

# **Adopted Budget 2010-11**

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

**September 28, 2010**

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## Overview

- **State Budget Overview**
- **Board Goal**
- **Institutional Goals**
- **BAC Planning Assumption Highlights**
- **FTES History and Projection**
- **List of All District Funds – Expenditures & Other Outgo**
- **Expenditure Reductions**

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## Overview (continued)

### ● **Unrestricted General Fund Details**

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- Revenue Summary
- Major Revenue Changes in 2010-11
- Expenditure Summary
- Major Expenditure Changes in 2010-11
- Reserves
- Breakdown between Fixed and Discretionary Budgets
- 8-Year Trends

### ● **Future Budget Challenges**

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## State Budget Overview

- Negative COLA (0.38%), \$378,000 loss of revenue for Long Beach City College
- 2.21% growth – If this line item remains in the budget, it will be used to offset the 3.39% reduction imposed on us in the previous fiscal year. As recommended by the Budget Advisory Committee, we have not reflected any growth funding within the Adopted Budget.
- Student fees to remain at \$26 per unit.

## State Budget Overview (continued)

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- Apportionment cash deferrals continue - approximately \$18 million
  - Issuing Tax Revenue Anticipation Notes (TRANS)
- EOPS cut \$10 million - approximate \$166,000 decrease for LBCC
- Part-time faculty compensation cut \$10 million – approximate \$182,000 decrease LBCC
- Minimal backfill for ARRA funding – loss of about \$440,000 for LBCC

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## Board Goal

### Measure & Improve Fiscal & Infrastructure Stability

- Commitment to Reduce Deficit Spending
  - \$5,649,449 deficit spending to maintain service levels to students
  - Reduction of \$1,858,412 from 09-10 Adopted Budget
- Maintain 5.0% General Fund Reserve
  - Total reserves equal \$13,502,115 (12.39%)
  - 5% equals \$5,489,358

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## Board Goal

### Measure & Improve Fiscal & Infrastructure Stability

(continued)

- Focus on Advancement of Student Success Plan
  - \$4,023,997 Unrestricted General Fund
  - \$1,038,315 Restricted General Fund
- Reserve to fund campus maintenance & IT functions
  - \$28,156 budgeted reserve in the Unrestricted General Fund (carried over from prior year) for facilities improvement
  - \$249,772 budgeted reserve in the Unrestricted General Fund (carried over from prior year) for technology master plan

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## **Institutional Goals**

**(Top five ranked by College Planning Committee)**

- Fiscal Responsibility
- Student Success
- Basic Skills
- Pacific Coast Campus
- Career Technical Education



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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)
- Maintain a 5.0% unrestricted reserve for contingencies
- Deficit spending will be minimized
- Carryover will only exist for the Technology Master Plan and Facilities Improvement Funds.

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## **BAC Planning Assumption Highlights** (Continued)

- Negative (0.38%) COLA is budgeted
- No Growth is budgeted. Target FTES is 20,457
- A 2% deficit factor will be included to offset possible short fall from apportionment revenues.
- Load Banking Reserve
  - Budgeted \$1,420,532 of the \$2.3 million liability
- Vacation Liability Reserve
  - Budgeted \$583,878

