notably the 1.85% for STRS, the 2.531% for PERS, and the 2.2% increase to health and welfare benefits.

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Major Expenditure Changes in 2018-19 (continued)

- **Contract Services and Operating Expenses** – \$0.8 million increase is mainly due to the increase in professional services and other expenses less the decrease for the cost of elections, which are held every other year.

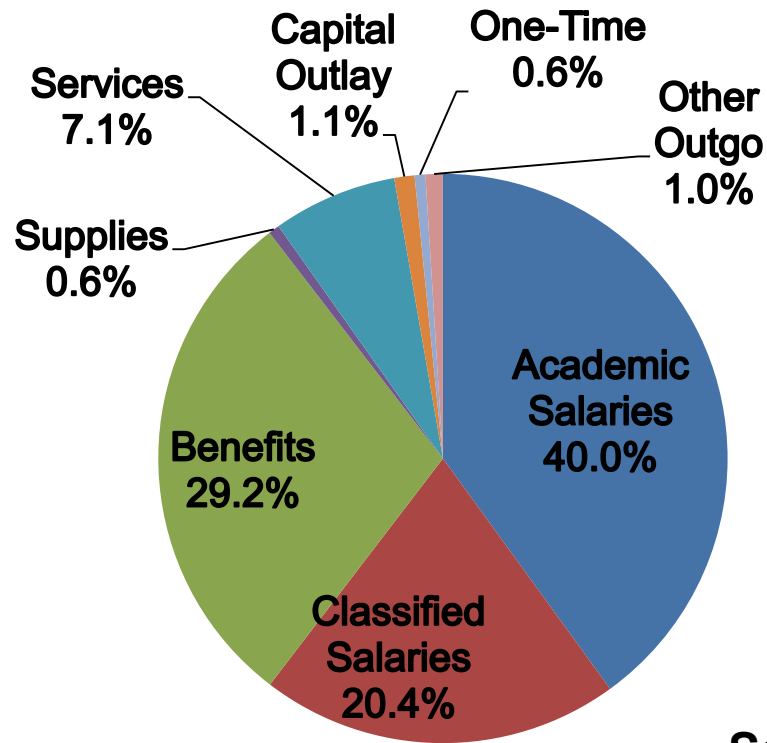
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Unrestricted General Fund Budgeted Expenditures and Other Outgo 2018-19



