

Tentative Budget 2014-15

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

June 24, 2014

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State Budget Overview (Governor's Budget)

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- \$140.4 million (2.75%) in access/restoration funding:
 - \$1.85 million (2%) for LBCC if we grow 398 FTES.
- \$47.3 million (0.85%) COLA:
 - \$0.84 million for LBCC.
- Student fees remain at \$46 per unit.

State Budget Overview (continued)

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- \$100 million for Student Success and Support Program (SSSP, formerly Matriculation).
- \$100 million for Student Equity.
- \$50 million for Economic and Workforce Development programs.
- \$148 million for deferred maintenance:
 - \$2.47 million for LBCC.

State Budget Overview (continued)

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- \$37.5 million in Proposition 39 funding:
 - About \$675,000 for LBCC.
- Apportionment deferrals eliminated.
- \$6.0 million for technology infrastructure.
- \$345,000 decrease to mandated cost reimbursements.
- 1.25% increase to CalSTRS employer contribution:
 - Approximately \$575,000 for LBCC.

Board Goals

1. Support the Student Success agenda by:
 - Implementing the Educational Master Plan.
 - Implementing the Promise Pathways Program.
 - Expanding the Long Beach College Promise.

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Board Goals

(Continued)

2. Support the Career Technical Education Workforce Development and Economic Development agendas to strengthen the regional economy by:
 - Implementing and expanding programs to serve small business development.
 - Implementing the Goldman Sachs 10,000 small businesses initiative.
 - Organizing a local economic development summit.
3. Allocate resources in a manner that prioritizes these Board Goals.

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Institutional Priorities

The college's top priority is to improve rates of student success which include, but are not limited to the following: AA/AS, AA/AS–Transfer, transfer, certificates of achievement and workforce readiness.

In order to accomplish this top priority, the College will strive to:

- A.** Maintain fiscal stability to afford opportunities for student needs.
 - Acquire and manage funding to support student success initiatives.
- B.** Further analyze and dedicate resources that build effective organizational structures college-wide.
 - Evaluate need for reinstatements, reorganizations, filling vacancies and/or hiring personnel.
- C.** Further support implementation of the Pacific Coast Campus Educational Master plan.
 - Continue to increase GE course offerings.
- D.** Facilitate, advance, promote, and support effective integration of technology into the learning and work environment.
- E.** Support professional development in alignment with institutional priorities through coordinated efforts in Human Resources and Faculty Professional Development.

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Goals & Priorities

	Board Goals			Institutional Priorities				
	1. Student Success	2. Career Technical Education	3. Resource Allocation	A. Fiscal Stability	B. Personnel Resources	C. PCC Ed Master Plan	D. Tech Integration	E. Prof. Develop- ment
Hiring 42 FT Faculty	√	√	√	√	√	√		
Computers for New Faculty	√		√			√	√	
Restore & Create New Classified Pos. (10.7 FTE)	√		√		√	√		
Winter Intersession	√	√	√	√	√			
Summer Session 2014 Expanded (770 FTES increase projected)	√	√	√	√	√	√		
Promise Pathway – ABC, Los Alamitos USD, & St. Joseph’s HS added 2014	√							
Increased Course Offerings	√		√	√	√	√		
Faculty Professional Development Augmentation	√		√					√

Goals & Priorities (continued)

	Board Goals			Institutional Priorities				
	1. Student Success	2. Career Technical Education	3. Resource Allocation	A. Fiscal Stability	B. Personnel Resources	C. PCC Ed Master Plan	D. Tech Integration	E. Prof. Develop- ment
Technology Refresh - Multimedia	√	√	√			√	√	
Instructional Equipment – Local Contribution	√	√	√			√	√	
Mobile Application Deployment	√	√	√			√	√	
SBDC		√						
TAACCCT Grant		√						
Goldman Sachs 10K Small Businesses		√						
IMCP Grant (Investing In Manufacturing partnership)		√						
CCPT Grants (Healthcare & Advanced Manufacturing/ Engineering Technology)		√					√	

BAC Budget Assumption Highlights

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- There will be budget redirections and potential reductions in response to both the State's budget impact and the priority as identified by the College Planning Committee (CPC).
 - Institutional Priority – improve rates of student success.
- FTES Target is 20,700 - Anticipated funding level at 20,307, leaving 393 unfunded (1.9%).
- A 1% deficit factor will be included to offset possible shortfall from apportionment revenues.