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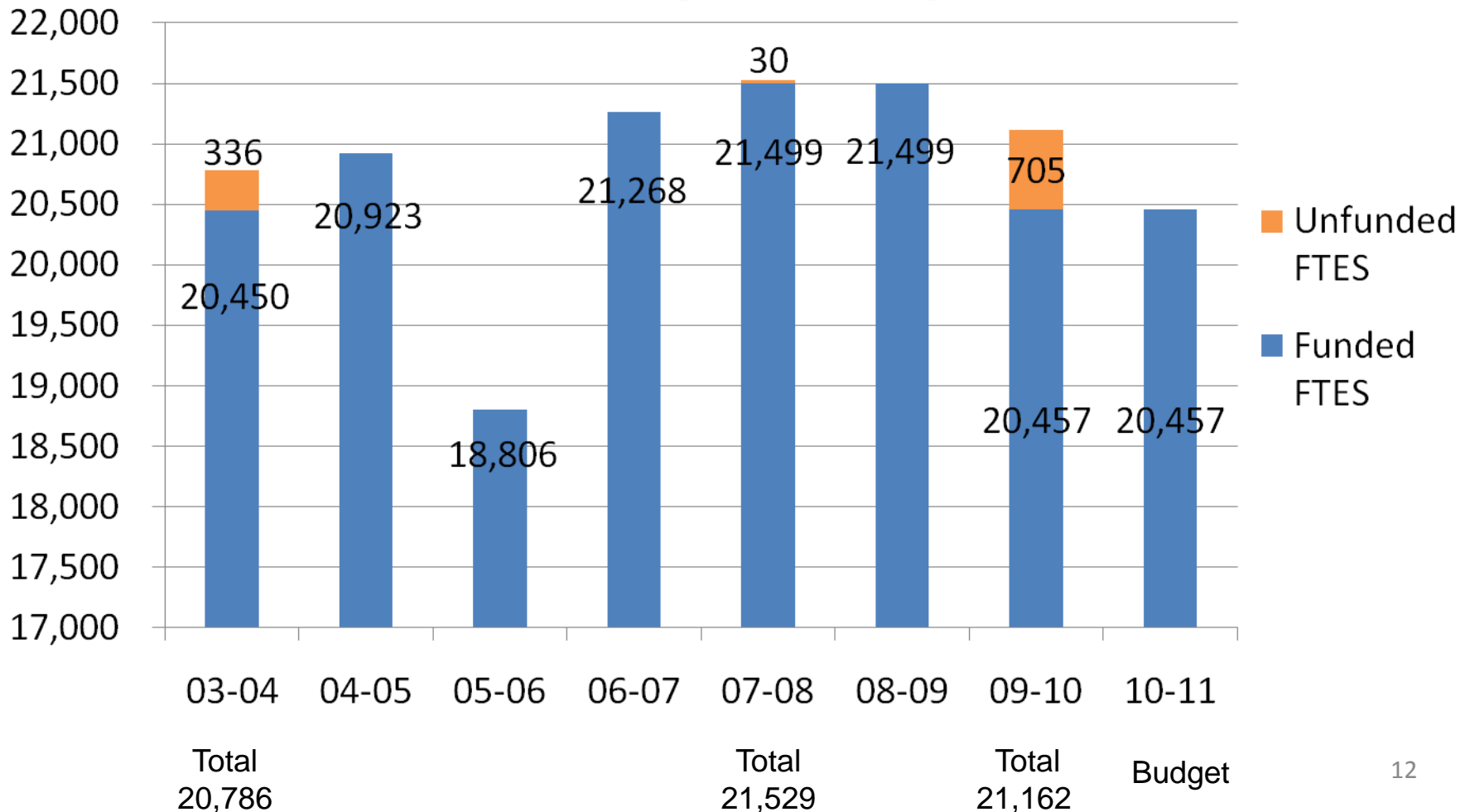
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## **BAC Planning Assumption Highlights** (Continued)

- Lottery income estimates are provided by the California Community Colleges Chancellor's Office
  - \$278,491 contribution from the Unrestricted General Fund which reflects a 15% reduction to instructional supply accounts from the 2009-10 level
- Benefit costs continue to increase:
  - Health and welfare costs increased 3.5%
  - PERS rate increased 1.0%
  - SUI increased 0.42%
- Part-time hourly budget will contain sufficient dollars to meet the FTES target in accord with the enrollment management plan

## FTES History and Projection



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

	Adopted Budget 2009-10	Unaudited Actual 2009-10	Adopted Budget 2010-11
Unrestricted General Fund	\$ 113.3	\$ 109.0	\$ 109.8
Restricted General Fund	20.9	20.1	18.2
Capital Projects Fund	17.2	1.8	11.2
Child & Adult Development Fund	1.9	1.6	1.6
Contract Ed./Comm. Service	0.7	0.4	0.7
General Obligation Bond Funds	321.3	38.2	472.7
Retiree Benefits Fund	2.4	1.7	2.3
Self-Insurance Fund	1.0	0.8	1.0
Student Financial Aid	40.9	50.4	50.9
Vet Stadium Operations	1.0	0.9	1.0
<b>Total</b>	<b>\$ 520.6</b>	<b>\$ 224.9</b>	<b>\$ 669.4</b>