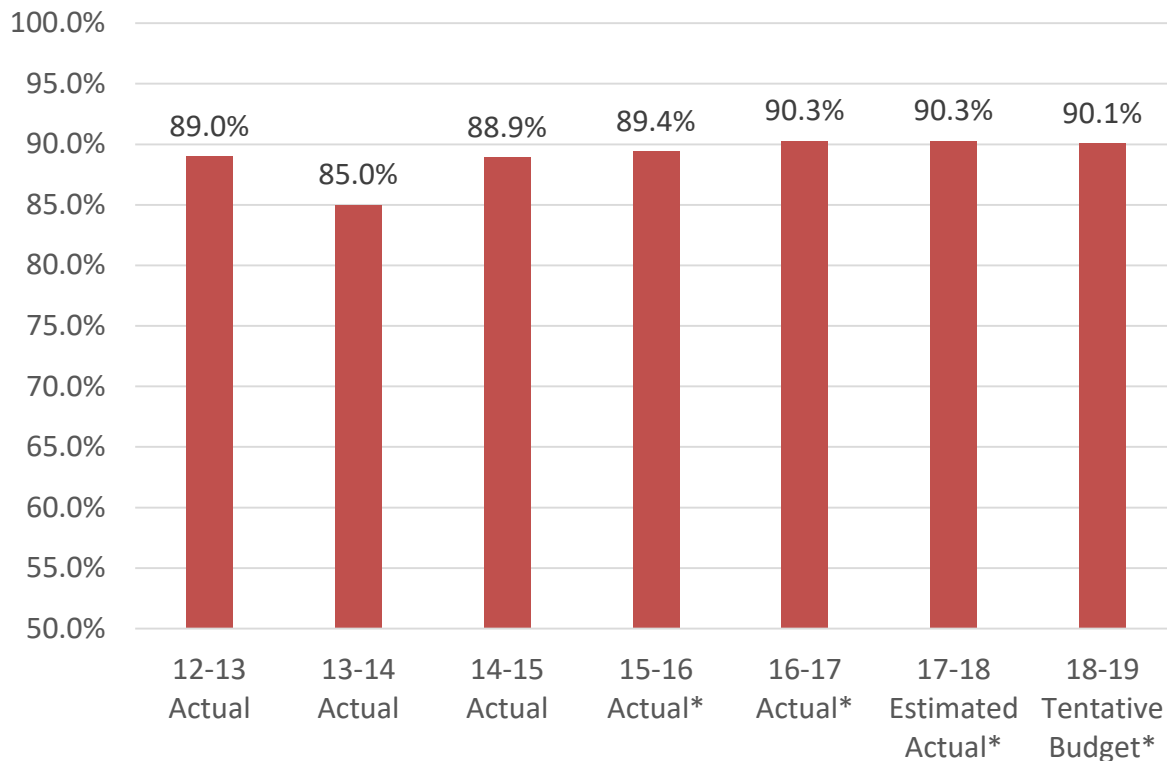
Salaries & Benefits 89.6%

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

	12-13 Actual	13-14 Actual	14-15 Actual	15-16 Actual	16-17 Actual	17-18 Estimated Actual	18-19 Tentative Budget
Salaries & Benefits as a % of Total Expenses & Other Outgo	89.0%	85.0%	88.9%	82.8% 89.4%*	88.9% 90.3%*	89.5% 90.3%*	89.6% 90.1%*
Surplus / (Deficit)	\$2.4	\$4.0	\$4.4	\$2.7	\$2.2	(\$4.8)	(\$6.7)
Ending Balance	\$17.2	\$21.2	\$25.6	\$28.3	\$30.5	\$25.7	\$19.0
Ending Balance as a % of Total Expenses & Other Outgo	17.7%	20.6%	24.0%	21.4%	24.4%	18.9%	13.5%

*Percentage of Total Expenses and Other Outgo excluding one-time expenses including Mandated Cost revenue (current year and carryover allocations).

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



*Percentage of Total Expenses and Other Outgo excluding one-time expenses including Mandated Cost revenue (current year and carryover allocations).

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

	Adopted Budget 2017-18	Estimated Actual 2017-18	Tentative Budget 2018-19	Projected 2019-20
Projected Revenue				
Apportionment Revenue	\$118.2	\$118.5	\$121.7	\$118.5
Other Revenue	11.9	12.6	12.1	12.0
Total Available Funding	130.1	131.1	133.8	130.5
Projected Expenses				
Expenditure Base (Prior Year)	124.7	138.9	135.9	140.5
Adjustments to Operations	5.0	(4.7)	0.3	0.3
Adjustments to Compensation/Benefits	9.2	1.7	4.3	4.6
Total Projected Expenses	138.9	135.9	140.5	145.4
Projected Surplus/ (Deficit)	(8.8)	(4.8)	(6.7)	(14.9)
Projected Ending Fund Balance	\$21.7	\$25.7	\$19.0	\$4.1
% of Expenses	15.6%	18.9%	13.5%	2.8%



Future Budget Challenges

● Enrollment:

- Goal is to reach 20,133 FTES.
- However, enrollment trends show a 2,000 FTES decrease.
- The new funding formula includes other metrics, but FTES remain the single largest factor to our funding.

● State Pension Obligations:

- STRS and PERS obligations will continue to increase rapidly in the upcoming years.

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STRS & PERS Future Employer Rates

Fiscal Year	STRS		PERS		Total
2016-17	12.58%		13.89%		
2017-18	14.43%	\$ 1,012,000	15.53%	\$ 568,000	\$ 1,580,000
2018-19	16.28%	1,108,000	18.06%	973,000	2,081,000
2019-20	18.13%	1,137,000	20.80%	1,088,000	2,225,000
2020-21	19.10%	542,000	23.50%	964,000	1,506,000
2021-22	20.10%	559,000	24.60%	393,000	952,000
2022-23	20.25%	84,000	25.30%	250,000	334,000
2023-24	20.25%	0	25.80%	179,000	179,000
2024-25	20.25%	0	26.00%	71,000	71,000
Total		\$ 4,442,000		\$ 4,486,000	\$ 8,928,000

Rates are as of May 2017 & are subject to change. Employer contribution increase estimates are based on total covered salary estimates from the 2017-18 Adopted Budget.



Future Budget Challenges

(continued)

- **Deficit Spending:**

- The 2018-19 Tentative Budget includes \$6.7 million in deficit spending.
- \$0.9 million of that is due to one-time projects.
- Need to continue monitoring ongoing expenditures and identify budget cuts to ensure that structural deficits do not become unmanageable on a long-term basis.

- **Success Metrics:**

- We will work together to implement the processes that work to help us improve results for our students including degree and certificate attainment and transfers, and eliminate the processes that don't work.

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Questions?