BAC Budget Assumption Highlights (Continued)

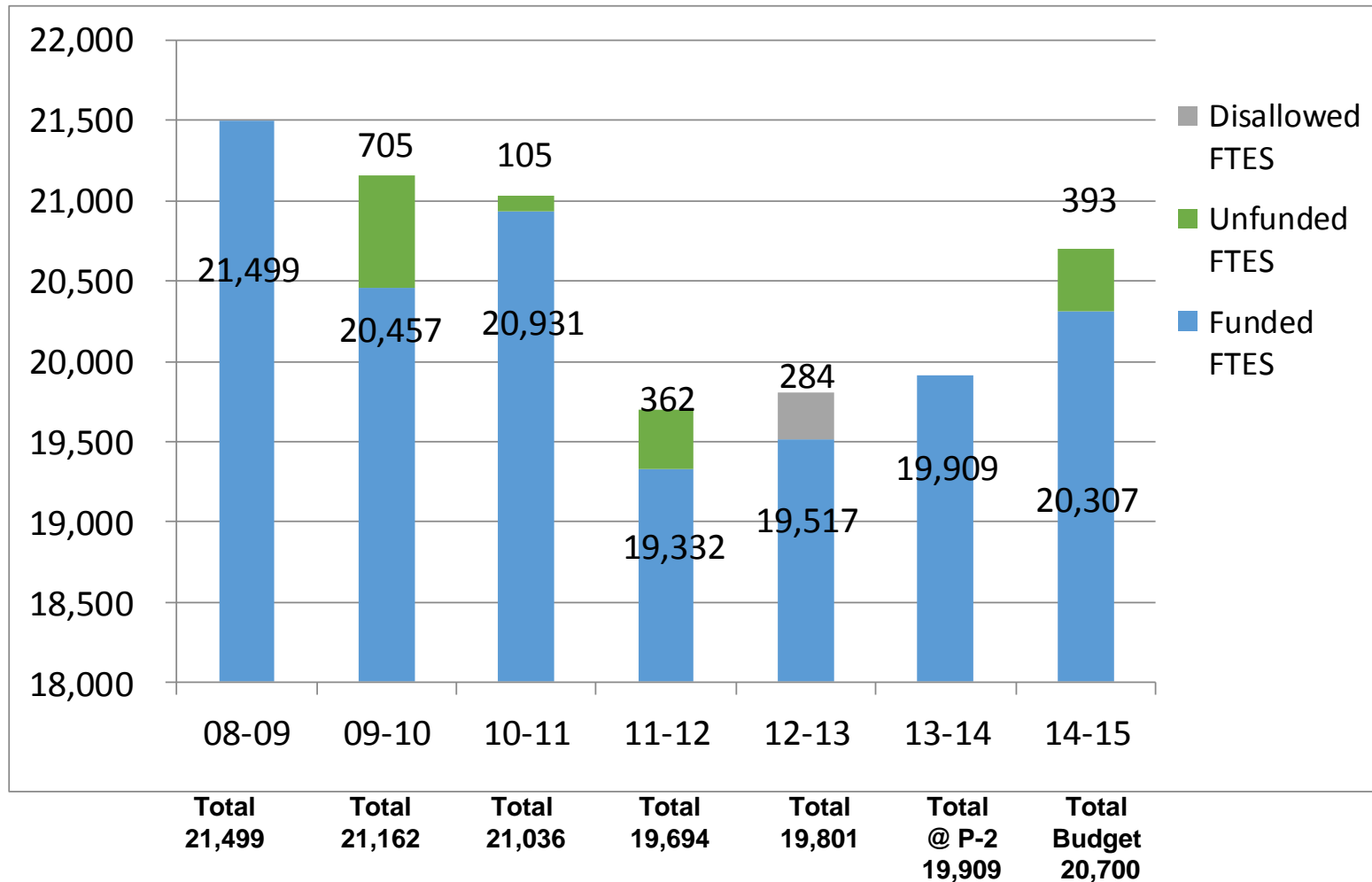
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- Total Cost of Ownership – principles shall be employed in department planning and budgeting processes.
- Maintain a 5.5% unrestricted reserve for contingencies.
- Load Banking and Vacation Liability Reserves – \$2.6 million.
- Benefit costs changes:
 - Health and welfare costs increased by 6.1%.
 - STRS increased by 1.25%.
 - PERS increased by 0.329%.
 - Worker's compensation increased by 0.201%.
 - Retiree benefits decreased by 0.44%.