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## **Expenditure Reductions - \$5.5 Million**

- Management Team Reductions - \$706,000
  - Furloughs of 6.15% - \$620,000
  - Evening dean duties saving \$86,000
- Faculty Furloughs of 2.3075% - \$661,000
- Classified Staff Reductions - \$1,300,000
  - Furloughs of 5.77% - \$1,175,000
  - Step increase freeze - \$125,000
- Early retirement/resignation incentives for management and classified - \$608,000

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## **Expenditure Reductions - \$5.5 Million** (continued)

- Salary savings from SERP for faculty \$350,000
- 50% reduction in advertising costs \$50,000
- Reorganization of the Senior Center - \$167,000
- Reduction of the Wellness budget - \$7,100
- 50% reduction in Dean's operating budgets \$62,000
- 15% reduction in instructional supply budgets \$114,000

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## **Expenditure Reductions - \$5.5 Million**

(continued)

- Converting to online class schedules - \$65,000
- Fuel budgets reduction - \$31,000
- Utilities budgets reduction - \$657,000
  - Energy efficiency efforts
- Reduction in instructional service agreements - \$225,000.
- Reduction of Child Development Fund contribution - \$527,000.



## Unrestricted General Fund Overall Summary

	Unaudited Actual 2009-10	Adopted Budget 2010-11	Change Increase/ (Decrease)
Revenues and Other Financing Sources	\$ 107,726,674	\$ 104,137,706	\$ (3,588,968)
Expenditures and Other Outgo	108,973,438	109,787,155	813,717
Surplus/(Deficit)	(1,246,764)	(5,649,449)	(4,402,685)
Fund Balance	\$ 13,502,115	\$ 7,852,666	\$ (5,649,449)

## Unrestricted General Fund Revenue Summary

	Unaudited Actual 2009-10	Adopted Budget 2010-11	Change Increase/ (Decrease)
Federal	\$ 657,862	\$ 189,970	\$ (467,892)
Apportionment	98,900,214	97,073,767	(1,826,447)
Other State	3,141,608	2,737,151	(404,457)
Local	4,454,298	2,937,174	(1,517,124)
Other Sources	572,692	1,199,644	626,952
Total	\$107,726,674	\$104,137,706	\$(3,588,968)

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## Major Revenue Changes in 2010-11

- \$0.4 million decrease in federal revenue caused by reduction in ARRA funding.
- \$1.8 million decrease in apportionment revenue is composed of \$1.5 million due to increased deficit from 0.5% to 2.0% plus \$0.3 million from the (0.38%) negative COLA.
- \$0.4 million decrease in other state revenue consists of decreases in mandated cost reimbursement, part-time faculty compensation & state lottery revenues.
- \$1.5 million decrease in local income due to reduction in interest income & non-resident tuition/international student fees

## Unrestricted General Fund Expenditure Summary

	Unaudited Actual 2009-10	Adopted Budget 2010-11	Change Increase/ (Decrease)
Academic Salaries	\$ 45,801,462	\$ 45,202,629	\$ (598,833)
Classified Salaries	25,873,703	24,321,215	(1,552,488)
Benefits	23,876,149	25,517,818	1,641,669
Supplies	793,377	640,588	(152,789)
Services	8,602,789	11,010,768	2,407,979
Capital Outlay	596,408	454,685	(141,723)
Other Outgo	3,429,550	2,639,452	(790,098)
Total	\$ 108,973,438	\$109,787,155	\$ 813,717

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## Major Expenditure Changes in 2010-11

- **Academic Salaries** - \$0.6 million decrease is due to savings from the retirement of 16 faculty & 2 counselors, and 2.3075% furlough savings
- **Classified Salaries** - \$1.5 million decrease is due to retirement incentive savings, the hold on most vacant positions, the reduction in force of 4 full-time equivalent positions, management furloughs totaling 6.15%, classified furloughs totaling 5.77% and freezing regular classified step increases.
- **Benefits** - \$1.6 million increase mainly due to rate increases to SUI (0.42%), health insurance (3.5%) and PERS (1.0%).

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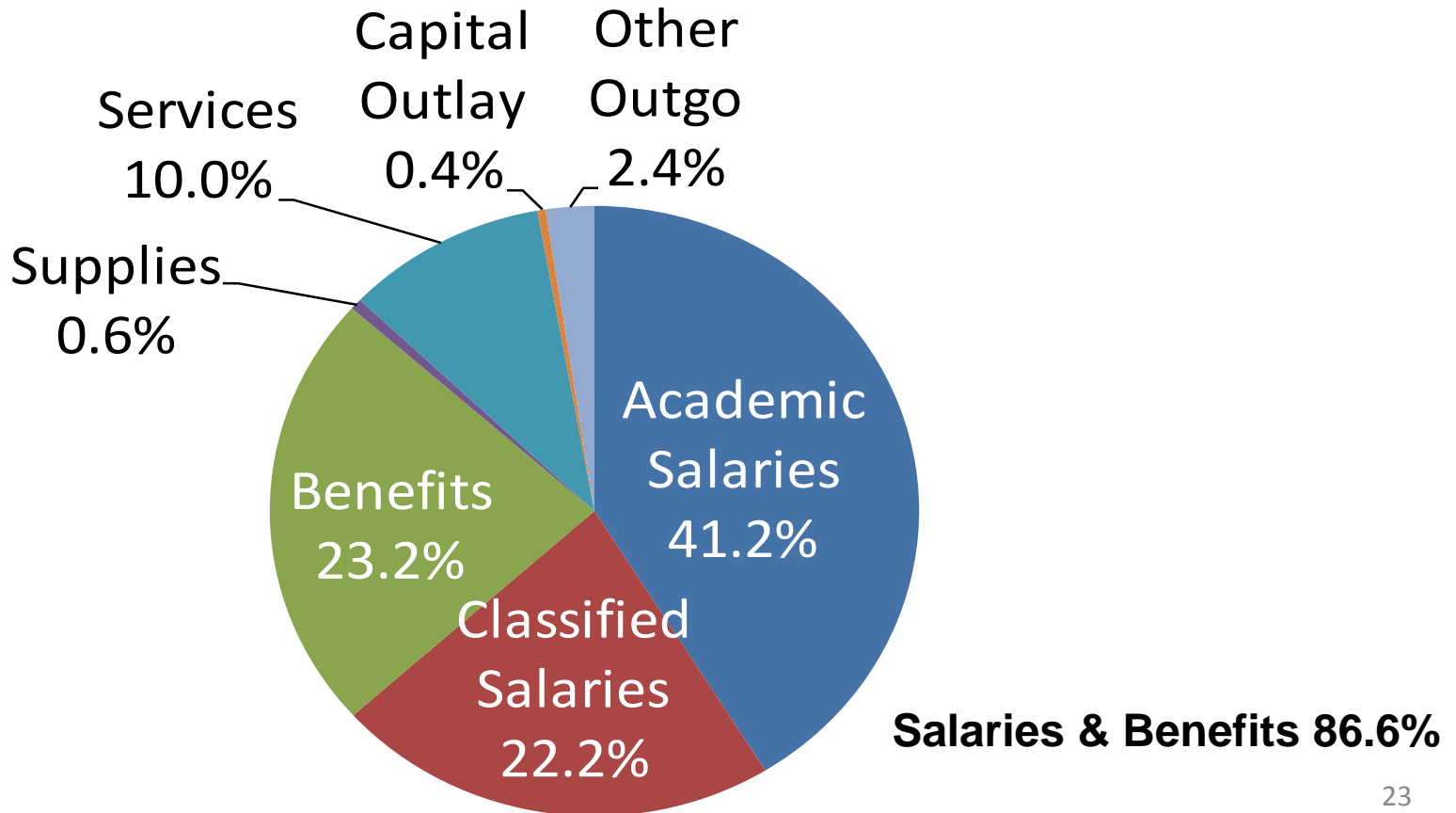
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## Major Expenditure Changes in 2010-11 (continued)

- **Services** - \$2.4 million increase: due to utilities and maintenance in new buildings, copier maintenance, TRANs issuance cost, and increase in the police contract and other contracts. 2009-10 spending for other services and expenses was curbed due to the budget crisis.
- **Other Outgo** - \$0.8 decrease due mainly to less ARRA funds, child development and other categorical program contributions.