FTES History and Projection



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

	Adopted Budget 2013-14	Estimated Actual 2013-14	Tentative Budget 2014-15
Unrestricted General Fund	\$ 103.3	\$ 104.7	\$ 111.9
Restricted General Fund	19.1	20.1	17.9
Capital Projects Fund	1.3	2.0	4.7
Child & Adult Development Fund	1.5	1.4	1.6
Contract/Community Education Fund	1.1	0.8	1.0
General Obligation Bond Fund	220.3	25.7	193.3
Retiree Health Fund	2.6	2.6	2.7
Self-Insurance Fund	1.1	1.0	1.5
Student Financial Aid	64.2	50.2	59.3
Vet Stadium Operations	1.2	1.1	1.2
Total	\$ 415.7	\$ 209.6	\$ 395.1

Unrestricted General Fund Overall Summary

	Estimated Actual 2013-14	Tentative Budget 2014-15	Change Increase/ (Decrease)
Revenues and Other Financing Sources	\$103,841,274	\$107,726,012	\$ 3,884,738
Expenditures and Other Outgo	104,745,370	111,948,181	7,202,811
Surplus/(Deficit)	(904,096)	(4,222,169)	(3,318,073)
Fund Balance	\$ 16,276,606	\$ 12,054,437	(\$ 4,222,169)

Unrestricted General Fund Revenue Summary

	Estimated Actual 2013-14	Tentative Budget 2014-15	Change Increase/ (Decrease)
Federal	\$ 128,000	\$ 128,000	\$ 0
Apportionment	96,349,951	100,363,069	4,013,118
Other State	3,681,998	3,689,941	7,943
Local	3,355,325	3,217,655	(137,670)
Other Sources	326,000	327,347	1,347
Total	\$103,841,274	\$107,726,012	\$ 3,884,738

Major Revenue Changes in 2014-15

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- **Apportionment** - \$4.0 million increase is the net of:
 - \$3.29 million due to the reduction of the deficit factor from 4.36% to 1.0%.
 - \$1.85 million in increased access/restoration.
 - \$0.84 million in COLA.
 - (\$1.97) million decrease due to prior year apportionment recalc revenue and full-time faculty adjustment.

Unrestricted General Fund Expenditure Summary

	Estimated Actual 2013-14	Tentative Budget 2014-15	Change Increase/ (Decrease)
Academic Salaries	\$ 42,013,264	\$ 46,775,762	\$ 4,762,498
Classified Salaries	23,179,442	25,066,156	1,886,714
Benefits	22,664,627	26,087,837	3,423,210
Supplies	863,541	710,005	(153,536)
Services	10,816,259	9,138,117	(1,678,142)
Capital Outlay	3,147,821	2,676,804	(471,017)
Other Outgo	2,060,416	1,493,500	(566,916)
Total	\$ 104,745,370	\$ 111,948,181	\$ 7,202,811

Major Expenditure Changes in 2014-15

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- **Academic Salaries** – \$4.8 million increase is due to hiring 42 new faculty and the proposed 2% & 3% salary rate increase for full-time and part-time faculty respectively.
- **Classified Salaries** – \$1.9 million increase is due mainly to the restoration of certain cut positions (10.7 FTE) and the proposed 2% on- and 2% off-schedule increases.
- **Total Benefits** – \$3.4 million increase due to the increase in positions, proposed pay rate increases, and increases to certain benefit rates, most notably the 6.1% health & welfare and 1.25% STRS rate increases.

Major Expenditure Changes in 2014-15

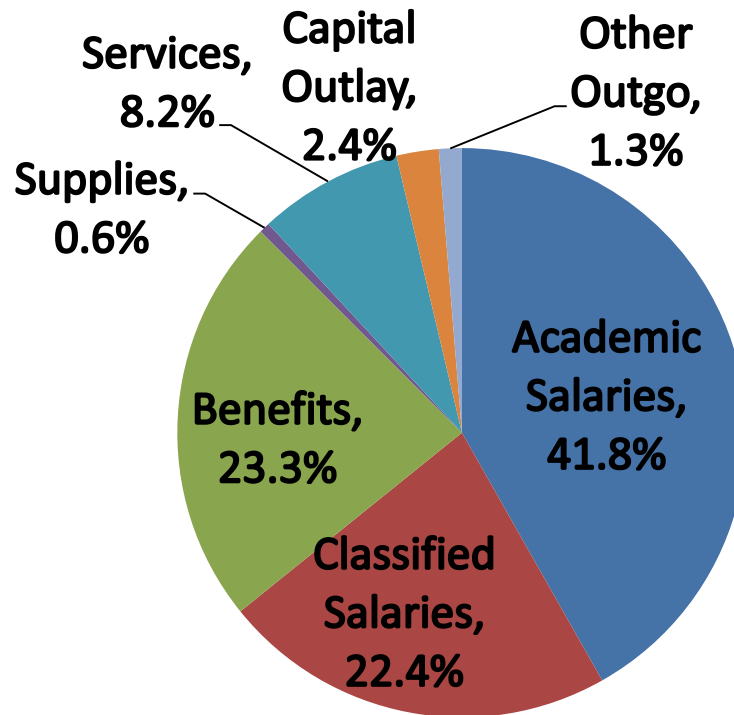
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- **Contract Services and Operating Expenses** – (\$1.7) million decrease is due to one-time IRS costs less the net increases in various other areas.
- **Capital Outlay** – (\$0.5) million decrease is mainly due to the 2013-14 one-time technology upgrade.
- **Other Outgo** – (\$0.6) million decrease is due to the elimination of the scheduled maintenance match and the 2013-14 one-time additional self-insurance costs.