## Unrestricted General Fund Budgeted Expenditures 2010-11



## Unrestricted General Fund Reserves

	Adopted Budget
Board Mandated Reserve – 5.0%	\$ 5,489,358
Facilities Improvement Funds	28,156
Technology Master Plan	249,772
American Recovery & Reinvestment Act (ARRA) Funding	73,970
Vacation and Load Banking Reserve	2,003,410
Economic Uncertainties	0
Reserve for Contingencies – Personnel Commission	8,000
Total	\$ 7,852,666



## Unrestricted General Fund Breakdown Between Fixed & Discretionary Budgets

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	Adopted Budget 2010-11	Percentage of Total Adopted Budget
<b>Fixed Costs:</b>		
Academic Salaries	\$30,805,108	28.06%
Classified Salaries	23,570,933	21.47%
Benefits	25,517,818	23.24%
<b>Total Salary &amp; Benefit Costs</b>	<b>79,893,859</b>	<b>72.77%</b>
<b>Other Fixed Costs:</b>		
Software	818,655	0.75%
Professional Services (LBPD)	2,657,625	2.42%
AQMD Fees	35,000	0.03%
Utilities	2,900,000	2.64%
Audit, TRANS & Legal Services	757,450	0.69%
Student Services Credit Card Fees	200,000	0.18%
Lease/Purchase	250,500	0.23%
Interfund Transfer Out (Required Match)	2,125,669	1.94%
<b>Total Other Fixed Costs</b>	<b>9,744,899</b>	<b>8.88%</b>
<b>Total Fixed Costs</b>	<b>\$ 89,638,758</b>	<b>81.65%</b>

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## Unrestricted General Fund Breakdown Between Fixed & Discretionary Budgets (cont.)

	Adopted Budget 2010-11	Percentage of Total Adopted Budget
<b>Discretionary Costs:</b>		
Academic Hourly Salaries	\$ 14,397,521	13.12%
Classified Hourly Salaries	750,282	0.68%
<b>Total Hourly Salaries</b>	<b>15,147,803</b>	<b>13.80%</b>
Other Supplies	587,145	0.53%
Fuel	44,335	0.04%
Professional Services	828,289	0.75%
Travel & Conference	159,239	0.15%
Staff Development	21,739	0.02%
Dues & Memberships	169,304	0.15%
Rents, Building Repair, Maintenance	966,594	0.88%
Postage	219,517	0.20%
Instructional Services (Police & Fire Science)	550,000	0.50%
Other Services & Expenses	736,464	0.67%
Capital Outlay	204,185	0.19%
Interfund Transfers Out – Other	513,783	0.47%
<b>Total All Other Discretionary Costs</b>	<b>5,000,594</b>	<b>4.55%</b>
<b>Total Discretionary Costs</b>	<b>20,148,397</b>	<b>18.35%</b>

## Unrestricted General Fund Breakdown Between Fixed & Discretionary Budgets (Summary)

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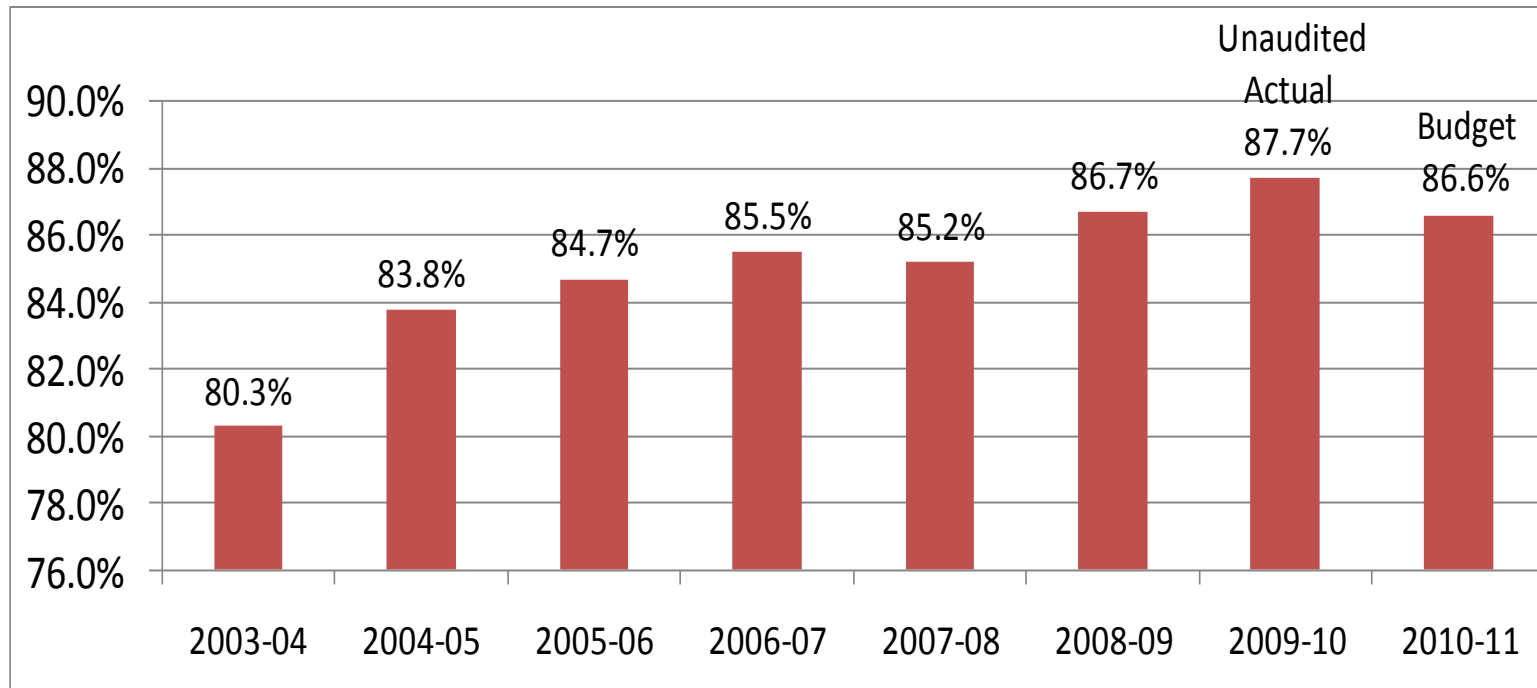
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	Adopted Budget 2010-11	Percentage of Total Adopted Budget
<b>Fixed Costs:</b>		
Total Academic Salaries	\$ 30,805,108	28.06%
Total Classified Salaries	23,570,933	21.47%
Benefits	25,517,818	23.24%
Total Other Fixed Costs	9,744,899	8.88%
<b>Total Fixed Costs</b>	<b>89,638,758</b>	<b>81.65%</b>
<b>Discretionary Costs:</b>		
Total Discretionary Hourly Salaries	15,147,803	13.80%
Total Other Discretionary Costs	5,000,594	4.55%
<b>Total Discretionary Costs</b>	<b>20,148,397</b>	<b>18.35%</b>
<b>Total Expenditures</b>	<b>\$ 109,787,155</b>	<b>100.00%</b>