Unrestricted General Fund Budgeted Expenditures 2014-15



Salaries & Benefits 87.5%

Unrestricted General Fund Reserves

	Tentative Budget
Unassigned Reserves	
Board Mandated Reserve	\$ 6,157,150
Economic Uncertainties	1,429,006
Assigned Reserves	
Potential Enrollment Shortfall	1,854,565
Vacation and Load Banking Reserve	2,613,716
Total	\$12,054,437

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

	08-09 Actual	09-10 Actual	10-11 Actual	11-12 Actual	12-13 Actual	13-14 Estimated Actual	14-15 Tentative Budget
Salaries & Benefits as a % of Total Expenses & Other Outgo	86.7%	87.7%	88.3%	89.0%	89.0%	83.9%	87.5%
Surplus / (Deficit)	(\$0.1)	(\$1.2)	\$4.6	(\$3.3)	\$2.4	(\$0.9)	(\$4.2)
Ending Balance	\$14.7	\$13.5	\$18.1	\$14.8	\$17.2	\$16.3	\$12.1
Ending Balance as a % of Total Expenses & Other Outgo	13.1%	12.4%	17.4%	14.2%	17.7%	15.5%	10.8%

Unrestricted General Fund Two-Year Projection

	Tentative Budget 2014-15	Projected 2015-16
Beginning Fund Balance	<u>\$ 16,276,606</u>	<u>\$ 12,054,437</u>
Prior Year Surplus/(Deficit)	1,493,804	(4,222,169)
Apportionment Changes	2,883,445	2,107,621
Other Revenue Changes	94,834	-0-
New & Restored Positions	(4,743,399)	-0-
Salary Rate Increases	(2,691,084)	(318,792)
Other Salary & Benefit Changes	(2,902,518)	(2,869,538)
Other Expense Changes	<u>1,642,749</u>	<u>1,241,269</u>
Net Surplus/(Deficit)	<u>(4,222,169)</u>	<u>(4,061,609)</u>
Ending Fund Balance	<u>\$ 12,054,437</u>	<u>\$ 7,992,828</u>

Updates to State Budget

(To be incorporated into Adopted Budget)

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- \$70 million for Student Equity (previously \$100 million)
- \$30 million increase for DSPS Program
- Prop 39 Allocation Decreased
 - \$562,000 for LBCC (previously \$675,000)
- \$49.5 million Mandated Costs increase
- 0.63% STRS increase (previously 1.25%)

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Future Budget Challenges

- **Full-Time Faculty Obligation Number (FON):**
 - FON requirement had been frozen since Fall 2008 (penalty \$1.2 million).
 - The Board of Governors lifted the freeze for Fall 2013.
 - We have budgeted to hire 42 new full-time faculty.
 - We will continue to monitor.
- **Proposition 30 revenues are temporary:**
 - Sales tax increase terminates at the end of 2016.
 - Income tax increase terminates at the end of 2018.
- **Discretionary Funding:**
 - The need for additional discretionary funding continues to increase, but matching requirements and other constraints limit our discretionary revenues.

STRS & PERS Future Employer Rates

Fiscal Year	STRS		PERS	
2013-14	8.25%		11.44%	
2014-15	8.88%	\$ 295,000	11.77%	\$ 78,000
2015-16	10.73%	865,000	12.60%	197,000
2016-17	12.58%	865,000	15.00%	569,000
2017-18	14.43%	865,000	16.60%	379,000
2018-19	16.28%	865,000	18.20%	379,000
2019-20	18.13%	865,000	19.90%	403,000
2020-21	19.10%	454,000	20.40%	119,000

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Questions?