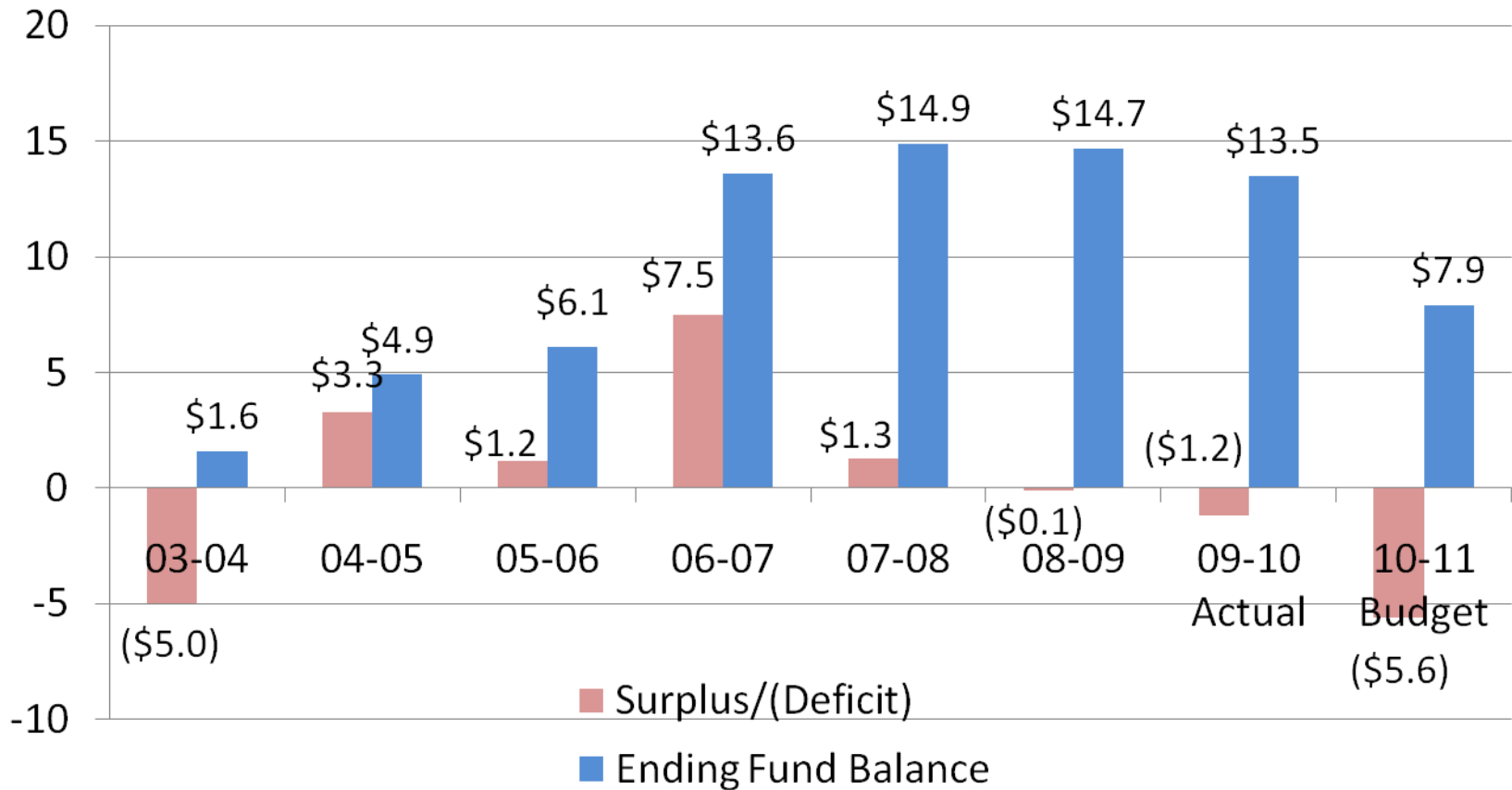
## Unrestricted General Fund 8-Year Trend Summary (in millions)

	03-04 Actual	04-05 Actual	05-06 Actual	06-07 Actual	07-08 Actual	08-09 Actual	09-10 Unaudited Actual	10-11 Budget
Salaries & Benefits as a % of Total Expenses & Other Outgo	80.3%	83.8%	84.7%	85.5%	85.2%	86.7%	87.7%	86.6%
Surplus / (Deficit)	(\$5.0)	\$3.3	\$1.2	\$7.5	\$1.3	(\$0.1)	(\$1.2)	(\$5.6)
Ending Balance	\$1.6	\$4.9	\$6.1	\$13.6	\$14.9	\$14.7	\$13.5	\$7.9
Ending Balance as a % of Total Expenses & Other Outgo	1.7%	5.5%	6.4%	12.9%	13.3%	13.1%	12.4%	7.2%

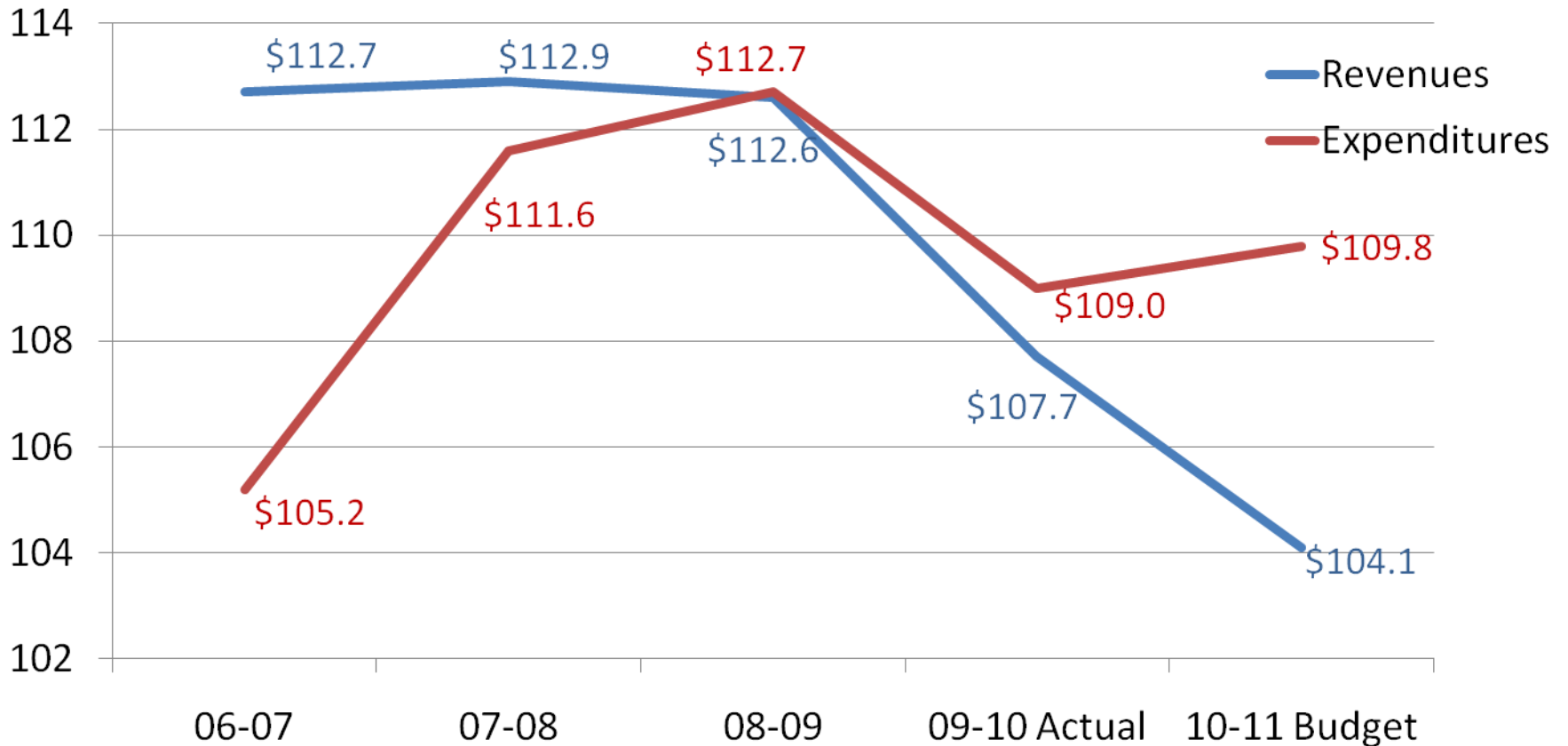
## Unrestricted General Fund 8-Year Trend Salaries & Benefits as a % of Total Expenditures & Other Outgo



## Unrestricted General Fund 8-Year Trend Ending Fund Balance and Surplus/(Deficit)



## Unrestricted General Fund Revenue and Expenditures Trends



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## Future Budget Challenges

- State's structural budget deficit projected into 2012-13
- Furloughs in affect only through June 30, 2011
- Full-time faculty obligation – once the Board of Governors lifts the obligation suspension, LBCC will need funds to hire a significant number of full-time faculty
- Cash flow concerns – State continuing apportionment deferrals



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## **Future Budget Challenges - (continued)**

- We continue to deficit spend – this is not sustainable
  - Benefit costs projected to increase substantially in future years
- Maintaining new facilities with limited additional staff
- Strategically applying course section and program reductions

# Questions?

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Thank you to John Thompson, Patti Davis and Sem Chao for their dedication and hard work.